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INTERNATIONAL NEWS

China Harvests First Anti-BCI Cotton in Xinjiang

China is poised to harvest the first batch of cotton grown and managed under its own "sustainable" cotton certification program, which it established earlier this year as a counterpoint to the Better Cotton Initiative, whose members include Adidas, H&M, Ikea and Walmart.

"We have been living with Switzerland's standards for years, but the country doesn't even produce cotton," Zhao Yan, a coordinator for the Weilai Cotton project, now known as the Cotton China Sustainable Development Program, told the South China Morning Post in April. "Now it is time to form our own national standards."

The Geneva- and London-based Better Cotton Initiative, or BCI, has stayed mostly mum on the subject of the competitive standard, which the China Cotton Association and other industry organizations forged in response to growing animosity over Western allegations of human-rights abuses in the cotton-rich Xinjiang Uyghur Autonomous Region.

BCI incurred the ruling Chinese Communist Party's wrath after it pulled out of all field-level activities in Xinjiang last October, citing "sustained allegations of forced labor and other human-rights abuses." A subsequent BCI forced labor task force report, which characterized curtailed freedoms that prevented Xinjiang farmers from speaking freely about their circumstances, further inflamed tensions between the two.

In a story published last week, the Global Times, a Chinese Communist Party-affiliated outlet, described a 10,000-mu (4,666-hectare) stretch of cotton that will underpin the next phase of the Cotton China Sustainable Development Program, a "critical mechanism to counter Western dominance," it noted.

The field is owned by Xinjiang Guoxin Seed Co, one of the six Xinjiang cotton producers that signed up with the initiative to subvert the "global cotton rule-making system currently monopolized" by the BCI, which the outlet said has "apparently been manipulated by anti-China forces."

"In Xinjiang, we have felt a sense of urgency to speed up setting up our own standard and building [a] homegrown cotton brand," Liu Wenming, a local agricultural official in southern Xinjiang's Shaya county, which accounts for 90 percent of China's long-staple cotton yield, told the Global Times. "China is the world's largest cotton producer and consumer, yet we face constraints and have been bullied by Western forces partly due to the lack of a unified and globally influential standard."

The United Nations censures Beijing

The news comes as governments, industry bodies and civil society continue to denounce Beijing for its alleged detainment, coercive treatment and torture of Uyghurs, Kazakhs and other ethnic Muslim minorities in Xinjiang. At the United Nations on Thursday, a broad consortium of 43 countries took Chinese authorities to task for "credible-based reports" of the existence of "re-education camps" in Xinjiang.

"We have seen an increasing number of reports of widespread and systematic human rights violations, including reports documenting torture or cruel, inhuman and degrading treatment or punishment, forced sterilization, sexual and gender-based violence, and forced separation of children," French Ambassador Nicolas de Riviere said on behalf of the group at a meeting of the General Assembly's Human Rights Committee. "Widespread surveillance disproportionately continues to target Uyghurs and members of other minorities."

Beijing responded by issuing a statement from 62 countries that called for respect for "sovereignty, independence and territorial integrity of states" and defended the situation in Xinjiang as China's "internal affair."

Zhang Jun, China's UN ambassador, shot back at the "baseless" criticism at a news conference following the UN meeting, accusing the United States, which has repeatedly described China's actions against the Uyghurs as "genocide," for pressuring other nations to side against China.

"The U.S. and a few other countries are desperately trying to cover up their own terrible human rights record," Zhang said. "The days when Western countries could bully and oppress developing countries are long gone."

Human-rights campaigners ask G20 for tougher measures

Ahead of the G20 Heads of State and Government Summit in Rome on Oct. 30-31, End Uyghur Forced Labor, a coalition of 200 organizations, including Anti-Slavery International, Human Rights Watch and the Worker Rights Consortium, urged world leaders to ban the import of products "tainted with Uyghur forced labor," including cotton and yarn, electronics and polysilicon used to produce solar panels.

"The G7 made a strong commitment to removing forced labor from supply chains," said Sophie Richardson, China director at Human Rights Watch. "But until Chinese authorities are willing to allow real human-rights due diligence on the ground, states have to underpin their strong rhetoric with clear action, including bans on products that can't be shown to have been made with full respect for human rights."

At present, only the United States bans cotton, cotton-containing products, tomatoes and some polysilicon products from Xinjiang over forced-labor concerns, while a pending Uyghur Forced Labor Prevention Act could extend that restriction to all products from the region. The coalition pressed the European Union to proceed with a proposal that ensures "Uyghur forced labor goods are not sold on EU store shelves." It also appealed to all G20 governments to introduce controls on goods produced or transported with forced labor through customs enforcement measures.

"With each passing day, Uyghurs continue to suffer devastation and hardship," said Omer Kanat, Executive Director of the Uyghur Human Rights Project. "Governments must end corporate profits from Uyghur forced labor in global supply chains."

In a veiled censure of Beijing on Friday, trade ministers from the Group of Seven restated their commitment to eradicate state-sponsored forced labor, stressing the importance of trade policy as "one of the important tools" in a "comprehensive approach."

"We acknowledge that on any given day there are about 25 million people subject to forced labor worldwide, and call on all countries, multilateral institutions and businesses to work together, including with survivors of forced labor, to eradicate forced labor from global supply chains," the ministers said in a joint statement following their virtual meeting on Friday. "We have taken seriously the task handed down to us by the G7 Leaders to identify areas for strengthened cooperation and collective efforts toward eradicating the use of all forms of forced labor from global supply chains."

US lawmakers take aim at Chinese sportswear brands

On Wednesday, U.S. Senators Marco Rubio (R-Fla.) and Jeff Merkley (D-Ore.) along with Representatives Jim McGovern (D-Mass.) and Chris Smith (R-N.J.), sent a letter to Acting U.S. Customs and Border Protection (CBP) commissioner Troy Miller seeking information on whether the agency has stopped imports from companies that have publicly endorsed or have advertised the use of cotton from Xinjiang.

The lawmakers, who helm the Congressional-Executive Commission on China, said they were especially concerned about the continued availability of products from Chinese sportswear companies Anta, Peak and Li-Ning, which have "high-profile endorsements" from NBA players. The public endorsement of the use of cotton from Xinjiang by these companies, they said, "warrants special attention from CBP, as it raises specific concerns about the supply chains of these companies."

"As a new National Basketball Association (NBA) season begins this week, we are very concerned about the sportswear companies Anta, Peak, and Li-Ning, which have high-profile endorsements from NBA players," they wrote in a letter. "We do not want sports stars or other celebrity influencers to knowingly or unwittingly endorse goods made with forced labor or for U.S. consumers to buy these products, which remain available to purchase through Amazon.com and other direct-to-consumer platforms online."

Merkley and McGovern, chair and co-chair of the Congressional-Executive Commission on China, previously sent a letter to the National Basketball Players Association expressing their concerns about contracts between NBA players and Anta, Li-Ning, and Peak. Golden State Warriors Klay Thompson and James Wiseman have both signed with Anta, while the Miami Heat's Jimmy Butler reached a multi-year agreement with Li-Ning late last year. Lou Williams of the Atlanta Hawks, meanwhile, has a signature sneaker with Peak.

"We believe that commercial relationships with companies that source cotton in Xinjiang create reputational risks for NBA players and the NBA itself," the politicians wrote. "The U.S. State Department has determined that the Chinese government is committing genocide and crimes against humanity in Xinjiang, including the mass internment of over a million primarily Muslim ethnic minorities and the systematic use of forced labor to make goods for global export. The NBA and NBA players should not even implicitly be endorsing such horrific human-rights abuses."

Source: sourcingjournal.com– Oct 25, 2021

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Here's How Much Air Freight Costs, Demand Have Escalated in 2021

Today's global supply chain constraints have given rise to air freight as a chief alternative for brands that can afford it. And as ocean freight capacity remains tight, the costs that once impacted shipments on the sea are now spilling over into the skies.

