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INTERNATIONAL NEWS

China's Intertextile Apparel, Yarn Expo Shenzhen postponed to December

The 2021 editions of international trade fair Intertextile Shenzhen Apparel Fabrics and Yarn Expo Shenzhen, a sourcing platform of natural and blended yarns, will now take place from December 8 instead of their previous early-November date. The fairs will be held at the Shenzhen World Exhibition & Convention Center alongside CHIC and PH Value.

“With the four shows due to take place shortly, the prudent decision at this stage is to postpone them given the evolving situation around pandemic containment measures. Following the successful A/W Shanghai editions held earlier this month, we are determined to still provide this platform for all our stakeholders which is more focused on the South China and Southeast Asia markets, as well as both the upcoming A/W and S/S seasons,” Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd, explained the decision to delay the fairs.

“We of course appreciate the understanding and ongoing support from participants of the fairs as we navigate these uncertain times. The feedback at the Shanghai editions about the domestic market’s strength and the value trade fairs provide for face-to-face encounters was very positive, so we will be doing our best to ensure a safe as well as high-quality business environment in December,” Wen continued.

Intertextile Shenzhen Apparel Fabrics is organised by Messe Frankfurt (HK) Ltd, the Sub-Council of Textile Industry, CCPIT and the China Textile Information Center. Yarn Expo Shenzhen is co-organised by Messe Frankfurt (HK) Ltd, the Sub-Council of Textile Industry, CCPIT, China Cotton Textile Association, China Chemical Fibers Association and China Knitting Industrial Association.

Source: fibre2fashion.com– Oct 26, 2021

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Germany cuts 2021 GDP growth forecast, lifts 2022 estimate, say sources

The government is sticking to its assessment that the price surge will be temporary, and sees inflation easing to 2.2% in 2022 and to 1.7% in 2023,

The German government has cut its economic growth forecast for this year to 2.6%, but lifted its estimate for next year to 4.1% as supply problems are delaying the recovery in Europe's largest economy, two sources familiar with the decision said on Tuesday.

The revised government forecast for gross domestic product growth compares with an April prediction for the economy to grow by 3.5% in 2021 and by 3.6% in 2022. For 2023, the government now expects economic growth to normalise with an expansion rate of 1.6%, the two sources told Reuters on condition of anonymity.

Economy Minister Peter Altmaier will present the government's updated growth forecasts at a news conference on Wednesday. A spokesperson for the Economy Ministry declined to comment on the updated figures. The scarcity of semiconductors and other intermediate goods, caused by supply chain disruptions because of the COVID-19 pandemic and a rise in demand for chips in an increasingly digitalised world, is holding back German manufacturing output.

In addition to the supply problems with electronic components, companies are also struggling to meet high demand because of raw material shortages. The widespread bottlenecks in production, coupled with unusually high demand, are leading to price increases and this is why the German government expects consumer price inflation to surge to 2.9% this year, one of the sources told Reuters.

But the government is sticking to its assessment that the price surge will be temporary, and sees inflation easing to 2.2% in 2022 and to 1.7% in 2023, the source said. The figures compare with consumer price inflation of 0.6% in 2020.

The mixed growth outlook for the economy comes after the Ifo institute said on Monday that business morale deteriorated for the fourth successive month in October and hit a six-month low.

It also chimes with the latest assessment of the central bank, which said on Monday economic growth is likely to slow sharply in the fourth quarter, with full-year growth now likely to be "significantly" below its 3.7% prediction made in June.

Source: financialexpress.com– Oct 26, 2021

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Shipping Crisis Sparks Cargo Carrier Fines, Yeezy Lawsuit

With dozens of ships waiting to dock and marine terminals running out of space, the Ports of Los Angeles and Long Beach announced Monday they will soon fine ocean carriers for lingering import containers. Yeezy, meanwhile, is the subject of a new lawsuit over its own shipping shortcomings.

Set to go into effect Monday, the new carrier fees will kick in after nine days if the container is scheduled to move by truck and after three if it is arranged to depart by rail. According to Gene Seroka, executive director of the Port of Los Angeles, approximately 40 percent of the containers on the ports' terminals today fall into these two categories.

Prior to the pandemic-induced import surge that began in mid-2020, containers for local delivery sat on container terminals for less than four days on average, the Ports of Los Angeles and Long Beach said. Those destined for trains, meanwhile, dwelled less than two days.

“We must expedite the movement of cargo through the ports to work down the number of ships at anchor,” Seroka said in a statement. “If we can clear this idling cargo, we'll have much more space on our terminals to accept empties, handle exports and improve fluidity for the wide range of cargo owners who utilize our ports.”

The new rule will begin with a $100 charge per container and increase in $100 increments per container per day. The ports—accused earlier this month of employing “lazy” crane operators— said they will re-invest the funds these fees raise into programs designed to “enhance efficiency, accelerate cargo velocity and address congestion impacts throughout the San Pedro Bay.”

“With the escalating backlog of ships off the coast, we must take immediate action to prompt the rapid removal of containers from our marine terminals,” Port of Long Beach executive director Mario Cordero said in a statement. “The terminals are running out of space, and this will make room for the containers sitting on those ships at anchor.”

Like the ports' shift to 24/7 operations, the new policy was developed in coordination with the Biden-Harris Supply Chain Disruptions Task Force. The U.S. Department of Transportation and “multiple supply chain

stakeholders" were also involved in creating the surcharge. John D. Porcari, the task force's port envoy since August, voiced his support for the new fees.

"As our economy continues to grow, increased demand and disruptions caused by the pandemic are putting our supply chains to the test," Porcari said in a statement. "While we've seen new records set in terms of throughput this year at West Coast ports, we need more players throughout the supply chain to keep stepping up. The federal government will continue to bring together private companies and stakeholders from across the supply chain and serve as an honest broker helping to surface solutions like this to address supply chain disruptions."

Those not involved in crafting the policy, meanwhile, have expressed less enthusiasm. Jon Gold, the National Retail Federation's vice president of supply chain and customs policy, said he appreciated the ports' efforts to address ongoing congestion troubles, but noted that other problems remain.

"Key issues such as chassis availability and empty container returns still need to be addressed," Gold said. "We encourage ocean carriers to continue to work with importers and truckers to move cargo as quickly as possible and not just pass along the cost of the fee, which will further exacerbate the problems."

Gold is not alone in his concern over who might ultimately end up paying for the added costs. Steve Lamar, president and CEO of the American Apparel & Footwear Association, said he doesn't believe the new surcharges "make any significant progress to resolve the urgent supply chain crisis."

"Carriers may simply see this as another opportunity to pass this along to shippers on top of already massive freight costs," Lamar said. "AAFA continues to call for leadership by the Biden administration to urgently bring all stakeholders together to end this destructive cycle that is fueling inflation and causing epic goods shortages."
Nimesh Modi, CEO of BookYourCargo, a digital drayage optimization provider, was also skeptical the fines would solve the congestion plaguing the ports and, like Gold, pointed to other issues that the solution leaves unaddressed.

"The fines won't help the systemic problems at the ports, which is the shortage of chassis and lack of drivers to move the containers out of dwell," Modi said. "More than likely, the cost of paying these fines will be passed from the ocean shippers to the importers, which will then be likely passed

on to consumers." Johannes Schlingmeier, co-founder and CEO of the logistics company Container xChange, echoed Modi's concerns, noting that the ports' charges are unlikely to increase trucking supply.

