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INTERNATIONAL NEWS

AAFA's Steve Lamar Gives the Trade Lowdown on China, Tariffs and CAFTA

Steve Lamar, president and CEO of the American Apparel & Footwear Association (AAFA), believes the U.S.-China relationship has become the world's most important and complicated trade partnership.

"And yes, I use the term 'partnership' on purpose," Lamar said, speaking at Tuesday's Sourcing Journal Sourcing Summit. "Even though a quick glance at the headlines suggests our trade relations with China are anything but. Our leaders, of course, are often referring to China as a strategic adversary, and pundits are often referring to China using Cold War terminology."

Lamar noted that China is the No. 1 supplier of apparel, footwear and travel goods, although the country's market share has dropped in recent years and show signs of dipping even more as companies have diversified, but "is still unmistakably the top sourcing destination."

"China is also a huge market, and I'm not just talking about its insatiable appetite for U.S. cotton," he said. "China is also a huge market for finished apparel, much of which is made in China or nearby Asian countries."

Earlier this month, the Biden administration laid out its policy with respect to China, Lamar noted, largely drawing on themes emphasized by every administration in the past 20 or so years–things like targeting unfair trade practices, enforcing agreements and working with like-minded allies.

"Unfortunately, it also retained, at least for the time being, the tariff-based structure that was put in place by the last administration to deal with some of these issues," he said.

"Though it signaled very limited tariff relief starting with an exclusion process that began on Oct. 12, the Biden administration has made clear that the bulk of the Section 301 tariffs and other tariffs that target China's immense and subsidized steel and aluminum industries will remain in place for the foreseeable future."

"Simply put, the administration views these tariffs as leverage," Lamar said, while the AAFA and many in the industry view the tariffs differently.

"Tariffs are paid by U.S. importers and are often passed along in the form of higher prices," he said. "We often say that we aren't going to change behavior in Beijing by making it more expensive for Americans to get dressed every day. But the prevailing political narrative is otherwise. While the administration is busy flexing its muscles with respect to China, the optics of removing these tariffs is going to be very difficult."

Lamar noted that the administration is vigorously arguing the tariff situation in a court case that has been supported by thousands of importers.

"So, while the policy outlined last week is not terribly knew, it does mean that the administration is now prepared, finally, to engage with China– that's good news because it could ultimately lead to a path forward for a more stable relationship and a more predictable trade policy," he said. "It's clear the administration wants to get to a better place with China.

Not only do we want to access this important market, we also want their cooperation on a number of key global areas like tackling climate change, and many in China share this perspective, and plans are already underway for more engagement, both at [USTR Katherine] Tai's level with her trade counterparts, but also between President Biden and President Xi."

On the other hand, Lamar noted, it could pave the way for a more contentious relationship "if we descend more into a vicious cycle."

"Let's remember, we're going to be asking China to change key fundamentals of its state-centric economic model," he said. "We'll be asking China to remove extensive subsidies, we'll be asking the Chinese to tackle key human rights and worker rights issues like the forced labor situation… and we'll be asking them to stop forced technology transfer and IP theft, which was several of the underlying issues that led for President Trump to impose the tariffs in the first place.

None of these are easily accomplished, and the administration's job is made more complicated by the many members of Congress from both sides of the aisle that push for ever tougher actions."

Discussing the 15-year-old Central American Free Trade Agreement (CAFTA), Lamar said while it was intended to be a strong magnet for textile and apparel investment, that promise has yielded mixed results.

"Although it does attract U.S. textile exports, these inputs are increasingly directed at a region that itself has a shrinking share of the U.S. market," he said. "U.S. apparel imports from the region hit their high watermark in 2004, and it be seen a flat line or dropped every year since. Most of the region is now overly dependent on a few categories." The good news is that there is renewed interest in region, Lamar said, with apparel companies taking a fresh look at new sourcing opportunities.

"Nearshoring, to be close to the U.S, consumers, to shrink supply lines or devote to sustainable value chains, [is] reinforcing that trend," he said. "And there's an opening, on the policy side, as well, as U.S. policymakers are looking for ways to stop illegal migration to the U.S. from the Central American region. Vice President Harris has taken the lead on this, and there's a strong interest in Congress, as well."

The question is whether players can seize the opportunity, Lamar noted. Many have long said that the current rules of origin only work in very limited circumstances and haven't "unleashed the kind of investment that is needed."

There are also problems in the quantity and variety of textiles produced in the region, and Lamar called for an update of the "short supply system" to allow more third-party inputs. In addition, "the region often squanders its proximity to the U.S. with customs and logistics processes that add days to shipments."

"At AAFA, we're launching a coalition made up of brands and organizations who want to take a fresh look at the region," he said. "Our hope is that we can pull together all stakeholders–textile companies, regional apparel producers, brands and retailers, and more, so together we can make this region a bigger partner for our industry in the years to come."

"I'll end with the WTO, which continues to be a focus of reform efforts, as it's intended to be the organization where countries agreed on fair enforceable and facilitated trade rules," Lamar added. "It's a good sign that this administration is clearly focused on working within the WTO system to secure reforms, resolve disputes and to open our eyes on areas of shared interest."

Source: sourcingjournal.com– Oct 20, 2021

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China's FDI inflow up by 19.6% in first 9 months of 2021

Foreign direct investment (FDI) into the Chinese mainland, in actual use, rose by 19.6 per cent year on year (YoY) in the first nine months of the year, according to the ministry of commerce, which recently said that between January and September, non-financial FDI into the country totaled 859.5 billion yuan. In US dollar terms, FDI into the Chinese mainland totaled $129.3 billion, up by 25.2 per cent YoY.

FDI into the service sector increased by 22.5 per cent in yuan terms, while high-tech industries saw FDI inflow jumping by 29.1 per cent YoY, official Chinese media reported citing data from the ministry.

Foreign investments from the Association of Southeast Asian Nations and countries along the Belt and Road into the Chinese mainland jumped by 31.4 per cent and 31.9 per cent respectively.

Source: fibre2fashion.com– Oct 21, 2021

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Vietnam, Singapore should optimise FTAs to boost cooperation: Minister

Vietnam and Singapore should further optimise free trade agreements (FTAs) in which both are members to strengthen bilateral business partnerships, according to the former's minister of industry and trade Nguyen Hong Dien. He proposed this while interacting with Singapore's second minister for trade and industry Tan See Leng in a recent online meeting.

Vietnam and Singapore are the only two countries in the region having comprehensive agreements with the European Union and the United Kingdom, and therefore, should support each other in further exploiting the markets, Dien said.

Singapore is currently Vietnam's fifth largest trading partner in the Association of Southeast Asian nations (ASEAN) and the third biggest foreign investors in Vietnam with $62.55 billion in 2,769 projects, according to an official release in Vietnam.

At the virtual working session, the two ministers also concurred to continue working hard towards the signing of a memorandum of understanding on economic and trade cooperation between the two ministries.

Source: fibre2fashion.com– Oct 21, 2021

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UK-NZ free trade agreement reached, promising zero-tariffs and $970m economic boost

Prime minister Jacinda Ardern and Trade minister Damien O'Connor announce the trade deal with the UK.

A major free trade deal between New Zealand and the United Kingdom has been struck, promising zero-tariffs for all New Zealand exports and a $970 million economic boost.

The sweeping “in-principle” deal will entirely remove tariffs on most goods produced in New Zealand, making 63 per cent of current exports tariff-free once a final agreement is settled. Beef and sheep meat exports – one of the most contentious aspects of negotiations – will be tariff-free in 15 years.