According to U.K.-based Air Charter Service, a transpacific Boeing 777 charter costs around $2 million per flight, more than double the pre-pandemic peak price of $750,000. As of Oct. 18, the latest TAC Index calculated the rate to fly goods from Hong Kong to the average North American airport was $10.40 per kilogram of cargo carried, more than tripling the $3.30 per kilogram on Jan. 6. Hong Kong to Europe saw a big jump from $2.90 go $7.20 per kilogram of cargo in the same time frame, according to the independent provider of air cargo pricing data.

Edward DeMartini, vice president of air logistics development for North America at Swiss freight forwarder Kuehne+Nagel, told American Shipper that the months-long disruptions in Vietnam are sending outbound chartered flight costs through the roof. DeMartini estimated that air shipping goods out of Vietnam could fall within the $2.5 million to $3 million per-flight range.

The demand is certainly increasing as more brands seek to get out in front of holiday spending, with Nike increasing investments in air freight as it downgraded its full-year guidance. OEC Group's air manager, Alan Dong, told Sourcing Journal that since Golden Week 2021, which lasted from Oct. 1-7, the freight forwarder has already seen a 25 percent increase in air cargo inquiries.

And in Vietnam, constrained supply means stratospheric price increases.

"Currently, there are only a handful of air carriers operating out of Vietnam, and direct service is very limited," Dong said. "Most of the cargo out of Vietnam is interlined through another hub such as Hong Kong, Taipei, or other major airports in Japan and China. Compounding the issue is that these hubs are saturated with their own freight. Adding extra volume from Vietnam causes even more congestion and delays. Airlines see this as an opportunity because as market demand expands, they increase their rates."

Dong was quick to note that switching to air freight doesn't alleviate all ocean shipping issues, namely because of the differences between air freight and ocean freight customers.

"Usually, clients looking for air freight solutions are transporting high value commodities like electronic goods, fashion apparel, auto parts and other seasonal products that need to reach storefronts quickly," Dong said. "Less common air freight customers are those that switch their cargo from ocean to air because they have a mandatory delivery deadline to make, and ocean service will not be able to accommodate that deadline."

In a quickly changing landscape, Adidas is also leveraging air freight as part of its efforts to secure additional production capacity, one of five key actions to mitigate the impact from the shutdowns in Vietnam. In total, the athleticwear and footwear giant indicated in an August earnings call that it was already able to secure additional capacity for 30 million pieces. In line with Dong's observation, those in transit would be "high-priced" products.

"We are working with our partners to mitigate the impact, for example by temporarily reallocating production to other countries and gradually ramping up production in Vietnam again," an Adidas spokesperson told Sourcing Journal. "As [with] many other industries, we are still confronted with constraints on port and transport capacity."

As more importers charter their own goods, the most common type of charter is the "forwarder's charter," according to Dong. This approach means importers can bypass the traditional commercial airline mentality and develop their own charter network, routing, and services. They lease an aircraft and, operating as airline, sell the space to the market. This creates more options for customers facing limited commercial airline service.

"For customers looking to charter, this method benefits from shorter transit time, reliable delivery deadlines, less hassle coordinating with different carriers, and a decreased chance of irregularities during transit such as missing or damaged goods," Dong said. "Obviously, better service comes with higher expense. With the air freight market doing so well and most freighters under strict leases, it will be very difficult to find a temporary charter. If a charter can be found, the current cost is nearly four-times higher than pre-pandemic prices."

Amazon, perhaps the poster child for making moves like this to get products to consumers quicker, is reportedly considering making an even bigger splash in the arena. Bloomberg reported earlier this month that the e-commerce giant is considering onboarding long-range cargo jets and hiring its own flight crews to directly transport goods from overseas, namely China.

In the most recent example of a splurge on air transit, Crocs chief financial officer Anne Mehlman said that the popular clogs brand is pulling no punches in aggressively leveraging the option to bring in product for the 2022 Spring/Summer selling season. Ahead of the season, the company will invest approximately $75 million in air freight expenses due to the recent Vietnam production issues and port congestion. The increased air freight spending won't be for holiday season product, however, since most of that is either already in the U.S., or inbound, CEO Andrew Rees said in the company's Q3 earnings call.

"Our normal air freight is certainly less than $10 million," Mehlman said. "We don't tend to spend a lot on air freight. We actually spent just a little bit more this year than we did last—it will be between $8 million to $10 million. So it's kind of in the normal run rate for this year."

Air cargo demand brings capacity constraints to North America

Overall, total air cargo growth continues to climb worldwide, but appears to be stabilizing ahead of the holiday. Industry-wide cargo tonne-kilometres (CTKs) rose by 7.7 percent on a two-year basis in August 2021, but that growth percentage actually decreased from the 8.8 percent rise in July 2021, according to data from the International Air Transport Association (IATA). Comparisons are made on a two-year basis due to mass flight cancellations throughout the early onset of the Covid-19 pandemic.

In particular, North American carriers posted an 18 percent increase in international cargo volume last month from August 2019. New export orders and demand for faster shipping times are underpinning North American performance, IATA noted.

With such high demand, it shouldn't come as a shock that international cargo capacity remains restricted, as air cargo hubs such as Los Angeles and Chicago also reporting severe congestion, similar to that of the ports at sea. International capacity is down 6.6 percent versus August 2019 totals, IATA found.

Chinese containers see price declines

The air freight pivot appears to be coinciding with at least one good sign for U.S. importers on the ground—average shipping container prices coming out of China appear to be in decline, at least for the moment. Germany-based logistics service Container xChange says that the average trading price of a 40-foot equivalent unit (FEU) shipping container fell in China just ahead of Golden Week.

The average container price dipped from $8,516 in Week 39 of 2021 to $6,598 in Week 42, marking a 22.5 percent decline, which is the biggest drop this year in China.

“We are experiencing improvement in market situation as the one-way leasing charges, spot rates and other freight costs are starting to stabilize and average standard container prices are witnessing a drop for the first time in many weeks,” Christian Roeloffs, founder and CEO of Container xChange, said in a statement Tuesday. “Though we are still yet to see how the market responds further to inventory stocking by the U.S. importers in the coming months, these are good signs of market correction. The drop in prices could also possibly be only a temporary decline because of the Golden Week, if the prices do not decline further.”

At different ports in China, the average trading prices have declined 11 percent in the port of Qingdao, and 2 percent in Ningbo.

“The easing prices show temporary consolation in the global container shortage crisis. There are possibilities that the trend continues because we are half way through the busiest time for the shipping industry,” said Dr. Johannes Schlingemeier, founder and CEO, Container xChange. “Retailers are looking to pile up stock ahead of the Christmas holidays and the falling prices could well become the new normal from here. This could probably be a very early sign of stabilization of the market. We will continue to monitor the prices and availability but for the time being, this is good news for the industry.”

Source: sourcingjournal.com– Oct 25, 2021

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Chinese firms in Vietnam face logistics disruptions, labor shortages

Logistical disruptions and labor shortages are straining Chinese manufacturers in Ho Chi Minh City after the southern business hub in Vietnam eased COVID-19 lockdown measures, a local business association said.

As a crucial link in the global supply chain, Vietnam faces a threat to its export-oriented economy from a lack of workers, which is affecting manufacturing for global firms, including sportswear brands Nike and Adidas, and tech giant Apple.

Vietnam was one of the few economies to report positive growth in 2020, but growth contracted 6.17 percent year-on-year in the third quarter of 2021, the largest quarterly drop in 35 years.

Only 10 percent of Chinese plants in Ho Chi Minh City were capable of maintaining operations at more than 85 percent of their normal staff size, Zhao Qian, head of the China Business Association Ho Chi Minh City Branch, told the Global Times. The city is home to a large number of factories that manufacture clothes, textiles and furniture.

"Companies manufacturing shoes and clothes are suffering from a serious backlog of orders. They are rushing to fulfill orders placed from July to September," Zhao said, estimating that they would be unable to arrange new orders until February next year.

Local problems

Meanwhile, companies in wood processing, catering and services are suffering from a shortage of labor and a lack of raw materials, according to Zhao.

"Many workers have given up their jobs due to concerns about the virus," Zhao said.

Vietnam reported 4,045 new COVID-19 cases on Sunday, according to the country's Ministry of Health. Most of the community cases were detected in southern localities, including 966 in Ho Chi Minh City, 524 in Binh Duong province, and 429 in Dong Nai province, the Xinhua News Agency reported.