"What we foresee resulting from this decision is an added burden passed on to the shippers from the ocean carriers who are the customers of the carriers," Schlingmeier said. "Hence, there will be limited impact of this measure on the improvement of cargo movement and congestion at the LA and LB ports if we look at it in isolation."

According to Container xChange's data, the average demurrage and detention charge doubled across the world's 20 biggest ports from 2020 to 2021. In Los Angeles, the charge has climbed 42 percent, with carriers like CMA CGM and Maersk seeing the greatest increases—167 percent and 161 percent, respectively.

Though the pandemic is certainly the impetus for much of what is producing the West Coast's ongoing congestion problems, it appears long-standing productivity issues are exacerbating the issue. According to IHS Markit, Asian ports can load or unload a container more than twice as fast as their North American counterparts, taking an average of 27 seconds compared to 76 seconds on large call sizes. Everstream data showed that vessels waiting at the Ports of Los Angeles and Long Beach idled for 12-13 days on average last month. China's Yantian and Ningbo ports, meanwhile, had an average waiting time of only three days.

The same day the Port of Los Angeles announced it was shifting to a 24/7 schedule, the Biden administration hosted talks between government, business and labor leaders to discuss additional solutions to alleviate congestion and improve efficiency. According to a White House readout, these potential solutions included a temporary expansion of warehousing and rail service, improving data tools and data sharing at the ports, and increasing both recruitment of truck drivers while improving the quality of trucking jobs.

Faced with delays on the West Coast, companies like Crocs have begun looking to the East Coast as a potential alternative. In May, Maersk Inc. North America announced it would start a new service linking Vietnam and China to ports in Savannah, Ga., Charleston, S.C., and Newark, N.J. In recent days, Florida Gov. Ron DeSantis has repeatedly pitched his state as a potential alternative to those facing delays out West. However, Florida ports might be limited in their ability to assist.

Glenn Koepke, SVP of customer success at Chicago-based supply-chain visibility company FourKites, previously told Sourcing Journal that "no port system can take on the volume of L.A.-Long Beach." Few if any U.S. ports can handle vessels the size of those that call in the nation's busiest marine gateway, he said.

Yeezy sued for delays

Though businesses everywhere are wrestling with the consequences of global supply chain disruptions, one company in particular is facing legal trouble for its response.

On Friday, the state of California filed a lawsuit in Los Angeles County Superior Court alleging Yeezy—the popular apparel and sneaker brand from Ye, the artist formerly known as Kanye West—violated a statute requiring items shipped over the internet be delivered within 30 days. Should shipment exceed 30 days, state law requires vendors either provide a refund, send equivalent or superior replacement goods or issue a delay notice—actions the suit claims Yeezy did not take.

The complaint also alleged Yeezy Apparel and Yeezy made untrue or misleading statements regarding their ability to "ship products within a certain timeframe, particularly where customers paid an additional charge for expedited shipping." The district attorneys that have brought the suit are seeking fines of as much as $2,500 per violation, along with restitution for customers.

The California lawsuit comes as Yeezy faces a legal fight from Walmart. The ongoing spat began in April, when the mega retailer formally objected to a Yeezy trademark application. Two months later, the 22-time Grammy winner and former presidential candidate hit back with an "unfair competition" lawsuit. Walmart, the suit alleged, was selling a "cheap knock-off" of the popular Yeezy Foam Runner clog. Late last month, the nation's biggest brick-and-mortar retailer filed a notice of demurrer—a legal move that alerts the "Donda" hitmaker that it will challenge the basic legitimacy of his complaint "on the grounds that it is fatally uncertain."

Source: sourcingjournal.com– Oct 26, 2021

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Ralph Lauren Makes Play for Regenerative American-Grown Cotton

Ralph Lauren Corp. is propping up its supply of sustainable cotton through an industry-first initiative that helps American farmers implement regenerative agricultural practices, such as cover-cropping and no-tillage, across more than 1 million acres of cropland.

The preppy purveyor's philanthropic arm announced Tuesday that it's partnering with North Carolina's Soil Health Institute to launch the U.S. Regenerative Cotton Fund (USRCF), a "unique, farmer-facing, science-based" initiative that will promote long-term sustainable cotton production in the United States while drawing down 1 million metric tons of carbon dioxide equivalent from the atmosphere by 2026.

"At the Ralph Lauren Corporate Foundation, we work to make the dream of a better life a reality by championing equity and creating positive change in communities around the world. Partnering to scale solutions that build community resilience are powerful ways to positively impact people's lives, now and for the future," Roseann Lynch, chief people officer at Ralph Lauren Corp and head of the Ralph Lauren Corporate Foundation, said in a statement.

"The U.S. Regenerative Cotton Fund is an ambitious effort crafted in partnership with the experts at the Soil Health Institute that puts growers at the center of creating a sustainable future for U.S. cotton production," she added.

The Ralph Lauren Corporate Foundation poured in $5 million to jumpstart the fund, which will roll out in Arkansas, Georgia, Mississippi and Texas before expanding into Alabama, California, Missouri and North Carolina. Together, the nine states represent 85 percent of U.S. cotton production. Other participating partners of the fund include Cotton Incorporated, the National Cotton Council and Field to Market: The Alliance for Sustainable Agriculture.

The Soil Health Institute will use soil health and soil carbon indicators to enable farmers to measure and monitor the environmental, social and economic benefits of soil health management and carbon sequestration in their operations. The USRCF will also tag up with Historically Black Colleges and Universities, specifically those with agricultural programs, to

establish mentoring programs and develop "increased access to career paths in decision-making positions" in U.S. agriculture.

Regenerative agricultural practices, the companies note, can tackle issues important to both consumers and the environment, such as climate change, water quality and pollinator habitats, yet there remains a "significant" opportunity for expanding the adoption of climate-friendly soil health practices in cotton production. According to the U.S. Department of Agriculture's Census of Agriculture, only 8 percent of cotton cropland uses cover cropping and 21 percent employs no-till farming. The USRCF promises to help farmers generate long-term value for their efforts, including improved profitability.

"We are very grateful for the opportunity to promote soil health and to assist cotton farmers across the U.S. with storing more carbon, building drought resilience and mitigating the very effects of climate change that are impacting us all," said Cristine Morgan, chief scientific officer at the Soil Health Institute and leader of the U.S. Regenerative Cotton Fund. "To achieve widespread environmental benefits from regenerative agriculture means we must understand farmers' needs and experiences when adopting these practices. Adoption is hindered by a lack of information on the business case, locally relevant soil health education programs, and until now, knowledge of how healthy a given soil can become and what that means for improving drought resilience, yield stability, economics and other benefits for farmers."

Cotton is a critical fiber for Ralph Lauren Corp., accounting for 80 percent of the company's total material use across the Ralph Lauren, Ralph Lauren Purple Label, Polo Ralph Lauren, Lauren Ralph Lauren and Ralph Lauren Home brands. As part of its global citizenship and sustainability goals, the company has pledged to obtain 100 percent of its key materials, including cotton, from sustainable sources. The USRCF initiative, Ralph Lauren Corp. said, complements both its investment into material-science startup Natural Fiber Welding, which will allow it to expand its use of recycled post-consumer cotton, as well as its work with Dow on Color on Demand, a cotton-dyeing platform designed to address water scarcity and pollution.