The agreement will also significantly open New Zealand up to British contractors and business professionals, raise the threshold for scrutinising UK investments in New Zealand to $200 million, and, notably, the UK has committed to help New Zealand protect the world-famous Ka Mate haka.

“We have achieved really ambitious tariff elimination in some areas that are critical for us ... Cheese, butter, milk powder, areas that matter at an enormous amount to New Zealand, benefit from this trade agreement,” Prime Minister Jacinda Ardern said, when announcing the details of the deal on Thursday.

The UK is currently New Zealand’s seventh-largest trading partner, with two-way trade worth $6 billion in the year to March 2020. Once the deal is signed, it is expected to boost exports by 40 per cent and New Zealand’s gross domestic product by $970 million.

Though some fine print has yet to be hashed out by negotiators, Ardern was confident the substantive aspects of the deal had been settled.

"We've got an agreement in principle here; the deal is done, and so now it's on to concluding their finer parts of that agreement and seeing it come into force next year.”

Prime Minister Jacinda Ardern along with Trade Minister Damien O’Connor speak on the details of the UK-NZ free trade deal.

Among the immediate winners of the deal will be wine and honey exporters, who currently face tariffs of $50 per 100 litres of wine and 16 per cent on honey.

Wine has been New Zealand's largest export to the UK, worth $463.1m a year, and Ardern said the deal would “overnight” remove $14.1m in tariffs a year.

There will also be tariffs removed on wine, honey, onions and hoki for the day the deal is signed. Tariffs on apples and mussels will be removed in three years.

Butter and cheese exports will become tariff-free after five years, with quotas – the maximum volume of exports the UK will accept – increasing for butter from 7000 tonnes to 15,000 tonnes, and for cheese from 24,000 tonnes to 48,000 tonnes.

British High Commissioner Laura Clarke speaks about New Zealand's trading relationship with the UK, and how it's changed.

The quota for beef and sheep meat will progressively increase in the coming 15 years. The beef meat quota will rise from 12,000 tonnes to 60,000 tonnes, and for sheep meat quota, already at 149,205 tonnes, the quota will grow to 164,205 tonnes.

After it is signed, the deal will immediately remove tariffs on 97 per cent of New Zealand product lines, and all tariffs on British goods entering New Zealand.

Under the deal, there will be an easing visa requirements between the countries for business contractors, professionals and visitors.

Business professionals working for a UK company that operates in New Zealand will be able to transfer to New Zealand on a three-year visa with their family, without the company meeting the usual economic tests.

On the climate policy front, both countries have committed to removing fuel subsidies and moving away from fossil fuel use, and, importantly, the deal doesn’t preclude a country from regulating industry to meet its climate goals.

New Zealand has also agreed to bolster its copyright laws. Performer and artists' rights will be expanded, and a further 20 years added to copyright terms. This means, for instance, an artist can expect to retain copyright of their work for 70 years after their death, instead of the current 50 years.

There has also been broad agreements on participation of Māori in trade between the countries, and "a commitment by the UK to co-operate with New Zealand to identify appropriate ways to advance recognition and protection of the haka Ka Mate".

However, progress on working holiday visas for New Zealanders wanting to live and work in the UK will continue to be negotiated outside the free trade deal.
Prime Minister Jacinda Ardern talks via webcam to UK Prime Minister Boris Johnson to discuss the new free trade deal.

"Our expectation is that we will be able to improve and extend the arrangement that we already have in place now," Ardern said.

"I myself was one of the benefactors of that scheme, I have an understanding of the bits that we wanted to improve and extend for New Zealanders and that is what I'm confident we'll be able to do."

The deal is likely to be seen as a major win in the UK, where free trade agreements have been prized by politicians as a demonstrating the upside of exiting the European Union and the success of the country's new "Global Britain" ethos.

Ardern spoke with UK Prime Minister Boris Johnson on Wednesday evening to finalise the in-principle agreement.

Johnson, in a statement provided by Ardern's office, said the deal was "the cherry on the top of a long and lasting partnership between the United Kingdom and New Zealand".

Source: stuff.co.nz– Oct 21, 2021

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Exposing China's investment strategy

A recent report by US AidData, reveals inter alia 'hidden debt' in Chinese development projects worth $843 billion, highlighting Belt and Road Initiative (BRI) implementation problems. Outward Foreign Direct Investment (OFDI) from China witnessed a 3% decline (as per the World Investment Report 2021) and scaling back of public investment (IMF World Economic Outlook 2021). This necessitates a review of China's FDI strategy for the last 20 years.

FDI is a cross-border investment aiming at enterprise management, diversifying risk and improving efficiency. While it increases productivity and employment opportunities, its benefits depends inter alia on factors like governance quality, policy distortion, foreign exchange stability, investment skills, money laundering and related risks.

FDI typically flowed from advanced to developing countries due to technology and wage gaps. However, it has seen recently a surge from developing countries, especially China, exploring new growth engines, viz. high technology and valuable trademark.

China mobilised inward FDI by opening up its coastal cities and SEZs, targeting export-oriented manufacturing way back in 1990s, and shifting to service sector after World Trade Organisation formation in 2001, justified by its comparative advantage in capital and labour.

Policy support through tax reduction, preferential treatment on loans, land, licence, etc, led to reallocation of factories to coastal cities (Hong Kong and Taiwan), rapid economic growth, high return for investors and massive hoarding of international reserves.

China's FDI strategy changed after Global Financial Crisis (GFC) due to slowdown, weak demand and lacklustre export-led growth, evolving from rising labour and capital costs.

The liquidity constraint, coupled with falling asset price, and increased purchasing power of international reserve, motivated it to adopt OFDI. WIR 2016 reveals it as one of largest outbound direct investor in 2015 ($127.6 billion).

China promoted OFDI through multinational management experience and technology development through imitation and innovation. China, then, was also a key player in international trade, with a third of the world's merchandise trade in 2011, having efficient export platform for manufacture goods and huge import demand for natural resources.

China had a large net foreign-asset position with sufficient capital goods and liquidity and international aid/loan and credit lines. Thus, China leveraged its success on international trade and finance to promote OFDI through bundling, a marketing strategy to sell group of products/services as a package. Bundling a star product with a new one increased China's market share, sales and efficiency.

China imported raw materials from Africa by accelerating mining, resolving transportation difficulty, infrastructure and logistics investment. It identified recipient country's fund shortage and facilitated provision of capital goods, financial aid and liquidity, bilateral currency swap lines etc. Bundling OFDI with trade and finance increased China's attractiveness to these countries.

Studies reveal positive association of Chinese trade and finance with its OFDI, as their investments strategically target countries from where China imports commodities and exports manufacturing goods (Aizenman, Jinjarak and Zheng, 2018). The financial support to those countries strengthens the bundling effect. The positive relation between trade and OFDI is more pronounced after GFC for OFDI in tradable and natural resource sectors.

China embarked on bilateral currency-swap agreements after 2008, targeting emerging economies through credit lines, providing liquidity buffer, increasing resilience of financial system, and enhancing business confidence in both markets.

When host countries face credit constraints, institutional challenges and commodity price volatility, China enhanced its market power by injecting liquidity and improving stability. The provision of swap lines improved bundling efficiency.

The strategy of OFDI is heterogeneous across Chinese State-owned enterprise (SOE) and privately-owned enterprise (POE). Through preferential treatment, Bundling is made more efficient for SOEs, when leveraging market power.

Political linkages among SOEs facilitated bundling. POEs have more bundling opportunities through provision of lower barriers, when dealing with nationalism government, enabling flexibility and motivation to be bundled. Studies reveal that SOEs dominated before GFC while POEs caught up after 2012.