As of Sunday, Vietnam has registered a total of 884,177 locally transmitted COVID-19 cases since the start of the current wave in late April, according to the ministry.

Virus containment measures have also affected local logistics. "It would take more than a month for courier service companies to deliver the overstocked parcels even if they don't take new orders," Zhao noted.

Electronics manufacturers in the Southeast Asian country reported a shortfall of nearly 56 percent of the required workers to maintain operational capacity and the leather and footwear sector reported a 51.7 percent worker shortage, according to the government's website, citing its labor ministry data. Garment makers were also suffering from a lack of 49.2 percent workers.

Textile and leather shoes are the two labor-intensive industries in Vietnam. Around 2 million people work in the textile sector, 1.4 million in leather shoe industry, and another 1.5 million in related trade activities, according to an article published by the economic and business sector of the Chinese Embassy in Vietnam.

A local survey of 256 companies in textile and leather shoes revealed nearly 60 percent of the workers reported income drop due to their intermittent duty; 62 percent of the respondents lost income source and 77 percent of the workers reported negative sentiment toward their work, said the article.

Government officials are scrambling to attract workers back to work via text message, and recruiters are dangling "crazy" benefits for new hires, Nikkei Asia reported.

"The low vaccination rate and long-term quarantine polices had led to widespread exhaustion. The decline in incomes has also caused weaker purchasing power, which may impact production," said Zhao, the head of the Chinese business association.

Global impact

Vietnam is an important supplier in the global industrial chain, so the production standstill caused by the epidemic will have an impact on the global economic recovery in the short term, especially on garment and electronics supplies, Xu Liping, director of the Center for Southeast Asian

Studies at the Chinese Academy of Social Sciences in Beijing, told the Global Times.

Xu said that if the coronavirus situation worsens in Vietnam, the global supply chains will definitely be relocated from Vietnam to other markets.

"Some foreign companies have already relocated some of their operations in Vietnam to China," Xu added, suggesting that if Vietnam can deal with the epidemic and labor issues, foreign companies will still choose to build factories in the Southeast Asian country due to its lower labor costs.

The economic recovery across key economic zones in southern Vietnam largely depends on Ho Chi Minh City, Hoang Cong Gia Khanh, the vice chairman of the University of Economics and Law under Vietnam National University Ho Chi Minh City, told Vietnamese newspaper Nhan Dan, suggesting that the government should help companies reduce layoffs and re-recruit employees, as well as helping them to attract skilled workers who had returned to their villages during the quarantine.

As of Friday, 60 percent of companies in Ho Chi Minh City have resumed production since the lockdown was lifted half a month ago, The Star reported.

A total of 1,500 firms, including 500 foreign firms in the city's industrial parks and export processing zones, have resumed operations, with 60 percent reaching 80 percent of regular capacity, the Ho Chi Minh City Union of Business Associations told The Star.

Source: globaltimes.cn– Oct 25, 2021

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Hong Kong to strengthen status as global shipping centre: Minister Li

The Hong Kong Special Administrative Region (HKSAR) will strengthen its status as a global shipping centre by leveraging advantages in services and developing the Greater Bay Area, Chinese minister of transport Li Xiaopeng told the first World Maritime Merchants Forum held in Hong Kong recently. Hong Kong's shipping industry is highly developed, especially in shipping finance, insurance and legal service, he said.

The ministry will proactively support Hong Kong in consolidating and upgrading its position as an international shipping center, and its integration into the Guangdong-Hong Kong-Macao Greater Bay Area, Li told representatives international shipping organisations and industry heavyweights in a vide message.

Teresa Cheng, secretary of justice of the HKSAR government, said at the forum that there is a clear shift of maritime and trading activities to the East, meaning a larger demand for maritime-related financial and legal services, official Chinese media reported.

"This trend is inevitable when, out of the world's top 10 container ports, China accounts for seven of them, and three of which are cities of the Greater Bay Area, namely Shenzhen, Guangzhou and Hong Kong," she said. Hong Kong prides itself as a center for the provision of services for the maritime industry, and more tax concessions will be introduced to attract maritime shipping firms to establish a business presence in Hong Kong, she said.

She said the 14th Five-Year Plan and the Greater Bay Area development plan explicitly support Hong Kong in consolidating and enhancing its status as a center for international legal and dispute resolution services in the Asia-Pacific Region. "With our unique position under these two national policies, Hong Kong's maritime industry and related services have been given new impetus for growth," Cheng said.

The first World Maritime Merchants Forum was initiated by China Merchants Group in association with the Baltic and International Maritime Council, the International Chamber of Shipping and the Hong Kong Shipowners Association.

Source: fibre2fashion.com– Oct 25, 2021

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Intertextile Shanghai Home Textiles draws 20K buyers

The Intertextile Shanghai Home Textiles fair earlier this month was the first major trade event for the sector in China this year.

The expo features 735 exhibitors and was attended by 20,106 trade buyers, according to the post-show report.

A number of international exhibitors participated this year with individual booths alongside Chinese regional pavilions from Hangzhou, Shaoxing, Huzhou, Haining and Tongxiang.

Two trend forums provided inspiration for 2022, while the IKASAS Japanese Home Design Gallery, New Voices of Top Youth Upholstery Designers City Roving Exhibition and China International Fiber Art Exhibition provided further insights into various aspects of the industry.

The 2022 Intertextile Shanghai Home Textiles: Spring Edition will take place March 9-11, while the Autumn Edition is scheduled for August 23-25. The fair is organized by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Home Textile Association (CHTA).

Source: hometextilestoday.com– Oct 25, 2021

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China world's 2nd-largest importer for 11 years: Commerce ministry

China has been the world's second-largest importer for 11 consecutive years, according to the country's commerce ministry, which recently said that in the January-September period, it imported goods worth nearly $2 trillion, up by 32.6 per cent year on year. It will continuously improve trade liberalisation and facilitation and optimise business environment to promote global recovery and growth, ministry spokesperson Shu Jueting told a press conference.

In the first half of the year, China's imports of goods accounted for around 12 per cent of the world's total, and the country also contributed to 15 per cent of the increase in imports worldwide during the period, said Shu, citing World Trade Organisation statistics.

China will consistently push forward high-level opening-up, expand imports and turn its market into a global one, a market shared by all, and accessible to all, Shu was quoted as saying by official media reports.

Source: fibre2fashion.com– Oct 26, 2021

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Pacific Textiles Chairman Masaru Okutomi appointed as Teejay Lanka Director

Teejay Lanka PLC has announced the appointment of Masaru Okutomi, Chairman and CEO of Pacific Textile Holdings Limited of Hong Kong, as a Non-Executive Director of the company, with immediate effect.

Okutomi replaces Wan Wai Loi on the board of Teejay Lanka PLC, consequent to a change in the latter's role on the board of Pacific Textiles, which has a 28 percent stake in Teejay Lanka, the company said.

Okutomi has a Bachelor's degree in Law from Hitotsubashi University, one of Japan's top universities and held senior management positions, including Managing Director of Toray Industries (South China) Co. Ltd and of Toray Industries (Hong Kong) Ltd, Deputy Managing Director of Toray Industries (China) Co. Ltd, in the past.

He was redesignated from Vice-Chairman to Chairman and CEO of Pacific Textiles, a leading manufacturer of customised knitted fabric with an annual production capacity of approximately 87 million kg, on October 1, 2021 and leads the group's management team, overseeing overall production and operations, providing corporate direction and formulating business strategy.

Welcoming Okutomi to the board of the company, Teejay Lanka Chairman Bill Lam said his extensive experience in the management of a globally-significant textiles business would be an asset to Teejay's own growth and expansion aspirations as it progresses towards its target of becoming a US $ 300 million business.

"We also thank Wan Wai Loi for his exemplary service as a board member of Teejay Lanka PLC," Lam said.

"He has done yeoman service shaping the journey of Teejay Lanka for the past 11 years and his guidance and wealth of knowledge was greatly appreciated by all his peers on the board."