Ralph Lauren Corp. and Dow published earlier this month an open-source guide to using EcoFast Pure, a Dow-developed cotton pre-treatment solution that they say requires 90 percent fewer process chemicals, 50 percent less water and 40 percent less energy using existing dyeing equipment.

"If we want to protect our planet for the next generation, we have to create scalable solutions that have never been considered before. This requires deep and sometimes unexpected collaboration and a willingness to break down the barriers of exclusivity," Halide Alagöz, chief product and sustainability officer at Ralph Lauren Corp., said at the time.

"We are proud to have partnered with Dow on this innovation and to share it openly with our industry, with the hope that it will help transform how we preserve and use water in our global supply chains."

Source: sourcingjournal.com– Oct 26, 2021

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American textile machinery firm Albany raises outlook for FY21 revenue

Albany International Corp, a US-based global advanced textiles and materials processing company, has posted a 9.6 per cent sales increase to $232.4 million in the third quarter (Q3) of FY21, compared to the sales of $211.9 million in the same period of prior fiscal. Furthermore, the company has raised its financial guidance for FY21 and expects revenue to be between $900 and $920 million.

"We are reporting another quarter of solid performance," Bill Higgins, president and CEO at Albany, said in a press release. "The Albany team delivered another strong quarter with solid growth in both businesses. Machine clothing segment sales grew 11 per cent from 2020's third quarter and sustained excellent operating performance and margins. Engineered composites grew again in the quarter and is well positioned for stronger growth as military and commercial programmes, led by single aisle aircraft, kick in."

During the quarter ended on September 30, 2021, sales from machine clothing segment totalled to $154.1 million ($138.7 million). While sales from engineering composites segment stood at $78.3 million ($73.2 million). "The results of the third quarter are reflective of the strategic positioning of our businesses and continued excellent operational performance across our operations," Stephen Nolan, chief financial officer at Albany, said.

The company's gross profit in Q3 FY21 rose to $92.0 million ($87.3 million), while operating income improved to $44.5 million ($38.8 million). The net income attributable to the company slightly grew to $30.8 million ($29.6 million).

"We recognise there are risks ahead in terms of supply chain constraints and inflationary pressures. However, the company is very well positioned with excellent customer relationships, a strong and growing business base and in-demand advanced technologies that are expected to drive long-term business growth," Nolan concluded.

Source: fibre2fashion.com– Oct 27, 2021

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US reaches multi-country agreement on Digital Services Taxes

The US has reached an agreement with Austria, France, Italy, Spain and the UK regarding the treatment of Digital Services Taxes (DSTs) during the interim period prior to full implementation of Pillar 1 of the Organization for Economic Co-operation and Development (OECD) agreement. The Office of the United States Trade Representative (USTR) has welcomed the announcement by the department of the treasury.

Under the Agreement, in defined circumstances, DST liability that US companies accrue during the interim period will be creditable against future income taxes accrued under Pillar 1 under the OECD agreement. In return, the US will terminate the currently suspended additional duties on goods of Austria, France, Italy, Spain and the UK that had been adopted in the DST Section 301 investigations.

USTR is proceeding with the formal steps required for terminating the Section 301 trade actions, and in coordination with Treasury, will monitor implementation of the agreement going forward. "I commend Austria, France, Italy, Spain and the UK for addressing US concerns regarding unilateral digital services taxes," Ambassador Katherine Tai said. "We reached our agreement on DSTs in conjunction with the historic OECD global agreement that will help end the race to the bottom over multinational corporate taxation by levelling the corporate tax playing field."

In coordination with Treasury, we will work together with these governments to ensure implementation of the agreement and rollback of existing DSTs when Pillar 1 enters into effect. We will also continue to oppose the implementation of unilateral digital services taxes by other trading partners," added Tai.

The agreement on DSTs is reflected in a Joint Statement from Austria, France, Italy, Spain the UK, and the US Regarding a Compromise on a Transitional Approach to Existing Unilateral Measures During the Interim Period Before Pillar 1 is in Effect. Turkey and India, the other two countries covered by the DST investigations, have not joined in the agreement.

Source: fibre2fashion.com– Oct 27, 2021

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Myanmar heading towards economic crisis

The southeast Asian nation of Myanmar, which saw military junta snatching power from a democratically-elected government through a coup on February 1 this year, is heading towards an economic crisis. Reports indicate that people are forming large queues to withdraw money from their bank accounts due to trust deficit with the current military rulers.

Kyat, the Myanmarese currency, has fell by over 45 per cent from around 1,300 to the US dollar at the beginning of this year to nearly 1,800 today. The record depreciation in kyat is attributed to the collapse of confidence in the system. “As of today, the confidence is so low that the depreciation of kyat does not look like a temporary issue,” a person who was doing business with Myanmar till recently told Fibre2Fashion on the condition of anonymity.

Actually, the coup has reversed the economic progress achieved by the country over the last few years, and foreign companies/investors have either suspended their operations or exited Myanmar as business climate and security conditions in the country have worsened since the February 1 coup d'état.

Besides cash shortage as people are taking out their money from banks, there is a problem of rising food prices and the accompanied high inflation. The World Bank and the Asian Development Bank estimate that the country’s GDP has declined by 18 per cent during October 1-September 30, 2020-21.

On its part, the Min Aung Hlaing-led State Administration Council (SAC), as the military junta governing the country is called, has drafted Myanmar Economic Recovery Plan (MERP) for revitalising the economy post-COVID-19. However, the draft is yet to be made public. Assuming that the plan is good, there are doubts about its successful implementation, and secondly, the conditions in which businesses operate are no more the same, leaving little scope for giving a boost to the economy.

In March this year, the United States suspended all its engagement with Myanmar under the 2013 Trade and Investment Framework Agreement (TIFA). “The suspension will remain in effect until the return of a democratically-elected government,” US trade representative Katherine Tai said while making the announcement.

The same month, the European Union had stopped its budgetary support for development projects in Myanmar. EU ministers are considering suspension of its ‘Everything But Arms’ (EBA) scheme to Myanmar, which grants duty-free, quota-free access to the EU market of 450 million consumers.

A notable beneficiary of EBA is the garment industry, which provides employment to more than 0.5 million, most of them women, and accounts for one-third of Myanmar’s total exports. The country’s total apparel exports fell 11.75 per cent to $4,621.31 million in 2020 from $5,236.58 million in 2019 due to the COVID-19 pandemic, according to data from TexPro, Fibre2Fashion’s market analysis tool. But after the military takeover, several global retail brands like Bestseller have stopped sourcing from the country, resulting in a big blow to jobs, exports, and the economy.

In short, the continuing uncertainty over political stability is taking the toll on Myanmarese economy. It is reflected in lack of public and investor confidence, the cash shortage, and the depreciating kyat against the US dollar.

Source: fibre2fashion.com– Oct 27, 2021

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S Korea, Philippines sign free trade agreement

South Korea recently signed a free trade agreement (FTA) with the Philippines to bolster ties with the Southeast Asian nation and help diversify South Korea's trade portfolio, according to the former's ministry of trade, industry and energy. The two sides began negotiations in June 2019 and had held five rounds of official talks before concluding the agreement.

It is South Korea's fifth bilateral FTA with Association of Southeast Asian Nations (ASEAN) member countries, after Singapore, Vietnam, Malaysia and Cambodia.

South Korean trade minister Yeo Han-koo and his Filipino counterpart Ramon Lopez signed it during a virtual meeting, the ministry said.