Presently, OFDI from China is 133 billion, retaining its position as the largest investor in the world (WIR 2021). The value of cross-border M&A purchases by Chinese MNEs doubled, mostly due to financial transactions in Hong Kong. Continued expansion of the BRI also led to resilient FDI outflows amid pandemic.

However, there are reports on serious debt crisis in China coupled with proposed default in its property sector. Also, the unusual confidentiality clauses in Chinese OFDI contracts bar borrowers from revealing even the terms or existence of the debt. The intensity of the crisis however, shall be evident in the days to come.

Source: financialexpress.com– Oct 21, 2021

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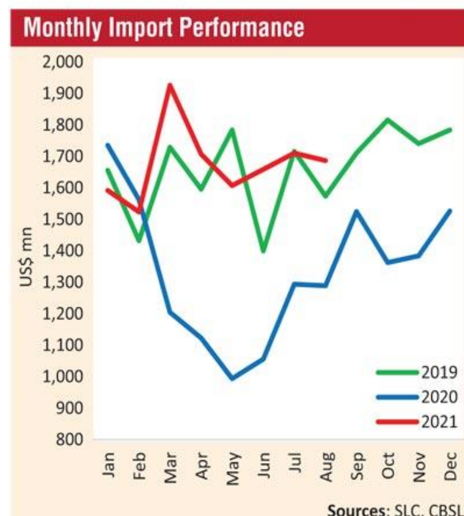
Sri Lanka: Trade deficit tops $ 5.5 b by August



The country's trade deficit topped the $ 5.5 billion mark by end-August as imports remained high despite many curtailing efforts.

As per the latest data released by the Central Bank, the trade balance in the first eight months amounted to $ 5.5 billion, up from $ 3.8 billion in the corresponding period last year.

The deficit was purely due to robust imports up 31% to $ 13.4 billion, whilst exports, though resilient, grew at a lesser pace up 22.6% to $ 7.9 billion.

In August, imports grew by 31% to 1.68 billion as against $ 1.3 billion a year ago. Exports marked the third consecutive month of over $ 1 billion exports, up by 16.2% from a year earlier.

In August, the trade deficit amounted to $ 586 million as against $ 342 million a year ago.

Imports have been consistently averaging at $ 1.6-1.7 billion since April this year despite on-going restrictions and foreign exchange scarcity.

In the first eight months, big deficit was caused by a $ 704.7 million increase in fuel imports, $ 498 million increase in machinery and equipment imports, $ 486.5 million in textiles and textile articles imports, $ 252.6 million increase in base metals imports and $ 214 million in chemical products import, according to the Central Bank.

It said in August an increase in import expenditure was observed across all main categories of imports, namely, consumer goods, intermediate goods, and investment goods, despite the continuation of some import restrictions imposed by the Government.

Expenditure on the importation of food and beverages increased by 12.3% in August 2021 (YOY), with the increase primarily stemming from vegetables (mainly lentils and onions), dairy products (milk powder), seafood (mainly dried sprats and frozen fish), spices (chillies), and miscellaneous food and beverages. A significant decline was observed in expenditure of sugar imports.

Expenditure on the importation of non-food consumer goods increased by 67.5% (YOY), mainly owing to the expenditure on importation of vaccines. Several broad categories of non-food consumer goods, including home appliances, telecommunication devices, clothing and accessories, rubber products, household and furniture items etc., also recorded an increase.

Expenditure on the importation of intermediate goods in August 2021 increased by 27.6% over August 2020, mainly due to the rise in import expenditure on fuel and textiles and textile articles. Expenditure on fuel imports increased by 42.5% (YOY) with the increase in the prices of refined petroleum and crude oil imported, while their import volumes declined.

The import expenditure per barrel of crude oil amounted to $ 74.88 in August 2021, compared to $ 47.74 in August 2020. A marked decline was observed in the expenditure of fertiliser imports, reflecting the impact of Government policy on fertiliser.

Expenditure on the importation of investment goods increased by 30.8% in August 2021, compared to the same month in 2020. Under machinery and equipment, office machines such as computers, medical and laboratory equipment, agricultural machinery, electric motor and generating sets and miscellaneous industrial machinery recorded a significant increase in import expenditure, among others.

Import expenditure on building material increased, mainly owing to imports of iron and steel, articles of iron and steel, and mineral products (primarily asbestos). Import expenditure on cement imports declined due to the volume effect while that on transport equipment increased mainly due to the imports of small airplanes and agricultural tractors.

The Central Bank said the import volume and unit value indices increased by 3.6% and 26.3%, respectively, on a YOY basis in August 2021, implying that the increase in import expenditure was mainly due to the price effect.

Commenting on exports, it said earnings in August were marginally higher at $ 1.1 billion in July 2021. “However, the recent gap of around $ 345 million per month, on average, between the merchandise outflow and the financial inflow related to such exports has been a matter of concern,” Central Bank added.

It said earnings from the export of industrial goods increased by 17.5% in August 2021 compared to August 2020. This increase was due to a broad-based increase in earnings from most of the industrial products led by textiles and garments; petroleum products; rubber products; food, beverages and tobacco; and machinery and mechanical appliances. Export of garments to all major markets increased. Earnings from the export of petroleum products increased with the increase in prices of aviation and bunker fuel and the increase in volumes of bunker fuel exports. Increase in earnings from tyres and gloves led to higher earnings from rubber products.

Total earnings from the export of agricultural goods in August 2021 increased by 10.9%, compared to August 2020, mainly due to the increase in export earnings from tea, coconut (both kernel and non-kernel products), minor agricultural products (mainly sesame seeds and areca nuts), seafood and rubber. Although the unit price earned by tea exports in August 2021 was lower than a year earlier, export volumes increased, resulting in an increase of earnings from tea. Export earnings from spices, including pepper, cloves, nutmeg, and mace increased, except for earnings from cinnamon.

Earnings from mineral exports increased in August 2021 compared to August 2020, due to high earnings from earths and stone, and ores, slag, and ash.

The export volume index and the export unit value index increased by 13.9% and 2%, respectively, on a YOY basis in August 2021. This indicates that the increase in export earnings in August 2021 was mainly due to the volume effect.

Source: ft.lk– Oct 21, 2021

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What BCI Study Uncovered About Better Cotton's Emissions

A new report from the Better Cotton Initiative (BCI) quantifying global greenhouse gas (GHG) emissions of Better Cotton and comparable output found significantly lower emissions from Better Cotton licensed farmers' cotton production.

The report, conducted by Anthesis Group and commissioned by Better Cotton in 2021, analyzed more than 200,000 farm assessments from three seasons, 2015-16 to 2017-18, and used the Cool Farm Tool as the GHG emissions calculation engine. The study found that on average Better Cotton production had a 19 percent lower emissions intensity per ton lint than comparison production across China, India, Pakistan, Tajikistan and Turkey.

Over half of the difference in emissions performance between Better Cotton and comparison production stemmed from fertilizer production's emissions. Another 28 percent of the difference came from emissions from irrigation.

The study aimed to understand if Better Cotton farmers have produced lower emissions while growing this crop when compared to non-Better Cotton farmers. It also wanted to quantify emissions for producers contributing 80 percent of Better Cotton global production and use this baseline to set a global emissions reductions target for 2030.

To help inform BCI's upcoming 2030 strategy and associated global target on emissions reduction, it requested a separate analysis to assess emissions from Better Cotton or recognized equivalent production constituting over 80 percent of licensed Better Cotton's global production across Brazil, India, Pakistan, China and the U.S. The analysis breaks down emissions drivers for each state or province per country. This will enable emissions reduction strategies across Better Cotton's and its partners' major production areas to implement meaningful and measurable climate change mitigation actions.