Source: dailymirror.lk– Oct 26, 2021

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S. Korea, Cambodia ink free trade deal for deeper economic ties

South Korea and Cambodia officially signed a free trade agreement (FTA) Tuesday in a move to deepen their economic ties, Seoul's industry ministry said.

Trade Minister Yeo Han-koo and his Cambodian counterpart, Pan Sorasak, officially signed the pact during a virtual ceremony earlier in the day, according to the Ministry of Trade, Industry and Energy.

South Korea struck the deal with Cambodia in February this year and wrapped up domestic procedures, including parliamentary approval.

Under the agreement and the envisioned multilateral trade pact of Regional Comprehensive Economic Partnership (RCEP), Cambodia will lift tariffs on 93.8 percent of all products traded, and South Korea will remove tariffs on 95.6 percent of all items, according to the ministry.

The RCEP is a regional trade pact, which covers 10 ASEAN nations and its five dialogue partners -- South Korea, China, Japan, Australia and New Zealand. South Korea now awaits parliamentary approval.

South Korea's major exports to Cambodia include cars, machinery, textiles, and agricultural and marine products. It mostly imports textile-based goods and agricultural products from the Southeast Asian nation.

"The FTA is expected to boost our access to the Mekong River market and to strengthen our value chain, as Cambodia is the hub of the region and bears great economic growth potential," the ministry said in a release.

The latest trade deal is part of Seoul's ongoing push to expand trade ties with ASEAN and other emerging nations to diversify its trade portfolio and reduce reliance on China and the United States.

ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand, Singapore and Vietnam.

Source: koreaherald.com– Oct 26, 2021

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Global farm subsidy cut & Bangladesh

Bangladesh is weighing losses and gains from farm-subsidy cuts by wealthy countries following the World Trade Organization (WTO) Agreement on Agriculture (AoA) that provides the nations flexibility to provide higher domestic support to their farmers. Doing this arithmetic is promoted by a crossroads of export and import trades created by the WTO deal in the farm sector.

Bangladesh has the possibility to export some farm products, including fresh fruits and vegetables, if their prices increase on the international market as a result of agricultural subsidy cutbacks particularly in the rich nations.

India, as a leading exporter of farm products and developing country, felt discriminated against by the agreement and raised the issue with the WTO on the plea that the flexibility allowed to the developed economies would distort the international farm products' market. Opposing the flexibility allowed to the developed economies, New Delhi proposed that the developed countries ought to lower their farm subsidies to end trade distortions.

As Dhaka is evaluating the Indian proposal, economists say that Bangladesh is likely to be affected if subsidy cuts lead to price hike of farm products in source countries as the country has to make import of some items of agricultural produce to make up for domestic- supply shortfalls.

Economists say that Bangladesh ought to take the option of balancing between defensive and offensive positions on the farm- subsidy issue, as the country is poised on the horns of a dilemma.

At the ongoing WTO negotiations, Bangladesh has supported a proposal to protect the interests of small farmers if the import bills of developing countries go up due to the flexibility given to the developed economies through the WTO Agreement. The United States (US) and the European Union (EU), however, stand opposed to the proposal and plea for removing "all the barriers to free market activities".

And developing countries supported a counter-proposal to reduce farm subsidies by developed economies, instead of a blanket withdrawal.

Bangladesh confronts two possibilities: its agricultural exports will go up if the wealthy nations reduce subsidies but its import bill will also go up having to pay higher prices of many products it now imports at lower prices.

The country uses product-specific Aggregate Measurement of Support (AMS) to provide price support to rice and wheat, and non-specific AMSs subsidies to fertiliser imports. It provides tariff protection to domestic agriculture and restricts export of several agricultural commodities to ensure domestic supplies. Bangladesh also provides cash incentives to promote agricultural exports and concessional credits for farm machinery, procurement of rice and wheat from farmers, lower electricity tariffs for irrigation and tax holiday to agro-processing industries.

Between 2017 and 2019, the Paris-based Organisation for Economic Cooperation and Development (OECD) had paid $708 billion to support agricultural producers in 54 countries. Although high farm subsidies in developed countries reduce global prices, they also reduce farmers' earnings in low-income countries.

According to a number of studies conducted by the World Bank, the US subsidies alone reduce West Africa's annual revenue from cotton exports by $250 million annually.

To protect their trade interests, Canada, the US and Ukraine, though among the 32 members that pay the highest domestic farm subsidies, at the WTO oppose developing countries subsidising their agricultural production.

A farmer in Switzerland gets $37,952 in subsidy a year, while an Indian farmer ends up with $451.

From 1995 to 2018, Japan had provided domestic subsidies ranging from 42 per cent to 48 per cent of the total value of agriculture production, Norway - ranging from 32 per cent to 61 per cent, Switzerland - 38 per cent to 43 per cent-- far beyond what developing countries like Bangladesh could pay.

Domestic subsidies provided by the US exceed 50 per cent to 100 per cent of the value, depending on products. The US subsidises rice production by 82 per cent of the production cost, 65 per cent to sunflower, 74 per cent to cotton and 215 per cent to wool.

The US heavily subsidises its dairy industry and Canada its milk production, as part of their strategy of flexibility.

To reduce the distortion, there is a proposal before the WTO for all the member-countries to reduce domestic farm subsidies for three to five years.

Source: thefinancialexpress.com.bd– Oct 25, 2021

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Bangladesh: Importers fear further cotton market spiral

In the face of pricier yarn and fabrics – main raw materials for the country's readymade garments – the importers and textile mill owners at a press conference Monday suggested apparel-makers to negotiate their clothing rates with the foreign buyers.

At a press conference in Dhaka by Bangladesh Cotton Association (BCA), there had been an argument between the textile mill owners and terry towel exporters over lifting the import duty on yarn to rein in the local yarn market.

Mohammad Ayub, president of the local cotton association, gave a presentation on cotton price hikes in the last two months and hinted at spiked cotton consumption in future.

"We are skeptical whether cotton prices will come down in the future," he said.

He said cotton turns pricier not only for Bangladesh, but also the countries that produce cotton are having problems in getting the apparel raw material. Apart from the supply crunch, mismanagement of logistics such as costlier shipping, container scarcity and congestion at the port are also responsible for the price spike.

"The market is too volatile. It is very uncertain what happens next," Mohammad Ayub, told The Business Standard, after the press conference.

He said cotton prices in the latest hike spiked by 20-25 cent per pound.

"Cotton that cost 90-95 cent per pound two months ago, is now at $1.17 upon the port arrival," he stated.

A fragile confidence among the textile mill owners, apparel manufacturers and terry towel exporters came to the spotlight at the press conference.

Shahadat Hossain Sohel, chairman of Bangladesh Terry Towel Manufacturers and Exporters Association, called for the lifting of the existing 37% import duty on yarn to rein in the prices.

Opposing this, Monsoor Ahmed, a representative of Bangladesh Textile Mills Association, said if the duty is lifted, local industries will face problems.

Fazlul Hoque, vice-president of Bangladesh Textile Mills Association, told The Business Standard after the press briefing that if the apparel exporters fail to negotiate with the buyers to increase the prices, they will be in trouble as cotton prices are rising in the international market.

Among others, Md Shahidullah Azim, vice president of Bangladesh Garment Manufacturer and Exporters Association (BGMEA) and Mohammad Hatem, executive president of Bangladesh Knitwear Manufacturer and Exporters Association (BKMEA) were also present at the press briefing.

Source: tbsnews.net- Oct 26, 2021

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Pakistan: GDP to surpass 5pc growth due to higher cotton output: Aptma

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

"Cotton arrivals up by 100% to 3.8m bales," the Association said in a statement, adding that this could not only help Pakistan achieve more than 5% GDP growth but would also increase the exports significantly.

By October 01, 2021 over 3.846 million bales had arrived in local markets as compared to the arrival of 1.907 million bales of corresponding period of last year.

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

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

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

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

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

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

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

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

Source: nation.com.pk- Oct 25, 2021

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NATIONAL NEWS

India asks BIMSTEC nations to work on strategy for financing master plan for transport connectivity

India has called on other BIMSTEC (Bay of Bengal Initiative for Multi-Sector Technical & Economic Cooperation) countries including Bangladesh, Bhutan, Nepal, Sri Lanka, Myanmar and Thailand, to collectively develop a strategy for financing and implementing the $126-billion BIMSTEC Master Plan for Transport Connectivity. The plan seeks to create a seamless multimodal transport system across the region to enhance mobility of goods and people.