"The agreement is expected to help boost our access to the young, dynamic market," the ministry said in a release. "It will also serve as a foundation for broader bilateral cooperation in such various fields as healthcare, electric vehicles and climate change."

Under the deal, the Philippines will lift tariffs on 96.5 per cent of all products traded, and South Korea will remove tariffs on 94.8 per cent of all items, a news agency reported.

Manila, in particular, agreed to lift barriers for South Korean cars and auto parts, which is expected to help South Korea secure competitiveness in the market, the ministry said.

South Korea has inked an FTA with the ASEAN, but has sought to also clinch separate free trade deals with ASEAN nations, particularly after launching the so-called New Southern Policy in 2017 aimed at deepening diplomatic and economic cooperation with the regional bloc.

Source: fibre2fashion.com– Oct 26, 2021

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Amidst pandemic-induced volatility GSP+ to EU is critical for Sri Lanka

The recent European Union (EU) monitoring mission visit to Sri Lanka on the Generalised Scheme of Preferences (GSP) Plus trade concessions scheme, has ignited much speculation locally, on the potential costs of losing GSP+ to the EU.

However, many such analyses have significantly underestimated the potential losses, often failing to account for vital factors. Hence, in this article, the Joint Apparel Association Forum (JAAF) – the apex body representing Sri Lanka's apparel sector – seeks to provide the stakeholders a comprehensive understanding of the potential costs associated with losing GSP+ to the EU.

Based on the available evidence, it is highly probable that this carries heavy economic as well as 'social and human costs' – the latter particularly from a poverty and vulnerability perspective.

EU: A vital trade partner

First, placing the vital importance of the EU's GSP+ in context, exports to the EU – Sri Lanka's second largest destination for exports – accounted for nearly a quarter (23 percent) of Sri Lanka's total export earnings in 2020. This is equivalent to roughly 3.2 percent of Sri Lanka's entire gross domestic product (GDP) for 2020.

The EU accounts for a large component of the total exports of many of Sri Lanka's biggest export industries. Approximately two-thirds (61 percent) of the country's exports to the EU benefit from the GSP+ concessions. While slightly more than half of these are apparel, which accounted for 43 percent of the sector's earnings in 2020. The EU is also a key market for Sri Lanka's plastics and rubber product exports, vegetable products, machinery and appliances, food, beverages and tobacco.

In fact, industries such as seafood, rubber products and footwear make even greater utilisation of GSP+ than apparel does (more than 90 percent, compared with less than 50 percent for apparel) and hence, as per a local think tank, would also be highly vulnerable if GSP+ is lost.

Opportunity costs are another consideration. Available data overwhelmingly indicates that the GSP+ scheme is beneficial to countries which are eligible for these concessions. From 2011 to 2017, exports to the EU by GSP+ beneficiaries had increased by 82 percent.

In Sri Lanka's case in specific, much of the growth that enabled Sri Lanka's apparel industry to achieve export earnings of more US $ 5.3 billion prior to the pandemic in 2019 is attributed to the EU. It's also important to note that Sri Lanka's competitors, such as Bangladesh for instance, will continue to enjoy these privileges.

Far-reaching employment impact

The implications of a GSP+ loss on local employment are significant, even if one were to consider only apparel and food product exports – both of which benefit from the EU GSP+ scheme. The industry has provided steady and uninterrupted employment to around 350,000 apparel workers, while indirectly creating livelihood for an additional 700,000 within the country.

According to the 2019 edition of the Annual Survey of Industries, more than 360,000 people are employed in the food products sector. Even after removing employees of non-export businesses in the food products sector, this would imply that export industries, which are significant beneficiaries of the EU's GSP+, are also some of the country's biggest employers.

Furthermore, in the case of apparel, nearly 80 percent of the employees/associates are predominantly rural women, implying that vulnerable rural groups stand to be disproportionately impacted if GSP+ is lost. This would further exacerbate already high levels of income inequality in the country. The SMEs in the apparel sector could also be affected to a greater extent, which too could contribute to inequality.

Academic studies done on the loss of GSP+ by Sri Lanka in 2010 (for example, the study done by Bandara and Naranpanawa in 2014) have indicated that poverty and income inequality likely increased as a result at that time. A highly respected Sri Lankan trade expert also stated at a public forum few months ago that the loss of GSP+ led to around a one percent loss of GDP for the country.

Trade shifts and beyond

Beyond the above context, it is also important to take into account the likely outcomes of the loss of GSP+ to the EU, to understand the full extent of the costs involved. There are two important factors that should be considered in this regard: likelihood of trade shifts and the potential for negative cascading effects such as the loss of Sri Lanka's other trade concessions.

Apparel brands and buyers now strongly prefer end-to-end solutions providers. Hence, if Sri Lanka were to lose GSP+ to the EU, which would increase the cost of our apparel by 9.5 percent for buyers in the EU, the loss of market share will not be limited to products that receive the GSP+ concessions. Buyers could shift en masse to Sri Lanka's competitors, resulting in trade shifts, which would be further detrimental to the interests of our country.

Furthermore, there are significant parallels between the conditions under which tariff concessions are provided to Sri Lanka via the EU's GSP+ and other similar schemes, which Sri Lanka currently benefits from. Hence, if Sri Lanka were to lose GSP+ to the EU, there is high probability of trade concessions to the UK and even the USA coming under review. These markets are also vital markets for Sri Lanka's exports, with the US and UK collectively accounting for more than one-third (34 percent) of Sri Lanka's national exports

in 2020. In addition, two other markets that the Sri Lankan apparel industry hopes to enter – Japan and Australia – also have GSP schemes, modelled on the EU. Hence, the European Commission's actions could potentially affect those plans.

Potential loss of FDI

Foreign direct investments (FDI) too would be negatively impacted, if GSP+ to the EU is lost.

Fabric processing, which would strengthen the apparel industry's backward integration enabling greater utilisation of trade concessions such as GSP+, is one of Sri Lanka's key sectors newly designated for FDI. However, if the country is no longer eligible for trade concessions, questions would arise with regard to the sector's viability. This would carry a significant opportunity cost for the country. Potentially, thousands of employment opportunities – both directly in fabric processing and in the apparel sector, which would expand as a result – will be lost, together with millions of dollars in the much-needed FDI inflows.

Loss of foreign exchange earnings from exports, employment and FDI will have cascading impacts that would lead to other negative consequences. For instance, foreign exchange earned from apparel and other exports are essential for Sri Lanka's critical imports – including food, medicine and fuel. Currency depreciation pressure, etc. would also exacerbate.

GSP+ more important than ever

The above indicates that the potential loss of the EU's GSP+ would have far-reaching adverse impacts on many fronts that could trickle down to all sectors of the economy. Export industries and the country's economy as a whole have taken a heavy blow from the pandemic. The apparel sector too was significantly impacted and is still grappling with many economic shocks. These include order cancellations and reductions, drop in margins, having to provide longer credit periods to buyers, supply chain disruptions and having to work with reduced staff, in adhering to safety protocols.

Given these challenges, the need for GSP+ is perhaps greater than ever. In this regard, we appreciate the government demonstrating its clear commitment to retaining it. We are optimistic and hopeful that any concerns can be ironed out through constructive engagement.