The study found production had average annual GHG emissions of 8.74 million tons of carbon dioxide equivalents to produce 2.98 million tons lint– equating to 2.93 tons of carbon dioxide equivalents per ton of lint produced. The largest emissions hotspot was again found to be fertilizer production, which accounted for 47 percent of total emissions from Better Cotton

production. Irrigation and fertilizer application were also found to be significant drivers of emissions.

Better Cotton said its 2030 target on GHG emissions reduction will be informed by climate science and the collective ambition of the apparel and textile sector, including notably the UNFCCC Fashion Charter, of which Better Cotton is a member. Better Cotton's emissions target will sit within its comprehensive climate change strategy currently under development.

"Given their sizable contribution to total emissions, reductions in the use of synthetic fertilizers and irrigation can unlock significant reductions in emissions," BCI said. "Efficiency improvements through better yields will also contribute to reducing emissions intensity. The adoption of management practices such as cover cropping, mulching, no or reduced tillage and application of organic manures offer significant opportunities to reduce emissions through carbon sequestration. These practices can simultaneously have a positive impact on conserving soil moisture and enhancing soil health."

Better Cotton is partnering on a project led by the Gold Standard that will provide guidance and credibility to its emissions quantification method. BCI is testing the Cool Farm Tool as a scientific, credible and scalable approach to help monitor changes in emissions over time. The collection of additional data from Better Cotton farmers and projects will enable refinement of the emissions quantification process in subsequent years.

Source: sourcingjournal.com– Oct 19, 2021

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Dubai Customs signs e-com cooperation deals with DAFZA, Dubai South

To position the emirate of Dubai as a global logistics hub for cross-border e-commerce operations, Dubai Customs recently signed cooperation framework agreements with the Dubai Airport Freezone (DAFZA), Dubai CommerCity and Dubai South to leverage their e-commerce capabilities and boost the growth of this sector. The deals were signed on the sidelines of the Gitex Technology Week.

Dubai South is Dubai's largest single urban master development focusing on an aviation and logistics ecosystem that houses the world's largest airport when fully operational complemented by a multi-modal transport infrastructure connecting air, land and sea.

Dubai CommerCity provides an all-in-one e-commerce hub for new and existing businesses. Under the agreements, the partner entities can use and integrate various Dubai Customs services and benefits available on its cross border e commerce platform.

Dubai Customs' recently launched a cross-border e-commerce platform, which uses blockchain technology to integrate and automate operations between customs, free zones, logistics and courier companies. It is the first of its kind in the region, and aims to help the emirate become a global hub for e commerce, and encourage e commerce companies to set up business operations in Dubai.

The government's plan is to raise Dubai-based companies' domestic and regional distribution share of e commerce trade in the emirate to about AED24 billion by 2022, through a 20 per cent reduction in e-commerce operational costs, according to an official press release.

The platform services will help reduce expenses and increase returns on e-commerce investment. E-commerce is expected to contribute AED12 billion to the emirate's gross domestic product by 2023.

The United Arab Emirates has kept pace with the booming global e-commerce industry, marking a rise in e-commerce sales from $5 billion in 2015 to $19.7 billion in 2020. The volume is expected to reach about $27 billion (AED100 billion) in 2022.

Source: fibre2fashion.com– Oct 20, 2021

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Cotton prices rise to record BRL 6 per pound in Brazilian market

Cotton prices hit BRL 6.00/pound in the Brazilian market in the first fortnight of October, a nominal record in the series of Center for Advanced Studies on Applied Economics (CEPEA) which began in 1996, and the export parity in dollar. The Cotlook A Index and the Futures at ICE Futures have been at the highest levels in the last 10 years.

"The boost came from both the valuation of synthetic fibres, competitors in the textile industry, and high demand, majorly from Asia. In the Brazilian spot market, prices also got boost due to sellers' firm stance – these agents were unwilling to lower asking prices, forcing some processors to pay more for cotton, majorly those that work with low inventories. However, logistic issues and concerns about China constrained valuations," CEPEA said in its latest fortnightly report on the Brazilian cotton market.

Between September 30 and October 15, the Cotlook A Index rose by 2.6 per cent, to $1.1305/pound on October 15. The US dollar increased by 0.4 per cent compared to the Real, to 5.46 BRL on October 15. Thus, the export parity FAS (Free Alongside Ship) closed at 5.3949 BRL/pound ($0.9881/pound) at the port of Santos (SP) and at 5.4054 BRL/pound ($0.9900/pound) at the port of Paranaguá (PR) on October 15, i.e. 3.1 per cent up from that on September 30.

In the Brazilian market, the CEPEA/ESALQ Index for cotton closed at 6.0113 BRL/pound on October 11, dropping to 5.9587 BRL/pound on October 15, i.e. 5.15 per cent up from that on September 30. On the other hand, liquidity was low in the national spot market, due to the gap between asking and bidding prices.

The monthly average in October (considering the first half of the month) is 61.6 per cent higher than that in October 2020, in nominal terms. Thus, the area allocated to cotton in Brazil is expected to be larger next season, however, high production costs and difficulties to buy inputs, majorly fertilisers, may constrain area increases.

According to Conab (Brazil's National Company for Food Supply), the Brazilian cotton area may grow by 10.2 per cent in the 2021-22 season, to 1.51 million hectares. Productivity may increase by 3.1 per cent, to 1,772 kg/hectare, boosting production by 13.7 per cent, to 2.68 million tons.

Domestic consumption is expected to grow by 2.5 per cent between the 2020-21 and the 2021-22 seasons, to 765,000 tons. Exports may be around two million tons, contributing to reduced ending stocks.

Meanwhile, data from Secex (the secretariat of foreign trade) shows that in September Brazil exported 140,210 tons of cotton, much higher than the 50,780 tons shipped in August 2021 (+176.1 per cent), but 11.72 per cent down from the volume exported in September 2020 (158,830 tons).

Source: fibre2fashion.com– Oct 20, 2021

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Belt & Road Textile Conference 2021 successfully concludes in China

The Belt and Road Textile Conference 2021 that was held in Huzhou, Zhejiang province on October 15, saw the participation of government officials from ministerial and local levels, and representatives from the China National Textile and Apparel Council (CNTAC), foreign government agencies and business associations, and industry-leading companies.

Themed on ‘Sustainable Dual Circulation of Trade and Investment’, the conference aimed to accelerate the integration of domestic and international trade with a focus on increasing domestic demands, assess policy trends for industry growth, and launch insightful guidelines.

The conference was guided by CNTAC and the Huzhou Municipal People’s Government and hosted by the Sub-Council of Textile Industry of China Council for the Promotion of International Trade (CCPIT TEX), China Textile Go Global Union (Union), and CCPIT Huzhou Committee, the organisers said in a media release.

Xu Yingxin, vice chairman of CNTAC and chairman of CCPIT TEX, stated that this year marked the 8th anniversary of the Belt and Road Initiative (BRI). Since its launch in 2013, the initiative has become one of the largest platforms for international cooperation with the most countries involved, bringing huge opportunities and dividends to all countries in the world. China’s textile and apparel sector has played a leading role in the Belt and Road Initiative with fruitful cooperation along the route. Since 2000, the total foreign direct investments (FDIs) of the sector have exceeded $11 billion, of which more than 70 per cent have flowed to countries along the Belt and Road route.

Xiang Lemin, deputy mayor of Huzhou Municipal People’s Government, noted that under the guidance of the China National Textile and Apparel Council, the modern textile industry in Huzhou has taken steps towards high-quality growth. It has established a whole supply chain that encompasses all processes from raw materials, weaving to end products. The annual output of the industry exceeds 70 billion RMB, and four textile companies in the city have gone public. The Huzhou government encourages local companies to ‘go global’ by participating in the BRI.