"We need to now collectively develop a strategy for financing and implementing the Transport Connectivity Master Plan. I am happy to note that work in this direction has already begun with ADB conducting the first consultative workshop on financing of the Master Plan last month," Foreign Secretary Harsh Vardhan Shringla pointed out at the international symposium on BIMSTEC organised by ISCS Kolkata on Monday.

"The BIMSTEC Master Plan for Transport Connectivity, finalised under India's chairmanship of the expert group last year, envisages a seamless multimodal transport system across the region with efficient transit facilities to enhance the mobility of goods and people.

This will stimulate intra-regional trade and investment in the region. It identifies 264 projects requiring an investment of $126 billion over a 10- year horizon from 2018–2028," the Foreign Secretary said. Projects worth $55.2 billion are already at different stages of implementation.

The Member States have also made progress on finalising the BIMSTEC Coastal Shipping Agreement and the Motor Vehicles Agreement, which would provide the legal framework for enhanced connectivity in the region, Shringla added.

India remains strongly committed to further building the momentum towards deepening of regional cooperation under the BIMSTEC framework and working towards making the organisation more effective and result-oriented, the Foreign Secretary said.

Source: thehindubusinessline.com– Oct 25, 2021

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Economy likely to register 9.5 pc growth this fiscal: Report

The report is based on a survey among the key policymakers who are more optimistic now and expect the real GDP growth to surprise well on the upside.

The economy is likely to register a 9.5 per cent growth this fiscal over 7.3 per cent contraction last year, as the ongoing recovery is faster and more credible than earlier foreseen, according to a foreign brokerage report.

It will gather more momentum in the second half of the current fiscal, but will slow down to 7.7 per cent next financial year, it added.

The government has budgeted for a 10.5 per cent growth this fiscal, but the Reserve Bank has scaled it down to 9.5 per cent. Ravaged by the pandemic, the economy tanked 7.3 per cent last fiscal, the worst and the third contraction on record.

Swiss brokerage UBS Securities India expects the economy to gain momentum in the second half on cyclical tailwinds, including pent-up demand and favourable external demand.

We expect real GDP to grow at 9.5 per cent in FY22, but to lose the momentum to 7.7 per cent next fiscal. We expect growth to gain momentum in the second half on cyclical tailwinds including pent-up demand, especially after more people are vaccinated, favourable external demand as exports are over 25 per cent the pre-pandemic level) and higher government spending and the likely resultant spike in Capex, Tanvee Gupta Jain, chief economist at UBS Securities India said in a report on Monday.

However, she said that the recent supply-side disruptions, including high global commodity prices, especially oil and domestic coal shortages, could weigh on the fragile recovery.

The report is based on a survey among the key policymakers who are more optimistic now and expect the real GDP growth to surprise well on the upside.

Equity strategist Sunil Tirumalai said during a one-day virtual macro tour last week, the broad consensus among policymakers was that the economy was in a swift recovery mode thanks to the progressive re-opening after the second wave. They expect real GDP growth in FY22 and FY23 to surprise well above the consensus forecast but did not offer a number.

He credited this optimism to the joint efforts of the monetary and fiscal policies to support the economy. A large majority of these policymakers also do not see too much risk from a third wave and underlined the need for ensuring full vaccination.

On the fiscal front, the general expectation is that the Centre is likely to register a lower fiscal deficit this year at 6.3 per cent, but a marginally higher deficit for the states at 3.5 per cent.

The report estimates the consolidated deficit to narrow to 9.8 per cent of GDP this year from 13.4 per cent in FY21.

It attributed the likely lower fiscal deficit to cyclical economic recovery boosting revenue collections and the roll-back of pandemic-related relief measures.

In contrast, the states may miss the budgeted 3.2 per cent of GDP by 30 bps on a likely shortfall in state GST collections.

The expected better fiscal numbers are also on the back of the buoyant tax collections and a higher-than-expected dividend from the Reserve Bank.

Source: financialexpress.com– Oct 25, 2021

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‘China using pandemic as an excuse to block Indian imports’

India’s concerns find resonance with US and Australia

India has accused China of using the excuse of Covid-19 contamination as a pretext to block many Indian exports, particularly seafood, and has sought engagement with Chinese authorities on finding ways to bridge the huge trade balance in Beijing’s favour.

In its comments at China’s Trade Policy Review (TPR), a periodic exercise at the WTO to weigh the trade policies of member countries, New Delhi also complained about problems being faced by drug companies in obtaining registration for their formulations in China, according to a Geneva-based trade official. China’s last TPR was in 2018.

Non-transparent policies

“Several countries criticised China’s non-transparent trade policies and regulatory systems at the country’s TPR. India was particularly critical of the non-tariff barriers that the country is continuing to erect against Indian imports, especially at the time of the pandemic, and its lack of efforts towards bridging the trade gap between the two nations,” the official said.

Washington called on other WTO members to take action against China’s failure to fully adapt the open, market-oriented policies of the WTO either within the realm of the multilateral organisation or bilaterally, the official said. The Australian Ambassador pointed out that the country had received reliable information on instructions being given to Chinese companies by the authorities asking them not to purchase certain products from Australia..

China’s Commerce Minister Wang Wentao participated in the TPR online from Beijing with a team of 20 officials from 7 Chinese government agencies. The country received over 1,600 written questions from 40 WTO members.

The Indian delegate, at the TPR, said that it was alarming that during the pandemic, the use of SPS (sanitary and phytosanitary) measures by China had risen steeply with the “unscientific” use of Covid-19 contamination as a pretext to block Indian exports, including seafood.

Indian pharmaceutical companies, too, were not able to get market approvals for their generics in China. The registration of formulations, which takes just 5-6 months globally, was taking up to three years in China, the Indian delegate said.

New Delhi sought a meeting with Chinese authorities to address the $46 billion trade deficit, the highest it has with any trading partner, as the problem was lingering for a long time.

The Indian delegate pointed out that China had not yet fulfilled the promise made in 2001 of providing market access to 17 farm products. The Chinese Minister defended the country's pandemic prevention measures and stressed that these were scientifically based and had not hit imports to the country.

Source: thehindubusinessline.com– Oct 24, 2021

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India at halfway mark in meeting the export target of $400 billion

India seems to be well on its target to reach the target of $400 billion worth of exports for the current financial year.

The country has almost reached the halfway mark (49.5 per cent) by the end of September 30, said Srikar K. Reddy, Joint Secretary, Union Ministry of Commerce and Industry.

Addressing a FTCCI (Federation of Telangana Chambers of Commerce and Industry) virtually on Saturday, he said the government set an export target of $400 billion for the current financial year.

"The Government is taking numerous measures to further increase exports to $1 trillion by 2027-28. The government is keen to provide more market access to Indian companies by facilitating free trade agreements. We are fast-tracking FTAs with countries like the UAE, Israel, the European Union, the UK, Australia and Canada," he said.

He said that the FTA negotiations with the UAE were likely to be concluded by March 2022.

G Seetharam Reddy, Additional Director General of Foreign Trade (Union Ministry of Commerce) said that it was important to understand the rules and regulations of exports and imports to tap the opportunities available in international trade, a FTCCI statement has said.

Source: thehindubusinessline.com– Oct 24, 2021

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Existing PPP operators at major ports will be allowed to charge market rates under new port law

Major Port Authorities Act to take effect from mid-November

The clean-up of the Centre-run major ports through a new law is set to give a big bonanza to private firms running cargo terminals at these ports by allowing them to migrate to a market pricing regime for their services, potentially ending years of turmoil, marked by prolonged court battles and viability concerns.

The Major Port Authorities Act, passed by Parliament and notified in the gazette on February 18, seeks to give freedom to the 11 ports it covers, and new cargo handling terminals to be set up by private firms at these ports, to levy market-determined rates, by scrapping the Tariff Authority for Major Ports or TAMP, the rate regulator.