However, this should not be construed as an indication of the industry relying on GSP+ concessions indefinitely in the medium to long term. We have put in place concerted initiatives to enhance the sector's competitiveness. This includes developing strategic (as opposed to transactional) relationships with buyers, upgrading research and development capabilities and increasing innovation, developing branded products and efforts to diversify export markets. These are not mere claims by the sector and have been recognised by buyers and even in publications of the World Bank.

Retaining our existing preferential trade concessions together with the initiatives underway to enhance the industry's competitiveness will enable Sri Lanka's apparel industry to achieve its goal of becoming a US $ 8 billion export earner by 2026.

This will significantly increase our contribution to the domestic economy in terms of export earnings, employment, technology infusion and investment. The industry is fully-committed to this task but requires sufficient stability, especially protection from further economic shocks at present, to achieve this goal.

Source: dailymirror.lk – Oct 27, 2021

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Turkey's Hayat Group announces 2nd phase investment in Vietnam factory

Turkey’s Hayat Group is set to launch the world's fifth largest baby diaper brand named Molfix in the Vietnamese market. It recently announced the second phase of an investment in a Vietnamese factory to expand distribution of fast-moving consumer goods (FMCG), both across the nation and the region.

The Group had announced late last year its decision to invest $250 million to develop a factory in Vietnam’s Becamex-Binh Phuoc industrial and urban complex.

According to Cetin Murat, general director of Hayat Vietnam, the group has now completed the first phase of the project by setting up Hayat Vietnam Company with an investment of $100 million that can generate more than 500 jobs.

Murat was hopeful that the project will receive further support from southern Binh Phuoc province to expand the site in the second phase, according to Vietnamese media reports.

The Hayat factory in Vietnam is set to provide products to other potential markets throughout the Southeast Asian region. The total annual export value of Hayat Vietnam is estimated to be $50 million.

According to Hayat, the Vietnamese factory is anticipated to take on the role of a production hub for Southeast Asia, with approximately 40 per cent of its output being exported to overseas markets like Thailand and Malaysia.

Source: technicaltextile.net– Oct 26, 2021

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Pakistan PM Imran Khan dials China's Xi; vows to boost bilateral, economic ties

Pakistan Prime Minister Imran Khan and Chinese President Xi Jinping on Tuesday agreed to further bolster their bilateral ties, including full realisation of the potential offered by the Phase-II of the Free Trade Agreement to overcome the economic headwinds.

The two leaders reviewed the bilateral ties and cooperation during a telephonic conversation Prime Minister Imran had with President Xi, the PM Office said in a statement.

Khan was appreciative of China's successful containment of the COVID-19 pandemic as well as the relief measures to developing countries, including the vaccine cooperation with Pakistan, it said.

Taking stock of the negative impact of COVID-19 on the global economy, the two leaders agreed on further strengthening bilateral economic and commercial ties, including full realisation of the potential offered by the Phase-II of the China-Pakistan Free Trade Agreement, to overcome the economic headwinds, it said.

The Prime Minister has lauded the successful, timely and high-quality implementation of the China-Pakistan Economic Corridor (CPEC) projects, and welcomed Chinese investments in the CPEC Special Economic Zones.

He also stressed that early start of work on the ML-1 railway project would complement Pakistan's geo-economics vision for national and regional development.

The two leaders agreed to promote CPEC's green development as a high-quality demonstration of China's Belt and Road Initiative.

The ambitious CPEC was launched in 2015 when President Xi visited Pakistan.

It aims to connect western China with the Gwadar seaport in southwestern Pakistan through a network of roads, railways and other projects of infrastructure and development.

While acknowledging China taking the lead role in combating climate change, Khan also briefed President XI on Pakistan's wide-ranging measures undertaken for climate change mitigation and adaptation, including the Ten Billion Tree Tsunami initiative a landmark project supported by the United Nations Environment Programme which sets out to plant ten billion trees by 2023.

The discussion also veered towards Afghanistan. The two leaders called on the international community to provide immediate humanitarian and economic assistance as well as continued engagement required for rebuilding the war-torn nation.

The Prime Minister also stressed the need to continue with the momentum of high-level exchanges to further diversify All Weather Strategic Cooperative Partnership between the two countries.

Through the course of the conversation, Khan congratulated President Xi on the centenary of the Communist Party of China, the unprecedented victory in the Chinese people's battle to eradicate poverty.

The two leaders also felicitated each other on the 70th anniversary of the establishment of diplomatic relations between Pakistan and China, and reviewed the gamut of their bilateral strategic cooperative partnership.

Khan has extended his invitation to Xi to visit Pakistan at his early convenience.

Source: business-standard.com– Oct 27, 2021

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Pakistan: Denim: under weather?

Few weeks ago, an infographic making rounds on social media announced that export of denim clothing from Pakistan to US were up by 140 percent in July 2021. The information revealed that Pakistan is the fifth largest denim clothing exporter to US by value. Exports are inching closer to China, whose exports have suffered in the aftermath Xinjiang cotton ban and trade war between the two giants. Is the denim garments exporting segment at the cusp of a long-awaited growth spurt?

That answer depends on the trade indicator being looked at. Statistics on denim clothing export are unavailable as HS Code classification clubs all 'non-knitted' articles of apparel under same line items. If readymade garments export is used as proxy, there may be little doubt that export has witnessed significant rise in value terms, hopping ahead by 20 percent in FY21.

The growth only becomes more phenomenal when broken down into average unit prices, which rose by 54 percent year on year. Basic arithmetic then dictates that exponential increase in price can only come if quantity export is on a decline, which clocked in worse numbers than even the Covid year (FY20), in fact 23 percent lower!

And the situation becomes only mysterious in Q1-FY22, when global trade has virtually gone back to full throttle. Unit price have maintained their growth momentum, while quantity exported is well-below peak levels witnessed pre-pandemic (FY19).

Why are readymade garment volumes still struggling? Is it mainly non-denim apparel that's in a freefall since Covid, or is denim apparel also under attack? It is impossible to comment either way without knowing the composition of denim apparel within readymade garments segment.

A 2019 report by Pakistan Business Council places share of denim garments at 50 percent within readymade garments. While this does not help ascertain whether the denim or non-denim apparel is losing volume, it confirms the significant share of denim players in the exports, possibly contributing as much as 20 percent of total value-added textile exports earnings.

Are denim apparel exports under weather?

Fig - 01 Top Denim Fabric & Apparel Exporters

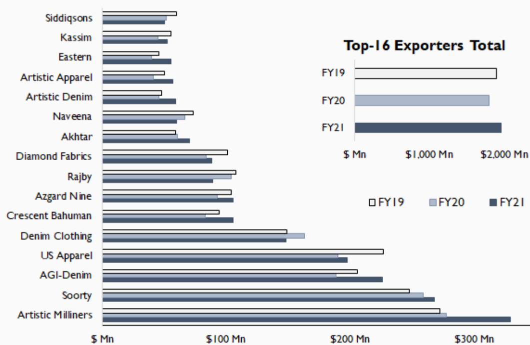


Fig - 02 Denim Fabric export (HS code 5209-42)