Cao Xuejun, a senior official from the department of consumer goods of the ministry of industry and information technology (MIIT), said that the textile industry in China should focus on enhancing the competitiveness of domestic companies, strengthen the awareness of risk prevention and control, and build a supply chain that features mutual benefits and win-win cooperation, so as to explore diversified markets.

Gao Yong, secretary general of CNTAC, gave a keynote speech on 'A New Era Leading to a Sustainable Dual Circulation of Trade and Investment in Textile Industry' at the event. He observed that the textile industry has witnessed extraordinary outbound investments and cooperation in the past two years despite the heavy blow dealt by COVID-19, and that the industry has managed to resume work and production despite challenging circumstances.

According to Gao, outbound direct investments (ODIs) in China's textile industry reached $950 million, a year-on-year increase of 101.3 per cent, accounting for 11.5 per cent of the outbound investments in the country's manufacturing sector. Sector performance varied though. Outbound direct investments in the textile and apparel sector and clothing accessories sector totalled $80 million, which remained the same as last year, accounting for 8.4 per cent of the total of the textile industry.

ODIs in the textile sector reached $250 million, a year-on-year decrease of 26.5 per cent, accounting for 26.3 per cent of the total. While the chemical fibre manufacturing sector saw a total of $620 million outbound direct investments, a year-on-year increase of 1027 per cent, accounting for 65.3 per cent of the total.

Hong Kong China, Vietnam and Singapore were main investment destinations. He also highlighted the need to upgrade the industrial base, modernize the supply chain, and enhance high-end manufacturing capabilities.

In the first session of the Conference, representatives from governments, institutions and enterprises from home and abroad gave speeches on 'Sustainable Cross-Border Investments in Textile Under the Belt and Road Initiative', which presented opportunities for experience exchanges and cross-border cooperation.

Dr Moses Ikiara, managing director at Kenya Investment Authority (KenInvest), A Sukumaran, chairman of the Joint Apparel Association Forum (JAAF) in Sri Lanka, Qian Anhua, chairman and general manager of Antex (Deqing) Fashion Co, Ltd and Chen Yan (Karen Chen), CEO of Challenge Fashion (Pakistan) Limited attended the conference.

Zhao Mingxia, Vice President of Industrial Economy Research Instituteat CNTAC, shared her views on challenges and opportunities facing China's textile and apparel industry in foreign trade and investment patterns in her speech 'Demand Trends in the International Textile and Apparel Market'.

The conference also witnessed the issuance of the report, African Countries' Textile Industry Development Capabilities and the Cooperation Potential between China and Africa in Textile Industry, and an establishment ceremony of the first batch of overseas liaison offices of the China Textile Go Global Union.

It analyses 54 countries in Africa from a multi-dimensional perspective, establishes a model evaluation system to further study the industry conditions and trade and investment environment in eight key countries with investment and trade potentials (Egypt, Ethiopia, Kenya, Morocco, South Africa, Nigeria, Nigeria, Tanzania and Tunisia). The report also discussed cooperation opportunities between China and Africa.

To give better play of the Union as a platform for further cooperation, the Union decided to set up overseas liaison offices in Egypt, Cambodia, Myanmar, Vietnam, and Zambia, which were announced at the conference.

Source: fibre2fashion.com– Oct 20, 2021

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Eleven countries urge EU for strategy to curb waste in textiles

In a joint paper sent last week, eleven European countries—Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Norway, Spain and Sweden—urged the European Commission to formulate a strategy to implement ambitious measures to crack down on waste in the textiles industry.

The countries urged the commission to introduce an ambitious and comprehensive strategy covering the entire value chain.

They said, this will help Europe achieve its climate ambitions and make its textile industry more competitive and sustainable.

Annually, European citizens consume 26 kg of textiles, out of which 11 kg are discarded due to 'fast fashion' trends. The strategy will make sustainable textiles the norm and open the way to a cleaner and healthy future.

The joint paper was proposed after the Netherlands invited EU countries in June to discuss sustainability in textiles. It was sent to European Commission leaders, including Environment Commissioner VirginijusSinkevicius and EU Climate Chief FransTimmermans. The letter called for clear, ambitious targets for textile collection, reuse, and recycling.

The countries urged the Commission to explore materials having textile-to-textile recycled content requirements, which would boost recycling rates. They also called for more research in decipher ways to encourage the longer use of clothes and prevent the destruction of unsold garments, which some shops end up doing.

The signatories also urged for a mandatory label to curb Greenwashing amongst brands.

Source: fashionatingworld.com– Oct 20, 2021

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Bangladesh: ILO adopts code of practice for workers of four industrial sectors

The International Labour Organization (ILO) has adopted a code of practice (CoP) for the textile, clothing, leather and footwear industries to improve the health and safety conditions of more than 60 million workers employed in these sectors around the globe.

Based on international labour standards and other sectoral guidelines, the code, adopted for the first time, provides comprehensive and practical advice on how to eliminate, reduce and control all major hazards and risks, according to the CoP draft.

The hazards and risks included chemical substances, ergonomic and physical hazards, tools, machines and equipment, as well as building and fire safety.

The purpose of this code is to provide practical guidance for the use of all those, both in the public and private sectors, who have obligations, responsibilities, duties and rights regarding safety and health in the textiles, clothing, leather and footwear industries, it said.

The ILO sectoral code was adopted on October 08 which will shortly be available in Bangla, according to the ILO Dhaka office.

When asked, ILO Dhaka office in an email, quoting ILO director general Guy Rider, said: "ILO Code of Practice has been adopted on safety and health in textiles, clothing, leather and footwear industries. It's a first for the sector, which employs 60 million people, who will benefit from the comprehensive measures it recommends."

Responding to the FE, ILO Bangladesh Country Director Tuomo Poutiainen said the Bangladesh government through the ministry of labour and employment, and employers and workers representatives were in Geneva to participate and contribute to the development of the code.

The OSH (occupational safety and health) and industrial safety work that has been done in Bangladesh in recent years since the Rana Plaza incident has greatly improved the understanding of safety issues and resulted in much-enhanced safety standards particularly in readymade garment facilities, he said.

"Lots remain to be done; and this code can be further used to continue to build safety culture and standards not only in RMG and footwear sectors but also in other industries," he noted.

The code recognised that effective OSH systems require joint commitment and consultation between the competent authority, brands and buyers, suppliers, employers, workers and their representatives.

Awareness raising of the CoP and its contents is needed as a first next step, with authorities and other stakeholders, in countries like Bangladesh, China, India, Vietnam and other manufacturing hubs of textile and footwear, he added.

An ILO statement, citing the first joint estimates from the World Health Organization (WHO) and ILO, said the work-related diseases and injuries caused by exposure to 19 occupational risk factors were responsible for the deaths of 1.9 million people in 2016.

In relation to non-fatal occupational accidents, the ILO estimates reveal over 360 million cases in 2016, representing an increase when compared to the figures of 2010 (340 million).

More than 4.0 per cent of the world's annual gross domestic product (GDP) is lost as a consequence of work-related injuries and diseases.

The textiles, clothing, leather and footwear industries have been hit hard by the Covid-19 crisis, it said adding thousands of enterprises have been forced to stop production, leading to millions of workers losing their livelihoods.

Director of the ILO Sectoral Policies Department, Alette van Leur in the statement added: "The COVID-19 pandemic has reminded all of us of how important safety and health, and a human-centred approach are, if we want to build forward better. I am hopeful that as these industries rebound, the new code of practice will serve as a basis for developing national or company OSH management systems and contribute to the overall improvements of working conditions in this sector and beyond."