However, fate of the existing cargo handlers was uncertain, with no clarity on allowing them to levy market rates.

"The Ministry of ports, shipping and waterways has now decided to extend the benefit of market determined rates to existing private cargo terminals also," said an official briefed on the development. "The idea is to bring everybody, both existing and new terminal operators, on par," he said.

The decision will form part of the rules being finalised by the Ministry to implement the new act, which is expected to take effect from mid-November.

Global port operators such as DP World and PSA International, among others, will benefit from the move.

Rates guidelines

The existing operators are governed by the rates guidelines of 2008, 2013 and 2019 (revised norms for those covered by the 2005 rate regime), depending on the year in which they were awarded the contracts.

Rates were part of the tender documents for operators covered under the 2008 and 2013 tariff guidelines, posing some issues in permitting them to migrate to a free pricing regime.

While in the case of terminals operating under the 2019 guidelines, rates were not part of the bid documents, allowing them to shift to a market determined rate regime with relative ease.

The freedom to existing operators to move to market-determined rates, though, will come with a few options.

One, private terminals will have to share 50 per cent of the contractually mandated royalty or revenue share, as the case maybe, to the government-owned port authority, on incremental rates levied under a free pricing regime.

For instance, if the rate set by the regulator for handling a container is ₹5,000 and the market determined rate is ₹6,000 per container, the operator will have to pay the full quoted royalty or revenue share on ₹5,000 and half of the royalty/revenue share on the incremental rate of ₹1,000.

Two, private operators will be allowed to continue with the contractually mandated royalty or revenue share percentage while collecting market rates. But, the annual royalty or revenue share pay-out to the government-run port authority should not be less than what was paid in the previous year or the last five years.

In case the private operators are not agreeable to either of the two options, the terminal can be put to re-bidding.

“The major ports will be given the flexibility to discuss with the private operators and decide on the best option agreeable to both the parties for their respective projects,” the official said.
Besides, a dispute resolution mechanism proposed under the new law for future public private partnership (PPP) projects will also be extended to disputes involving existing operators.

Source: thehindubusinessline.com– Oct 25, 2021

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Reforms needed to tackle power crisis

Improving efficiency of thermal plants, developing a regional market, and greater thrust on renewables are vital

India is currently reeling under an unprecedented power crisis triggered by massive disruptions in coal supplies to power plants, especially in the northern and eastern parts of the country. The situation threatens to offset the green shoots of economic recovery exhibited in recent times.

Both supply and demand-side factors have contributed to the current crisis. First, the coal-fired power plants failed to maintain minimum coal reserves equivalent to 15-30 days of consumable coal. They continued drawing upon existing coal reserves until recently without replenishing, partly because of curtailment of supply (due to non-payment of past dues by some States), and partly due to lower imports (owing to high international coal prices).

Second, what appears to be a consequence of global climate change, erratic rainfall patterns in India have led to the flooding of coal pits in the dry season this year, significantly disrupting coal supplies.

Third, India's post-pandemic economic recovery has placed heightened demand for resources, including power. During August-September 2021, power consumption jumped by more than 10 per cent compared to the same period in 2019 (the previous 'normal' year).

Fourth, at a more fundamental level, the poor efficiency of coal-fired power plants has precipitated the current crisis. A recent study by Council on Energy, Environment and Water (CEEW) has found that the net thermal efficiency of coal-fired power plants in India is 29.7 per cent only, substantially lower than the weighted world average of 37 per cent.

The current crisis underscores the need to assess the acute and chronic challenges plaguing the power sector, and presents an opportunity to enact critical and forward-looking reforms. In this regard, the following points merit attention.

First, urgent attention is required to bridge the massive deficit in energy generation from non-renewable sources. As a signatory of the UNFCCC Paris Agreement and as per Nationally Determined Contribution (NDC), India intends to increase its total cumulative electric power installed capacity from fossil-free energy sources to 40 per cent by 2030.

The timeline-based target across various renewable sources suggests that the deficit is particularly wide for solar-powered plants.

Solar energy

The latest data from the Ministry of New and Renewable Energy reveals that as against the target of 60GW of ground-mounted solar plants and 40GW of roof-top solar plant by 2022, only about 38.81 GW (around 65 per cent of target) and 5.5 GW (around 14 per cent of target) has been installed respectively so far.

The latest report of the International Renewable Energy Agency suggests that the decadal drop in the weighted average price of installation of solar technology in India is among the highest in the world (88 per cent). Yet, there is a significant gap in the target and actual installation of solar-powered plants, particularly solar roof-tops.

This calls for more concerted efforts by the government to scale-up financing options; facilitate single-window clearance process; and create awareness about solar benefits among consumers, mainly rural households, for augmenting capacity through more extensive roof-top solar installations.

Second, based on the cheapest-first principle (merit order dispatch), the extant power procurement policy is favourable for older inefficient power plants as they get coals at cheaper rates due to old price contracts.

As the CEEW study finds, adopting an efficiency-based dispatch policy instead of the prevailing merit order-based dispatch policy alone can improve the thermal efficiency by 6 per cent over the baseline, implying an overall annual reduction in coal consumption of 42 MT for the same quantum of electricity produced. Policymakers should seriously consider the suggestion, as such a shift will align our policies with global best practices.

Third, as a recent study by the International Energy Agency shows, with a slow but gradual increase in the share of renewables in the power supply portfolio, time lag in supply and demand peak of electricity has become more common.

In this context, there is an urgent need to devise policies related to demand-side management by introducing time of day tariffs for all sectors so that the timing of demand could be dynamically realigned to peak supply.

Supply management can be done by introducing storage systems to store excess electricity supply for later usage as and when there is a surge in demand. The storage system can be battery-based for behind-the-meter storage at the consumer level; and a combination of storage (including battery, pumped storage etc.) at the grid level, leading to increased system flexibility.

Fourth, India should take the lead in developing a regional power market — a position also consistently advanced by the Central Electricity Regulatory Commission (CERC).

Cross-border trade

Studies by UNESCAP have shown that cross-border electricity trade in South Asia shall lead to lower costs of electricity through more efficient utilisation of sub-regional energy endowments and price arbitrage between countries; lower operating costs of cross-border integrated systems; lead to input efficiency gains from a greater scale of production; lower levels of required generating capacity due to centralised management of reserves; and smoothen variations, both in generation and in load profiles.

Integration of the power market shall ensure the twin benefits of decreasing the share of coal-based power requirement, and meeting supply and demand variations on a regional scale, leveraging the temporal and spatial differences.

Being a developing country, India shall continue to rely on fossil-based power to meet the growing demands of the economy.

However, policy focus on a greater shift towards renewables, steps in improving efficiency, and fostering regional cooperation can go a long way in reducing dependence on non-renewable conventional resources, without affecting the country’s power needs and consumer welfare.

Source: thehindubusinessline.com– Oct 25, 2021

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Manufacturing can become a ₹7.5 tn industry by '25: Goyal

The National Capital Goods Policy will help local manufacturers to scale up and become a ₹7.5-trillion industry by 2025 from just ₹2.3 trillion in FY15, Union minister Piyush Goyal said on Sunday.

Goyal also urged manufacturers to develop 100 globally recognized "textile machinery champions" by innovating and focusing on speed, skill and scale.

The commerce, industry, and textiles minister asked various government departments to assist the textile industry gain technical efficiency across the manufacturing value chain and synergize to become cost-competitive.

Goyal was interacting with textile machinery manufacturers through video conference.

The National Capital Goods Policy, approved by the cabinet in May 2016, seeks to employ 30 million people by 2025 from just 8.4 million in 2014-15. The policy seeks to provide easy access to finance, raw material and technology to help manufacturers become more productive, innovate and improve quality while adopting environment-friendly practices to promote exports and create domestic demand.

"The objectives of the policy will be met by the department of heavy industries in a time-bound manner by obtaining approval for schemes as per the road map of policy intervention," the government said in 2016.

Textile machinery manufacturers must get out of the "command-and-control mindset" and work through "plug and play" mode to make the textile sector vibrant, Goyal said, according to a textile ministry statement.
"India should be looking to become a global player in producing textiles machinery, producing at scale, producing with quality and quantity the machinery of choice that the world requires," it added.