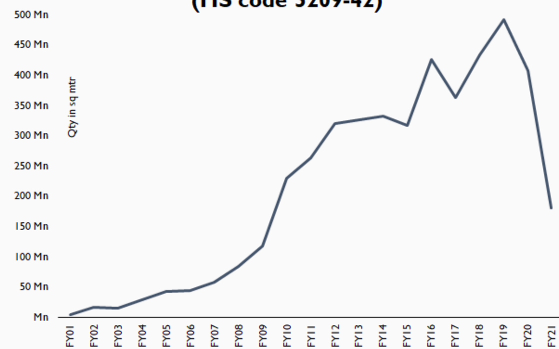


Fig - 03 6203 - Men's - Cotton Garments

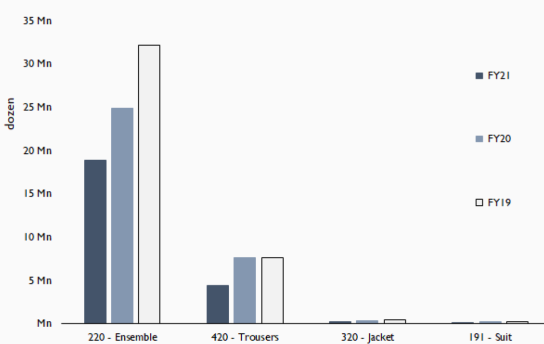
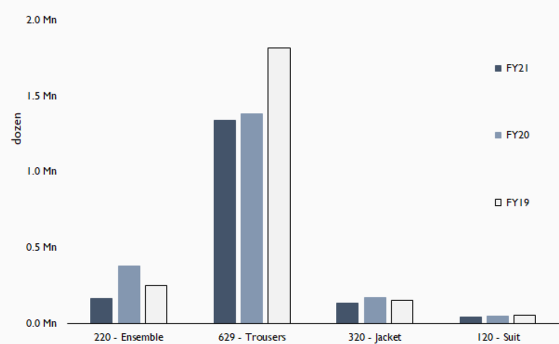


Fig - 04 6204 - Women's - Cotton Garments



Sources:
Fig 01 - Top 100 Exporters of Pakistan, MoC. Selected firms export a mix of denim fabric and/or apparel/garments.
Fig 02 - PBS Annual Export Statistics by 8-digit HS Code. Qty for 5209-4200. Insignificant re-export qty in some years is excluded.
Fig 03 & 04 - PBS Annual Export Statistics by 8-digit HS Code.
Exports of Readymade Garment made of woven fabrics are broadly understood to reflect under Chp 62 - Articles of apparel and clothing accessories, not knitted or crocheted.
Denim apparel does not have separate HS code classification. Under Chp 62, sub-chapters 6203 and 6204 account for over 90% of total Exports under Chp 62 (both by value and Qty).
Classification has been further narrowed down at 8-digit level, based on secondary research.

That number may appear oddly specific. Thankfully, another disclosure made through social media comes in handy. For the past three years, lists of Top 100 Exporters have been making rounds in policy space.

A basic aggregation exercise of exporting firms purely concentrated in denim fabric (5209-4200) and/or denim apparel export shows that just 16 denim manufacturers within all-top 100 exporters account for nearly $2 billion earnings in exports (Figure 01).

It is worth emphasizing that the number excludes far too many smaller denim exporters, and composite textile units exporting both denim and non-denim-based products (such as Interloop Limited).

Surprisingly, on aggregate basis, the top-16 denim players export sales has hardly shown improvement in recent years, growing by less than 3.5 percent (FY21 versus FY19, excluding Covid year). Of course, it is useful to remember that most denim firms are composite players – exporting both fabric and apparel. And denim fabric export volume witnessed a massive freefall of 137 percent (against FY19 peak), showing itself in stagnant toplines for firms on overall basis (Figure 02).

But if Pakistan is exporting so little denim fabric, logic dictates that more fabric is being retained back home for onwards value-addition. Except, more value-addition locally is not reflecting itself in an increase in readymade garment export growth (in volume). This then only leaves three possibilities:

One, Pakistanis are buying a lot more denimwear locally, resulting in more local sales. Except, it is hard to contemplate a scenario where over two-thirds of previously exported denim fabric is being turned into denim jeans and jackets being worn locally, at a time when economy is still reeling from Covid and inflationary pressures.

Two, denim apparel exports are indeed rising, but they have replaced non-denim apparel exports within readymade garments classification. Considering that PBC believes share of denim apparel in RMG stands at 50 percent, and; that overall RMG volume is on a decline. Therefore, for inexplicable reasons, Pakistan's non-denim apparel exports have come to a naught! Take this theory also with a pinch of salt.

Or lastly, that denim apparel production is not rising because the loss in denim fabric export is not turning into more value-addition (neither for local sales nor for exports). That would mean that raw material previously consumed by denim fabric is being consumed by a different value-adding segment, such as bedwears, towels, and knitwear – all of which have witnessed a healthy rise in export quantity in FY21.

But why exactly would denim segment be lagging, when all other segments have staged a comeback. Denim exporters must explain why.

Source: brecorder.com - Oct 27, 2021

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NATIONAL NEWS

PLI Scheme: Textile Ministry to consult industry on guidelines before calling for applications

Industry continuing to press for inclusion of more items, lowering of threshold for investment, turnover; grading criteria to be discussed

The Textile Ministry will hold stakeholder consultations with representatives of industry on the draft guidelines of the production linked incentive (PLI) scheme before it calls for applications from investors.

The industry is continuing to press for further expansion to the list of eligible items and lowering of the minimum investment and turnover requirements, but it may be difficult for the government to do so, a source tracking the matter has said.

"Some in the industry have demanded that certain items be added to the list of eligible items under the scheme. That may not happen as the list was finalised after detailed consultations. There are also some calls for lowering of turnover threshold so that smaller players can qualify, but doing that would be difficult too as Cabinet nod for the same has been obtained," the source told BusinessLine.

The areas that may be open to discussion include the criteria for grading the applications for selection of an applicant, the details on how incremental investments and turnover would be calculated, and the concept of a 'dies-non year' when an investor is not able to meet the investment or turnover criteria in a particular year, the source said.

In September, the Union Cabinet cleared the much-awaited ₹10,683 crore PLI scheme for the textile industry, with incentives for identified items from the MMF (man-made fibre) and the technical textiles sectors over a period of five years.

While the list of eligible items was expanded after discussion with the industry to include 15 lines of MMF fabric in addition to 40 MMF apparel products and 10 technical textiles segments, there were not many changes in the threshold criteria for investment and turnover.

High threshold remains

The PLI scheme is divided into two parts. In the first part, minimum investment required is ₹300 crore attracting higher incentives, while in the second, the minimum investment is ₹100 crore with relatively lower incentives.

"During the formulation of the scheme, the industry had proposed that the minimum investment requirement of ₹100 crore should be lowered further as many MSMEs got left out due to the high threshold. While the government brought down the higher criteria of ₹500 crore at the upper end of the scheme to ₹300 crore, it did not lower the ₹100 crore threshold. Hence entry for smaller players remains blocked," a Delhi-based garments manufacturer and exporter said.

If the government wants the PLI scheme to increase employment generation and push exports, the smaller players should also be allowed to participate as the MSME sector contributes significantly to both employment and exports, the garments manufacturer added.

Point-based system

In the draft guidelines, the Ministry has suggested a point-based system with criteria including employment generation, location, financial and technological soundness. "There can be discussion with the industry around this criteria," the source said.

The government has estimated that the PLI scheme will lead to fresh investment of more than ₹19,000 crore, a cumulative turnover of over ₹3-lakh crore, additional direct employment to 7.5 lakh and indirect employment to several lakhs.