The statement also quoted Kamrul Anam, president of Bangladesh Textile and Garments Workers League (BTWGL), saying: "We want to ensure that the Rana Plaza (incident) will never happen again." He, also worker vice chair and member of the International Accord Steering Committee, took part in the ILO experts meeting.

"If everyone commits to translating the provisions in this code into action, we can ensure that no worker - in Bangladesh or any other country - will ever have to risk their life in a garment factory again," he noted.

When asked, Bangladesh Garment Manufacturers and Exporters Association president Faruque Hassan said workplace safety in the country's RMG sector has improved significantly after the Rana Plaza building collapse.

Both workers and entrepreneurs took risks and continued operation with the support from the government during the pandemic, he said adding the local factories are following the health and safety guidelines developed in cooperation with the ILO.

Source: thefinancialexpress.com.bd– Oct 20, 2021

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Garment exports by Cambodia surge 11.40% to $8,2417 billion

Cambodia's garment exports surged by 11.40 per cent to $8.2417 billion during January-September 202 as against the same period last year, shows data by the General Department of Customs and Excise.

As per Garment Manufacturers Association in Cambodia, garment sector in the country managed to avoid sliding into negative territory despite COVID. The sector has been gaining market share due to the unprecedented challenges arising from political issues and COVID-19 ramifications of competing countries, says a report by the The Phnom Penh.

Hong Vanak, Director, International Economics, Royal Academy of Cambodia, says, the rise in garment exports bodes well for economic activity in the Kingdom, as other countries reel under the severe conditions wrought by COVID-19.

He said the government is also striving to streamline the local investment and business environment to instill confidence among businesspeople and investors amid expanding market access to a range of countries.

It has signed new FTAs with China, South Korea and other markets to make Cambodia, a better investment destination, he underlined.

In 2020, Cambodia's garment exports plunged by 10.44 per cent to $9.50171 billion as against $10.60986 billion in 2019, according to the Ministry of Commerce.

Source: fashionatingworld.com - Oct 19, 2021

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Pakistan: PBC says price hike to fuel inflation

Pakistan Business Council (PBC) has opposed increase in tariffs on essential items, maintaining that it will further accelerate inflation.

The PBC, in its analysis dated July-Sept 21 on import figures released by the Pakistan Bureau of Statistics (PBS) argued that imports rose by $ 7.5 billion or 66 percent over the previous year which is alarming.

Two-thirds of the $ 7.5 billion increase i.e. $ 5 billion is on account of global commodity cost inflation which is outside Pakistan's direct control and includes more expensive medicines necessitated by the pandemic.

The remainder of $ 2.5 billion increase is accounted for by higher import of machinery, transport goods and textile inputs. Much of the machinery is funded by TERF and will lead to exports, whilst textiles include cotton and synthetic yarn necessary for exports. The largest components of the increase in imports within the Transportation Group are buses, trucks, ships, boats and cars in CKD/SKD form. Increase in import of cars in CBU form amounted to $ 56 million only, the PBC pointed out.

The PBC said that it is continuously advising against knee-jerk and sweeping measures such as higher tariffs and requirement of 100 percent cash margins for LCs for import of industrial inputs. Regretfully, some items of industrial input have been included in the list and the PBC has requested SBP to remove them from 100 percent cash margin requirement.

The Council further observed that right pricing of imported energy, a start on which was made last week, will help curb consumption. Higher tariffs on imports of essential items however, will further accelerate inflation and are not recommended. Fundamental reforms should promote indigenous and renewable energy and agricultural productivity to make the country more self-reliant. It should also broaden the basket and diversify the reach of exports to put some of the opportunistic shift of orders away from pandemic affected countries to Pakistan on a sustainable footing. This is part of the PBC's Make-in-Pakistan thrust.

It further maintained that global demand escalation and supply chain disruptions caused by container shortages appear to be responsible for escalation in costs

According to PBC, some of the increase in imports is due to domestic shortages of food and agricultural commodities. Imports of these are unavoidable for reasons of food security, controlling domestic inflation and securing inputs for textile exports. Reviving agricultural output is the sustainable solution

The Monthly Quantum Index of Manufacturing is beginning to show signs of revival, the PBC added.

Source: brecorder.com - Oct 21, 2021

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NATIONAL NEWS

Australia, India partner to boost bilateral trade and investment

With an aim to boost industrial and manufacturing activity and to drive economic growth, India has partnered with Australia in areas such as agrifood, mining, infrastructure, healthcare and education.

Leaders and ministers from India and Australia came together under the Australia-India Business Exchange (AIBX) 2021 Business Leaders Forum and featured Hon Dan Tehan MP, Australian Minister for Trade, Tourism and Investment and senior business speakers. Several eminent personalities like Ambassador Anil Wadhwa, Former Secretary (East) Government of India and Chairman CII Task Force, Australia Economic Strategy were also present at the Business Leaders Forum held recently.

"Both countries are committed to achieving an early harvest announcement on an interim agreement to liberalise and deepen bilateral trade in goods and services, and pave the way for an early conclusion of a full CECA (Comprehensive Economic Cooperation Agreement)," said Hon Dan Tehan MP, Australian Minister for Trade, Tourism and Investment at AIBX 2021.

On Australia's trade relations with India, he added: "There are significant growth opportunities in the India-Australia relationship in areas like critical minerals, infrastructure, energy, technology, agriculture, education and space – and it is these sectors we will place particular emphasis on in the Government's soon-to-be-released update to Peter Varghese's India Economic Strategy."

The Australian government's 'Indian Economic Strategy 2035' envisions significantly raising trade and investment with India. Both countries have witnessed renewed impetus in their relationship under the leadership of Prime Ministers Narendra Modi and Scott Morrison last year.

The Australian Government is making efforts to seize the opportunities through greater bilateral engagement, this includes a meeting of Prime Ministers of both the nations in the margins of the Quad Leaders Summit, visits by the Foreign and Defence Ministers to India last month which included a historic inaugural 2+2 meeting and a visit by former Prime Minister Tony Abbott to further economic ties.

On AIBX's role in helping businesses flourish on both sides, Dan Tehan said: "Australian Government's flagship programme is solely aimed at advancing commercial partnerships and building two-way market literacy between Australia and India. The pandemic has disrupted many aspects of our lives including how we do business, so, in the current environment, AIBX is a digital-first program that includes actionable market insights, including video and written case studies and sector reports on market and partnership strategies."

Australia offers a wide range of investment opportunities in mining and resources, low emissions technology, food processing and agribusiness, education, advanced manufacturing, space and emerging tech.

The AIBX 2021 Business Leaders Forum brought together CEOs and business leaders from both sides to showcase strengths and strengthen partner ties. "Australia is well placed to support India's ambition to become a major global advanced manufacturing player through our substantial reserves of critical minerals, mineral processing in Australia, and potentially offtake agreements for Australian supply of critical minerals into India which complement India's own agenda for renewables for the development of electric mobility and those sorts of downstream industries," the Australian Minister concluded in his remarks.

The event had a welcome address by Ms Catherine Gallagher, Minister (Commercial), Australian High Commission where she talked about the role partnerships can play in mutual prosperity. The forum also witnessed participation by business leaders like Mr Alastair Symington, CEO and MD Blackmores Group;

Ms Tania Archibald, CFO, Bluescope and Indian counterparts like Mr N G Subramaniam, COO and ED, Tata Consultancy Services; Mr Arun Maheshwari, Joint Managing Director and CEO JSW Infrastructure.