India is "not averse to imports", but it must reduce import dependency on textile machinery by a concerted effort between the textile engineering industry and the government. The focus on quality will help capture bigger markets and higher productivity, he said.

A globally competitive textile machinery ecosystem will impact the unorganized textile sector as well, which in turn will help the industry as a whole to innovate and enhance capabilities along the value chain, he added. Referring to India breaching the 1 billion jabs mark, the minister said the historic achievement resulted from a collective effort of 1.3 billion Indians and is a proof of the country's 'Atmanirbharta'.

He also cited the success of Mission Chandrayan, a breakthrough in India's space programme, while urging textile machinery manufacturers to make similar efforts.

Goyal said India is on a mission to achieve transformational changes, and the government has set a target of $100 billion for textiles and garment exports over the next five years.

Indian textile engineering industry is at the cusp of achieving manufacturing excellence with the help of local research and development initiatives and entrepreneurial spirit.

Joint ventures with global players have also ushered in opportunities, he said.

Source: livemint.com– Oct 25, 2021

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India's textiles, allied product exports worth $30.4 bn in FY21

India's textiles and allied product exports were worth $30.4 billion in fiscal 2020-21, down by 10 per cent from a year before due to the pandemic, according to the textile ministry, which recently said that in the first five months of this fiscal, such exports jumped by 87 per cent on year to $16.6 billion, aided by strong economic recovery in key markets.

The government has set an 'aspirational' target of $100 billion for textiles and garment exports over the next five years, Darshana Vikram Jardosh, minister of state for textiles, told an international conference on textiles and apparel organised by the Confederation of Indian Industry (CII) recently.

She urged the industry to take advantage of a global market shift where China is pruning its market share in the labour-intensive segment.

"We will remain committed to ensuring implementation of all development schemes and bring in many more schemes in pursuit of this aspiration," she was quoted as saying by Indian media reports.

Earlier this month, the cabinet approved a scheme to incentivise investments in setting up mega textile parks to build scale in the fragmented sector. That followed a ₹10,683-crore production-linked incentive scheme for man-made fibre products and technical textiles.

Source: fibre2fashion.com– Oct 25, 2021

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Govt approves pilot project on skilling personnel for use of geotextiles in infra projects

The textiles ministry on Monday said it has approved a pilot project on skilling of design or commissioning technical personnel associated with application of geo-textiles in infrastructure projects including roads, highways, railways and water resources. The project will be conducted concurrently by the Indian Institute of Sciences, Bangalore; Indian Institute of Technology, Madras; and Indian Institute of Technology, Roorkee.

"The coordinating faculty of the respective fields of Engineering will look after the implementation of the special courses in consultation with the other concerned centres/ offices of the respective Institute," an official statement said.

During the pilot phase, two batches are scheduled for each of the three institutes, with a single batch consisting of minimum 75 to maximum 100 candidates.

Further, continuation of the special skill development course will be subject to a review by the Mission Directorate of National Technical Textiles Mission (NTTM) or the Ministry of Textiles.

The institutes will conduct these courses on a no-profit no-loss basis. The institutes will advertise the courses and invite application from eligible candidates (Indian citizens having relevant educational qualifications and adequate experience related to the field).

"The Institute will charge Rs 1000 per candidates as a token fee. Once batch(es) having minimum number of 75 candidates is firmed, Ministry of Textiles will provide full amount or Rs 4.50 lakhs per batch as an advance to the respective Institute," the statement said.

On completion of the batch/course, the institute will furnish a Statement of Expenditure to the ministry and surplus grant, if any, will be returned to the government. The Ministry of Textiles will coordinate with other concerned central government departments/ state governments for mobilising the trainees.

Source: economictimes.com– Oct 25, 2021

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OECD global tax deal: Large Indian companies rethink overseas investment plans

Several large Indian companies exploring outbound investments have put their plans on hold following a global tax deal over concerns of additional taxes and compliance challenges related to the new framework adopted by the world's leading industrial bloc.

Large companies, especially in the information technology (IT) and information technology-enabled services (ITeS) sectors, were looking to expand in the Middle East, Africa and other Asian countries. To route these investments, the companies were looking to set up entities in tax havens and countries such as Dubai, Singapore, Ireland, Mauritius and the UK, as part of their global structuring and tax and compliance planning.

The Organisation for Economic Cooperation and Development's (OECD) global tax deal now means that the Indian companies could see their tax liability go up in the near future.

Earlier this month, the OECD had announced that 136 countries had agreed to join an accord to impose a two-pillar global tax reform plan.

As per the deal, large multinationals have to pay a minimum tax of 15% on their global incomes from 2023 and those with profits above a threshold will now have to pay taxes in the markets where they conduct business.

Indian multinationals have now reached out to their legal and tax experts to figure out whether they can still go ahead with the investments or they need additional ring fencing of their entities in the tax havens.

"Under OECD deals, currently only large companies are covered but for several Indian companies that are planning to use certain jurisdictions to make investments in the Middle East, Africa or Asia, this could cause complications in the future," said Uday Ved, partner at tax advisory firm KNAV.

"Most Indian companies want to hold certain entities in countries such as Singapore or UAE to ring fence holding entities here and the tax savings are incidental, but the global tax deal means that they might have to tweak some of these structures."

Take a large multinational that is looking to invest in Australia, for instance.

The company was looking to set up an entity in Singapore or Mauritius through which the investment would have been made. "The main purpose was to create a buffer between the Australian entity and the Indian holding company, and tax advantage was incidental," a tax lawyer advising the company told ET.

The company has now reached out to legal advisors to figure out if such a structuring could result in additional taxes or any other compliance issues.

"The biggest problem is whether there could be additional taxes even on the entities based in Singapore or Mauritius. While tax treaties with India would come into play in this regard, the company doesn't want to let go of control (in Australia) and still wants to limit the risks to its Indian holding company," the legal expert said.

Traditionally, large Indian groups tend to set up entities in Europe or Singapore to invest outside India. These entities practically work as a pass through vehicles and attract no taxes. However, the OECD deal would mean that in the years to come, if the global taxes are less than 15% additional taxes could apply.

While the OECD deal, as of now, is only applicable to around 100 multinationals that have a particular size, this is set to create tax complications for other companies and entities that are present in tax havens, say tax experts.

The new OECD framework would mean that large companies will have to disclose their global revenues and pay taxes on them.

Source: economictimes.com– Oct 25, 2021

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Formal jobs creation higher in August; 1.46 million net subscribers added to EPFO: Mospi

Of the total 1.48 million net subscribers added to EPFO, around 0.91 million new members have come under the social security ambit of EPFO for the first time while around 0.56 million net subscribers exited but rejoined the EPFO by changing jobs

Formal job creation strengthened further in August with 1.48 million formal jobs created under the Employees' Provident Fund Organisation compared to 1.31 million created in July, a growth of 12.9%. Year-on year jump in net new subscribers under EPFO was 48% compared to August 2020 when it stood at one million.

Payroll data by the Ministry of Statistics and Programme Implementation, released on Monday, shows 1.32 million new subscribers added under the Employees State Insurance Corporation compared to 1.33 million in July while the addition under the National Pension Scheme stood at 56,827 as against 50,118 in July 2021.

Data further shows that of the total 1.46 million net subscribers added to EPFO, around 0.90 million were new members who came under the social security umbrella of EPFO for the first time while 0.93 million net subscribers exited and rejoined the EPFO by changing jobs within the establishments covered by the retirement fund body.

Of the total 1.48 million net subscribers added to EPFO, around 0.91 million new members have come under the social security ambit of EPFO for the first time while around 0.56 million net subscribers exited but rejoined the EPFO by changing jobs within the establishments covered under the purview of EPF & MP Act, 1952.

Of the 1.32 million subscribers added under ESIC, 1.09 million were male and 0.22 million were females. Under NPS, the highest number of subscribers were added by the state governments in July at 35,017 followed by the central government at 11,739 and 10,071 by the corporate sector.