Source: thehindubusinessline.com– Oct 26, 2021

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Cotton prices soar to record high in India on global trends

Domestic cotton prices have soared to a record high of ₹63,000 per candy (356 kg) as the global market has surged on low production, rising demand and supply constraints.

On the Intercontinental Exchange (ICE), New York, cotton prices have gained a tad over 50 per cent year-on-year rising to 108.67 cents a pound (₹66,025 a candy).

"Quality cotton in the domestic market costs about ₹65,000," said PK Agarwal, Chairman and Managing Director, Cotton Corporation of India (CCI), which had procured cotton over the last two years to ensure markets do not drop below the minimum support price (MSP) level.

Ruling above MSP

Currently, raw cotton prices in various markets across the country are ruling above ₹7,000 a quintal against the MSP of ₹5,726 fixed for this year. Prices much above MSP means the CCI will not need to do any market intervention this year, according to Agarwal. "The prices are good for farmers where private traders and millers are ensuring good remuneration for cotton," the CCI CMD said.

"Prices are moving up since the cotton balance sheet is tight and ending stocks are lower. Except China, no other country seems to have ample stocks," said Anand Poppat, a Rajkot-based trader of raw cotton, waste and yarn.

With the quality of the cotton crop reported to be good, he expects Indian offers to soon be at par with global rates. "Indian cotton prices will be near international rates," said CCI's Agarwal.

Post-Diwali scenario

Southern India Mills Association (SIMA) Secretary-General K Selvaraj said post-Diwali prices might decline in view of higher arrivals. "Arrivals will flood markets during December-January pushing down prices. But prices are likely to rule around ₹50,000-₹51,000 a candy," he said.

Cotton Association of India (CAI) President Atul Ganatra said the cotton market is expected to be steady between ₹62,000 and ₹65,000.

According to Major General OP Gulia, CEO, SVP Group that is producing yarn, cotton prices have seen their best and are unlikely to escalate further. “It will stabilise around its current level. There is news of restrictions in China, the US and Britain markets. We will have to wait and watch… That would influence the prices internationally,” he said.

Poppat said cotton prices were surging since the retail pipeline was empty. “There is huge demand for cotton as well as yarn. Speculators in the European Union have taken advantage of this and built open positions,” he said.

Gulia said domestic market demand was huge and yarn was in short supply. “Orders (yarn) are now being booked for three months in advance. The trend will continue for the better part of the year,” he said.

CAI’s Ganatra said cotton mills were running with 30-45 days of stocks.

Exports may dip

Almost every player in the industry is of the opinion that cotton exports could be lower at 50 lakh bales this season (October 2021-September 2022) compared with 75-80 lakh bales last season. “India might export a minimum 50 lakh bales,” said Poppat, while Agarwal put the figures at 40-50 lakh bales.

“Indian cotton exports will be reduced by 35 per cent from 78 lakh bales (last year) to around 45-50 lakh bales this year,” said Ganatra.

Selvaraju said if cotton quality turns out to be good as expected, then more could find their way to destinations abroad. “That will make things a little difficult for mills,” he said. Poppat said exports would lead to tighter and lower ending stocks this season. The industry is divided over the carryover stocks for this season, though.

Carryover stocks

SIMA’s Selvaraju said the Committee on Cotton Production and Consumption (CCPC) had pegged the carryover stocks at 120 lakh bales and

if additional 10-15 lakh bales of cotton would have been consumed or exported, ending stocks could be 105 lakh bales.

According to estimates of CAI, a trade body, the carryover stocks are estimated at 82.50 lakh bales.

Selvaraju said cotton production this year is estimated to be 360 lakh bales (170 kg) and if the carryover stocks are pegged at 100 lakh bales and imports at 10 lakh bales, the industry would have a total supply of 470 lakh bales. “This year, cotton consumption could be 330 lakh bales but it depends on the power situation. In Andhra Pradesh, industries are provided only 50 per cent of their power needs during peak hours,” he said.

Ganatra said production this year is expected to be 360 lakh bales, plus or minus three per cent. “The crop is good in Central and Southern India, but it is lower in the Northern parts,” he said.

Disturbing trend

“The cotton crop is likely to stay at the same level as of last year, at approximately 360 lakh bales (25% of world production). Though the sowing area was lower this year, the yield per hectare has increased from approximately 500 kg per hectare to 750 kg,” Gulia said, adding the quality of cotton is good this year.

Global supply of cotton will be short and prices are unlikely to head south soon, he said.

The emerging market trend does have spinning mills worried. Expecting problems from private traders, who might buy huge stocks of cotton and try to sell during non-peak arrivals season at high prices, SIMA has written to the Prime Minister’s office to order CCI to purchase 40-50 lakh bales.

“CCI can release the stocks regularly at the rate of at least five lakh bales a month to keep unscrupulous traders at bay,” Selvaraju said.

Source: thehindubusinessline.com– Oct 26, 2021

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Finance Minister Smt. Nirmala Sitharaman participates in 6th Annual Meeting of Board of Governors of Asian Infrastructure Investment Bank

Union Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman participated in the 6th Annual Meeting of the Board of Governors of Asian Infrastructure Investment Bank (AIIB) via video conference from New Delhi today.

Every year at the Annual Meeting, the Board of Governors meets to take key decisions on important matters relating to AIIB, and its future vision. India is a Founding Member and the second largest shareholder in AIIB. India also has one of the largest project portfolios within AIIB. This year's Annual Meeting has been jointly organized by AIIB and the Government of United Arab Emirates on the theme of "Investing Today and Transforming Tomorrow".

The Finance Minister shared her thoughts in the Governor's Roundtable Discussion on the theme "COVID-19 Crisis and Post-COVID Support". In her intervention, Smt. Sitharaman appreciated AIIB's prompt actions in providing financial support to Member Countries, including India, in their efforts to contain and combat COVID-19.

The Finance Minister stated that the social protection and economic stimulus packages brought out by the Government of India, along with timely structural reforms in various sectors, have been pivotal in India's economic recovery process.

The stimulus packages, including the credit guarantee scheme for micro finance institutions, boosters for project exports through National Export Insurance Account, additional subsidies for fertilizers, free food grains for 800 million people under the Pradhan Mantri Garib Kalyan Yojana, and several welfare schemes with a strong public health focus, helped to effectively and efficiently boost the economy and protect lives and livelihoods, especially of the poor and vulnerable.

Smt. Sitharaman emphasised Government of India's successful drive to rapidly vaccinate its citizens, administering over 1 billion vaccines – a milestone achieved with the help of the strong scientific and technological ecosystem in India.

The Finance Minister also highlighted India's "Vaccine Maitri" initiative, a global health outreach, under which 70 million doses of the 'Made in India' COVID-19 vaccines have been supplied to 95 countries and UN entities, including nearly 20 million doses to 47 countries under the COVAX facility and more than 12 million vaccine doses as grant to 47 countries and UN peacekeepers.

Smt. Sitharaman pointed out that the current crisis and the looming climate crisis have reinforced the importance of Multilateral Development Banks (MDBs) and the urgency for supplementing country efforts with multilateral development finance.

In this context, she highlighted some of the expectations from the Bank, including the need to explore investment opportunities in the creation and development of assets in social infrastructure sectors; to further intensify private sector capital mobilisation for inclusive and green development; and to set up a Resident Board and Regional Offices to ensure accountability, transparency and quality of operations and investments.