The forum emphasised the investment climate in both the countries and highlighted challenges & opportunities on both sides and was conducted by Economictimes.com in association with Australia-India Business Exchange (AIBX) 2021 . Click here to watch the full event

Source: economictimes.com– Oct 20, 2021

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Bayer to divest cotton, mustard seed business in India to Crystal Crop Protection

Transaction to close by December, deal size not disclosed

Crystal Crop Protection Limited is acquiring cotton, mustard, pearl millet and grain sorghum hybrids from Bayer in India. Crystal has entered into a definitive agreement with Bayer in this regard and both companies in a joint statement said they expect to close the transaction by December 2021. However, the deal size was not disclosed.

The business acquired by Crystal Crop Protection represents a very small portion of Bayer's Indian and global business portfolio, Bayer said in a statement.

Strategic fit for Crystal

NK Aggarwal, Chairman, Crystal Crop Protection Limited, said, "Staying true to our vision of inspiring growth of Indian farmers, this acquisition is a step forward to provide high-performance seeds for sustainable growth of Indian agriculture."

With this acquisition, Crystal will become strong in its field crops seed business as it comes with powerful brands and R&D capabilities.

Sarjiwan Manhas, CEO, Seed Business, Crystal Crop Protection, further added, "These acquired crops have an excellent strategic fit in our seeds portfolio and will support us in improving our footprint in Indian seeds market."

D Narain, Senior Bayer Representative, South Asia and CEO & MD, Bayer CropScience Limited, said, "While we have divested a small portion of our business portfolio, Bayer remains fully committed to the long-term growth of Indian agriculture and will continue to bring next-generation technologies that drive agricultural productivity, enable farmer prosperity and promote sustainable agriculture."

Bayer CropScience will continue to drive the business until full transfer to Crystal Crop Protection Ltd, the statement said. BayerCropScience shares were trading a tad lower at ₹5,164 a piece in a weak market Wednesday afternoon.

Source: thehindubusinessline.com– Oct 20, 2021

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Cotton trade body trims 2020-21 crop estimate to 353 lakh bales

The Cotton Association of India (CAI), a body of traders, has reduced its estimate of the cotton crop last season (October 2020- September 2021) to 353 lakh bales (each 170 kg) from its previous estimate of 354.5 lakh bales. The final estimate is about 7 lakh bales lower than the 360 lakh bales of crop estimated initially. The total cotton availability for the year is estimated at 488 lakh bales, including an opening stock of 125 lakh bales and import of 10 lakh bales besides the 353 lakh bales of crop.

As per the CAI's cotton balance-sheet for the year, the closing stock is estimated to be 75 lakh bales, which is lower than last year's estimated 107.5 lakh bales of carryover stock.

Consumption estimate

CAI has increased its cotton consumption estimate for the year by 5 lakh bales to 335 lakh bales from last year's estimated consumption of 250 lakh bales, showing an increase of 34 per cent over last year. The cotton exports for 2020-21 is estimated at 78 lakh bales against 50 lakh bales estimated last year, which is a 56-per cent higher.

The Cotton trade body has reduced the crop estimate for the Central Zone (Gujarat, Maharashtra and Madhya Pradesh) by 2.50 lakh bales to 191 lakh bales from earlier estimate of from 193.50 lakh bales. There is a reduction of 2 lakh bales in the crop estimate for Gujarat while the crop estimate of Maharashtra has been reduced by 0.50 lakh bales compared to the previous estimates.

The crop estimate for North Zone is retained at 65.5 lakh bales, while that for Southern Zone has been increased by 1 lakh bales to 91.5 lakh bales for the season based on the arrivals upto September 30.

The final estimates were finalised by the Crop Committee of the CAI which met on October 18 with 25 members from cotton-producing States and stakeholders.

Source: thehindubusinessline.com– Oct 19, 2021

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Atmanirbhar Bharat & ballooning trade deficit with China

India's overall trade deficit in merchandise trade in the first six months of the current fiscal, from April 1 to September 30, 2021, jumped sharply to USD 78.81 billion, up from USD 25.7 billion last year, a hike of 207 pc, though the deficit stood marginally lower than USD 88.92 billion registered in the same period in 2019.

While the sharp growth in deficit from 2020 is easily explained by a revival in trade after a year of near-total shutdown due to the Covid-19 pandemic, there is little reason to cheer from the fact that trade deficit this year is lower than 2019 as the Indian economy is yet to regain pace or come anywhere close to its shape in 2019. It can also be explained, to an extent, by the massive supply crunch in various electronic products like chips and semiconductors that have crippled the global automobile industry and a broader logjam in supplies across various sectors.

As the supplies crunch eases over the next few months and the domestic economy begins to rediscover its pre-pandemic shape, one can reasonably expect both exports and imports to rise even faster and the trade deficit to expand even further.

The biggest concern for India should come from its deficit with China, which is already USD 46.55 billion in the first nine months of the current calendar year. This is a jump from USD 44 billion recorded in the full last year and is only marginally lower than the USD 53.57 billion in the year before.

Overall, Indo-Chinese trade this year, from January to September, has already reached USD 90.37 billion, a phenomenal growth of 49.3 pc when compared to the previous year. China is already India's largest trading partner, having displaced the United States from the top-notch last year.

India-China buy buy

Though not a surprise at all, the sharp growth in trade with China does stand in sharp contrast with the political realities on the border as instead of a resolution, the stand-off between Indian and Chinese troops all along the 3500 km long border that separates the two Asian giants, has only worsened.

With each passing month, it seems that the Chinese troops occupy an increasing share of Indian territory as reports suggest that in Ladakh alone the Chinese troops now occupy nearly 12,000 sq km of Indian land. There have also been similar incursions by the Red Army in Uttarakhand, Sikkim and Arunachal Pradesh.

Also, China has upped the ante significantly with India by massively building or upgrading military infrastructure all along the border, including airbases, highways, railways and even townships as they have done in Arunachal Pradesh.

With the total intransigence being displayed by the Chinese in border talks with India and their refusal to withdraw from Indian territory or even acknowledge their incursions into India, the border tensions are unlikely to subside anytime soon.

Yet, the trade with China now seems to be unstoppably growing and that, too, heavily in the favour of the Chinese, putting paid to yet another much-hyped initiative of the Narendra Modi government, the Atmanirbhar Bharat, which, as usual, is a rebranded decades-old policy of Indian self-reliance which has been in place ever since the independence in 1947.

In 2020, at the peak of the pandemic, the government propaganda machine launched it with unprecedented hype, presenting it as a never-before, never-after and unique policy 'revolution' invented by the genius of the 'master-tactician' Modi. The stated goal of the initiative was to make India the global hub of manufacturing, a daydream that has not been limited to Modi, but indeed several global leaders.

Yet, India's total trade deficit with the entire world, not just China, has been rising sharply. Overall imports for India in September alone, the latest month for which the data is available, India imported goods worth USD 56.38 billon, a growth of 84.75 pc compared to September 2020 and it is, rather surprisingly, a jump of 49.58 pc over September 2019 when total imports stood at USD 37.69 billion.

Whither Atmanirbhar Bharat

A study of the composition of Indian trade shows that the country continues to rely on low-value raw materials or semi-processed materials rather than high value goods that seem to have become the norm of most developed nations and even China.

For instance, in 2020-21, India's key exports to China included iron ores and concentrates, cotton, light oils and preparations as well as shrimps and prawns. In all, the top 10 export items accounted for as much as 40 pc of total Indian exports to the giant neighbour. But Indian import list included mainly finished goods such as portable digital automatic data processing machines, processors and controllers or photo intensity semiconductor devices.

As the government is bound to discover, if it is still ignorant, India in many ways has missed the manufacturing bus long ago. In fact, all through Modi government rule, the share of manufactured goods in Indian GDP has consistently fallen and is now close to 15 pc, far away from the stated target of 25 pc as set by Modi seven years ago when he had 'launched' another of his pet projects, Make in India.