As per the report, since the number of subscribers are from various sources, there are elements of overlap and the estimates are not additive. The report gives different perspectives on the levels of employment in the formal sector and does not measure employment at a holistic level, it further said. The data, however, is subject to change and date is continuously updated

Mospi has been bringing out the employment related statistics in the formal sector covering the period September 2017 onwards, using information on the number of subscribers who have subscribed under three major schemes, namely the Employees' Provident Fund (EPF) Scheme, the Employees' State Insurance (ESI) Scheme and the National Pension Scheme (NPS).

While EPF is applicable to establishments having more than 20 workers earning wages up to Rs 15,000 a month, ESIC applies to firms and establishments with 10 or more employees with wages up to Rs 21,000 a month.

Source: economictimes.com– Oct 23, 2021

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Indian & Turkish organic cotton selling at premium

While the prices of conventional cotton have more than doubled compared to the beginning of the second quarter of 2020, the prices of organic cotton have also grown and these, particularly the Indian and Turkish varieties, are now selling at a premium. This is largely due to the growing demand for organic cotton post the COVID-19 pandemic.

Indian organic cotton is currently traded between $1.65/lb and $1.70/lb (CIF Far Eastern Ports – October shipment). Compared to conventional cotton, the price has increased 20-fold from three per cent a year ago to around 60 per cent now, according to Otto Stadtlander GmbH, the Bremen, Germany-based cotton trading company.

On the other hand, the premium for Turkish organic cotton has increased 3-fold from 20 per cent to 65 per cent during the past 12 months, and is trading in the range of $1.85/lb and $1.90/lb.

The prices of organic cotton are increasing due to the accelerated sustainability efforts in the global textiles and clothing industry. Initiatives like the Partnership for Sustainable Textiles in Germany, and the 2025 Sustainable Cotton Challenge initiated by the Textile Exchange are also pushing up the demand for organic cotton.

Currently, organic cotton constitutes only one per cent of global cotton production. Hence, if the present premium prices sustain, it will encourage more farmers to switch to organic cotton.

Source: fibre2fashion.com– Oct 26, 2021

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Fixing the data economy, and economic inequality

We're in a digital data economy where an unprecedented amount of analysable information on humans, (Internet-of-) things, and nature opens up vast opportunities (more than ever before) for accelerated insights, innovation and economic growth. According to the UN Financial Trade Quarterly (FTQ) report of 2019, the five largest data firms in the world—Apple, Amazon, Facebook, Google and Microsoft—are actors in the digital data economy with a combined market value of nearly $4 trillion (as of 2019, and growing) that represents approximately 20% of market capitalisation in the US.

However, the people—whose raw data is driving the Fourth Industrial Revolution—play a rather passive role in the modern digital economy as they are often shamelessly, and unfairly, left out of the capitalist value chain that transforms their raw data into huge monetary benefits using powerful artificial intelligence (AI) tools. This non-transparent data economy brings an added disadvantage to common people in the form of privacy risks.

Most visibly, the Cambridge Analytica scandal and its influence on the 2016 US (and 2014 Indian) elections demonstrated that individuals are increasingly at privacy risk to become manipulated, against their preferences, through big data aggregating and analysing firms in the unfair surveillance capitalism age (a term coined by Shoshana Zuboff).

Economic inequality in certain digitally-booming GDP-rich nations is blatant (for example India, a rapidly-growing economy that is a top-five GDP nation globally), where millionaires control a significant portion (54%) of the nation's GDP, leaving the average individual's income paltry (approximately $12 per month in India). The monetary power of AI and data science-driven personal data commerce (PDC) can be leveraged in a host of initiatives with the aim of a more 'equal' distribution of wealth along with increasing GDP in nations exhibiting high economic inequality.

In addition, several (information) economists and technologists, over the decades and all over the globe—whether they represent economies with high inequality or otherwise—have argued in favour of an alternative human-centric data economy (HCDE) in which people be paid/compensated whenever their data will be used for revenue-generating products and services.

There is no denying the fact that, in principle, personal data—without which AI and machine learning-driven business models have zero value—should be paid for by collectors/aggregators to their owners; it's a viewpoint shared by industry leaders such as Bill Gates, Mark Zuckerberg and Elon Musk. This will help the personal data collecting capitalists give back, in all fairness, a significant amount of monetised digital wealth to its due owners, ensuring a fairer surveillance capitalist (or to a degree socialist) society, compared to the privacy and monetary unfair surveillance capitalist society currently existing today.

Empirical research in the western world has established that popular personal data (age, sex, browsing activity, geo-location, etc) of the average (mobile-savvy) individual is worth at least $1,000 annually. Such an amount, if economy calibrated and PPP-converted as a cash payment, can significantly reduce the GDP-induced macroeconomic inequality in any economy—its effect most likely to be felt on economies with high inequality; for example, for the smartphone-penetrating, GDP-rich, but highly unequal Indian economy, personal data monetisation is likely to reduce the average economic inequality by at least one-fourth.

Such an economy comes in with the following multiple additional 'perks' for the privacy-conscious personal data owning individual. First, monetising personal data will put economic pressure on online services with respect to them accruing data collection and processing costs, and subsequently propel them to apply data minimisation principles (to acquire minimum data), in accordance with recommended practices laid down in regulations such as the GDPR in the EU and the privacy Act in India.

This will help mitigate privacy risks. Second, HCDEs would usher in the concept of property rights (currently non-existent) over personal data, and confer these rights to data-owning individuals. This would hand over significant control regarding the ownership of personal data to its owner, who could then sell this public good generating data, license it for profit, use it as security to raise capital (as with intellectual property rights), and contribute to privacy-enhancing data minimisation.

Finally, the digital online services market is not necessarily a zero-sum game—paying owners for their data does not have to harm the profits of online services. On the contrary, it might result in higher quality (lowering processing costs) data being shared by individuals in many application scenarios and lead to economically-efficient HCDEs, and innovation in technology.

However, oblivious of the above viewpoint, one crucial facet still remains to be considered, and highly inequitable economies like India can garner thoughts about the successful existence of HCDEs undertaking PDC: Will the potential pitfalls of an HCDE (for example privacy risks) be potent enough for people in India to opt-out of doing PDC in HCDEs?

The broader social impact of such economies on three fronts: (1) a society preferring HCDEs will likely enable high-quality personal data to be collected by online (social) applications in a trustworthy fashion that subsequently will catalyse a much-improved AI-driven multi-stakeholder targeted advertising business, (2) the GDP-centric macroeconomic inequality in an economy might considerably reduce due to online (social) application users earning from their personal data, and (3) much to the like of these application businesses, users will invest in increased time and meaningful attention to the former that will act as upward spiral feedbacks on improved personal data collection.

Source: financialexpress.com– Oct 26, 2021

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Odisha: Special incentive for mega investment in textile sector

The Odisha government is in discussion over a special incentive package for mega investment in textile and apparel including technical textile sector, said State Industries Minister Dibya Shankar Mishra.

Addressing a seminar on making Odisha the textiles hub of the eastern India here on Monday, Mishra said, "Our government has prioritized this sector and is seeking mega-investments from major textiles and apparel players. We have more than 1.5 lakh acres of land, ready to be used by the industries coming down to Odisha. Not only in recent times, but Odisha also has a long history in textile and global trading."

He has appealed to all industry leaders across India to come and visit Odisha and assured necessary support from the State government.

Secretary, Ministry of Textiles, Upendra Prasad Singh elaborated the new schemes of the Central government and pointed out the areas where India based industries can focus on to have a growth in this sector.

Principal secretary, Industries department of Odisha, Hemant Sharma has highlighted the recent growth of the state primarily driven by the push towards industrial growth.

He has also elaborated the strong driving factors of Odisha making it the manufacturing hub of the East such as the strategic location of Odisha in the ASEAN region, the industrial infrastructure, highly skilled manpower and especially the proactive governance.

Leading national and global players like Shahi Exports, Aditya Birla Fashion, Page Industries and Wild Lotus participated in the seminar and shared their experience in the State.

Domain leaders including Bhilosa Industries, Vardhman textiles, Dixcy textiles, Indorama industries and Shubhalakshmi polyesters were also present at the Seminar.

Source: kalingatv.com– Oct 26, 2021

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