Despite several initiatives over the past seven decades, India has failed to emerge as a manufacturing base largely because a number of cogs that go into making the wheel of manufacturing move ahead are missing in India and without a well-thought and well-implemented, rather than over-hyped, policy this scenario will not change.

Moreover, India is not China2.0 in manufacturing. China had its industrial revolution moment several decades ago and has since then made itself almost indispensable to the world. India is far from replicating the Chinese model as over the past few years, the global trade situation has evolved dramatically not only with emergence of other export powerhouses like Vietnam for electronics and Bangladesh for textiles, but also several developed nations have relaunched their own manufacturing industry in attempt to boost local jobs.

Moreover, with many nations aggressively policing their trading partners, not many countries are likely to stand by and watch in the unlikely event of Atmanirbhar Bharat actually taking off and leading to some plausible results.

Within months of the scheme being announced and launched, the United States and several other nations had said that the scheme could be violative of India's commitments under the World Trade Organisation rules. Earlier this year, the then US ambassador Kenneth Juster had expressed doubts whether the scheme was compatible with India's stated intention to be part of the global value chains and carve out a reputation as an exporter to the world.

“If India’s self-reliance programme led to higher tariff and non-tariff barriers to trade, this would limit India’s capacity to truly integrate into global value chains and, in the process, raise prices for Indian consumers,” Juster had said at an event in New Delhi.

If indeed, the scheme starts to pay off for India, one can reasonably expect a number of nations attacking India at the WTO.

Source: mediaindia.eu– Oct 20, 2021

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EPFO adds 14.81 lakh net subscribers in August

The provisional payroll data of EPFO released on 20th October, 2021 highlights that EPFO has added around 14.81 lakh net subscribers during the month of August, 2021. The data reflects a growing trend in net payroll for the first five months of the current financial year. For the month of August 2021, the net subscriber addition has increased by 12.61% as compared to the previous month of July, 2021.

Of the total 14.81 lakh net subscribers, around 9.19 lakh new members have come under the social security ambit of EPFO for the first time. Around 5.62 lakh net subscribers exited but rejoined EPFO by changing jobs within the establishments covered under the purview of EPF & MP Act, 1952. The subscribers opted to continue their membership with EPFO by transferring their funds from previous job to the current PF account instead of applying for final withdrawal.

Age-wise comparison of payroll data shows that the age-group of 22-25 years has registered highest number of net enrolments with 4.03 lakh additions during August, 2021. This is followed by age-group of 18-21 with around 3.25 lakh net enrolments. This indicates that many first-time job seekers are joining organised sector workforce in large numbers and have contributed around 49.18% of total net subscriber additions in August, 2021.

State-wise comparison of payroll figures highlights that the establishments covered in the states of Maharashtra, Haryana, Gujarat, Tamil Nadu and Karnataka are in lead by adding approximately 8.95 lakh subscribers during the month, which is around 60.45% of total net payroll addition across all age groups.

Gender-wise analysis indicates that the share of female enrolment is approximately 20% of the total net subscriber addition during the month. The net addition of female subscriber has increased roughly by 10.18% during August, 2021 as compared to previous month of July, 2021. This is largely due to lower female member exits during the month.

Industry-wise payroll data indicates that 'expert services' category (consisting of manpower agencies, private security agencies and small contractors etc.) constitutes 39.91% of total subscriber addition during the month. Apart from this, growing trend in net payroll additions has been

noted in industries like trading-commercial establishments, engineering products, building & construction, textiles, garment making, hospitals and financing establishments.

The payroll data is provisional since the data generation is a continuous exercise, as updation of employee record is a continuous process. The previous data hence gets updated every month. Since May, 2018 EPFO has been releasing payroll data covering the period September 2017 onwards.

EPFO is country's principal organization responsible for providing social security benefits to the organized/semi-organized sector workforce covered under the statute of EPF & MP Act, 1952. It provides provident fund, pension benefits to the members on their retirement and family pension & insurance benefits to their families in case of untimely death of the member.

Source: pib.gov.in– Oct 20, 2021

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Investors showing keen interest in J&K: Piyush Goyal

Union Minister Piyush Goyal on Tuesday said the concerted efforts made by the government of Jammu and Kashmir had started showing results, with investors from India and abroad eager to invest in the Union Territory.

The minister for commerce and industry; consumer affairs and food and public distribution; and textiles concluded his two-day visit to Pahalgam as part of the public outreach programme of the Central Government.

Addressing a gathering at Pahalgam, Goyal thanked the people of Kashmir for their participation in the development process and appreciated their dedication towards promotion of tourist activity, an official statement said.

He said the concerted efforts of the administration towards development had started bearing fruit and investors from the rest of the country and abroad are eager to invest in the Union Territory.

The minister also inaugurated a 250-mm Seer water supply scheme. The project will benefit around 10,000 people and will be completed under the ambit of Jal Jeevan Mission within three months.

He appreciated the rapid pace of developmental works and commended the frontline workers for working towards realising the Prime Minister's dream of tap water for all households, the statement said.

Goyal also visited Rahi Shawl Unit located at Akad Park and interacted with the local artisans. He examined various handicrafts like zari, sozni and tapestry.

Source: tribuneindia.com– Oct 19, 2021

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KTR interacts with European Business Group members

The Telangana government on Thursday said state IT and industries minister KT Rama Rao interacted with members of the European Business Group (EBG).

He informed them of Telangana's single window clearance system TSiPASS and the state government's focus on sectors such as IT, electronics, life sciences, medical devices, defence & aerospace, food processing and textiles, among others.

Highlighting some of the advantages of the state as compared to other states in the country, KTR said Telangana has the largest industrial land bank in the country and is a power surplus state with availability of skilled manpower.

He said that Telangana has received investments from investors across the globe such as US, Japan, Korea, China and Taiwan, among others.

Source: timesofindia.com– Oct 21, 2021

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Small industries' association wants GST to be reduced

Erode District Small Industries Association (EEDISSIA) has urged the Central government to reduce the Goods and Services Tax (GST) on plastic raw materials, textile yarn and carbonated fruit juice-based drink.

The association's general body meeting was held under the chairmanship of its president P. Thirumoorthy in which secretary R. Ramparakash, vice-presidents V.T. Shreedhar and P. Kandasamy, treasurer S. Palanivel, joint secretary A. Saravanan Babu and members participated. Various resolutions were passed during the meeting.

A resolution said that the GST council has recommended an increase in the GST rate on cartons, boxes, packing containers of paper from the present 12% to 18%. The resolution said that the move will affect the paper industry much and wanted the proposal to be withdrawn. Another resolution said that it was proposed to increase the GST for carbonated beverages upto 40% and wanted it to be withdrawn.

Use of plastic bags for packing was banned without any proof and hence the government should come out with alternative products for packing on war-footing. Since plastic items can be recycled, it should be permitted for secondary packages, the resolution said.

Other resolutions were, including Erode under the Coimbatore-Salem Industrial Corridor project, converting Erode district as drone special production centre, focusing on parachute manufacturing in the district, establishing separate industrial estates for textile, food processing and plastics in the district, establishing export hub, establishing railway export terminal at Sipcot in Perundurai and taking steps to control price of fuel.

A resolution called for constructing flyovers, public parking lots and ring roads in the city and pedestrian subway near Erode Railway Junction and a flyover at Rangampalayam. The resolution also urged the government to widen the existing roads connecting Tiruchengodu, Chithode and Karur as four-lanes.

Source: thehindu.com– Oct 20, 2021

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