Smt. Sitharaman assured India's cooperation and support to the AIIB for its future endeavours as a leading financial institution.

Source: pib.gov.in– Oct 26, 2021

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Shri Piyush Goyal reviews Open Network for Digital Commerce

The Union Minister of Commerce & Industry, Consumer Affairs & Food & Public Distribution and Textiles, Shri Piyush Goyal reviewed the progress on Open Network for Digital Commerce (ONDC) initiative of DPIIT. The meeting was attended by Shri Anurag Jain, Secretary, DPIIT and members of Advisory Council of ONDC including Shri R.S. Sharma, CEO, NHA, Shri AdilZainulbhai, Chairman, QCI, Shri DilipAsbe, MD&CEO, NPCI, Shri Suresh Sethi, MD&CEO, NSDL-e Gov Shri Kumar Rajagopalan, CEO, RAI, Shri Arvind Gupta, Founder, MyGov and MsAnjali Bansal ofAvaana Capital.

The Minister was apprised about the significant progress made for the project. QCI has established a team of experts for execution of the project in a mission mode. A number of small and medium enterprises have been on-boarded as volunteers to complement ONDC team. An ONDC gateway has also been established. About 20 entities covering all network components are at various stages of on-boarding. DPIIT has approved a budget of approximately Rs 10 crores for initial work on the project.

It has been suggested to establish a private sector led non-profit company. The entity is expected to provide a start-up mindset for a population scale implementation, enabled by a management with a futuristic vision, leadership with a deep understanding of commerce, comfort with cutting edge technology, and missionary outlook to drive change. A non-profit company structure removes any incentive for owners to drive for profit maximization, keep focus on ethical and responsible behaviour while providing for trust, rigorous norms of governance, accountabilityand transparency.

The role of the entity would be to develop the network by adopting and building enabling technology and encouraging wide-scale voluntary participation by eco-system players.

It would ensure network discipline by establishing a code of conduct and rules of network based on principles of consumer protection, fair trade and regulatory conformity. The entity will also provide foundational services for managing the network like digital infrastructure for the network, common registry, certification of participants and certifying agencies, grievance redressal, etc.

The entity will develop and operate reference applications for buyers, sellers and gateway for market activation and priming the network along with partner entities. It will also support SMEs in their digital transformation by developing readymade tools to help existing software applications quickly adapt to the network.

The meeting was also attended by a number of prospective promoters including senior representatives from State Bank of India, Punjab National Bank, Bank of Baroda, NABARD, SIDBI, National Payments Corporation of India, NSDL, CDSL, NSE and BSE.

Shri Goyal expressed satisfaction with the progress made and desired to compress timelines for making this network a reality soon. He directed that wide participation from ecosystem should be ensured and the institutional structure should be created in such a manner so as to ensure that the entity conducts itself in an ethical, cooperative, democratic and responsible manner. He directed that special efforts must be made to build trust in the ONDC network and elaborate mechanisms must be put in place for dispute resolution.

Source: pib.gov.in– Oct 26, 2021

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Festive boost: Inter-state GST bills point to brisk trade

“Festive dispatches by month-end will be very high,” All India Transporters Welfare Association (AITWA) joint secretary Abhishek Gupta told FE.

If September quarter results posted by large retailers and many banks mirrored a moderate but steady pick-up in consumption demand after the second wave of the pandemic, festive fervour seems to be solidifying the revival. Thanks to brisk trade and commerce ahead of Diwali, daily e-way bill generation for goods transportation under the Goods and Services Tax (GST) system came in at 24.86 lakh for the week ended October 24, 17.6% higher than the corresponding number for the previous week.

E-way bill is mandatory for inter-state movement of goods of consignment value exceeding Rs 50,000 in motorised conveyance. The daily average of e-way bills for the first 24 days of October was 22.68 lakh, 3.8% higher than the same for the first 26 days of September. Between October 1 and 24, as many as 5.44 crore e-way bills were generated.

Going by the recent weekly trends, e-way bill numbers are expected to rise further in the short run and the data for the whole of October could be more robust, analysts reckon.

“Festive dispatches by month-end will be very high,” All India Transporters Welfare Association (AITWA) joint secretary Abhishek Gupta told FE.

Even though the rise in the number of e-way bills is a good sign, some analysts have sounded caution. “It remains to be seen if all this (the rise) is because of pre-festive/festive season in which wholesalers and retailers stock up goods. If demand in festive season is good and shopkeepers are able to sell out most of it, then there will be second round of demand,”said India Ratings chief economist DK Pant. If the trend is sustained post-Diwali, it will give a clear indication that economic revival has taken stronger roots, Pant added.

E-way bill generation by businesses rose to 6.79 crore in September from 6.59 crore in August and from 6.42 crore in July. It was 7.12 crore for March, before the second wave of Covid-19 hit economic activities. In recent weeks, the number of transactions rose in a steady manner, except during the week ended October 17, which saw holidays due to Dussehra.

Higher e-way bills generation is reflected in higher GST revenues. GST collections came in at `1.17 lakh crore in September (largely August transactions), up 23% on-year and 4.5% on-month, signalling a sustained pick-up in trade and commerce.

Robust tax collection in recent months lent credence to the notion that the expansion of the formal sector of the economy, which got a leg-up from demonetisation and the GST roll-out, gathered steam with the Covid-19 outbreak.

Source: financialexpress.com– Oct 27, 2021

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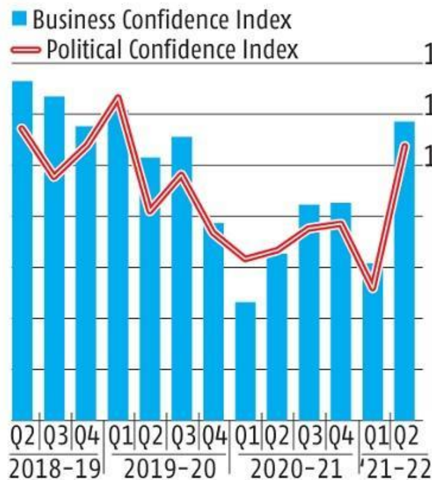
Biz sentiment hit two-year high in Q2 as Covid second wave eased off: NCAER



As the second wave of Covid-19 eased off, business sentiment in the country hit an over two-year high in the September quarter (Q2) of the current financial year (FY22), according to a survey by the National Council of Applied Economic Research (NCAER).

The NCAER Business Confidence Index (BCI) increased by about 80 per cent to 117.4 in Q2FY22 from 65 in the year-ago quarter, while it jumped about 90 per cent on a quarter-on-quarter basis. The index was also up 13.8 per cent over the pre-pandemic period of the second quarter of 2019-20, when it stood at 103.1. However, companies were apprehensive about the rising costs of raw materials.

The index showed improvement -- sequentially, year-on-year, as well as compared with the pre-Covid period -- in all the four parameters that it is based on: Whether the overall economic conditions will be better in the next six months, financial conditions of the firms will improve in the next six months, present investment climate is positive, and present capacity utilisation is close to or above optimum level.

The index was also higher over these periods for the consumer durables, consumer non-durables, intermediate goods, capital goods and services industries. The BCI was the highest for consumer non-durables at 123.9, and the lowest for capital goods at 111.4. Services, which were battered by Covid-induced lockdowns for most of the first quarter, showed the BCI at 115.4.

Against the popular notion that micro, small and medium-sized enterprises (MSMEs) were not in a proper shape even after the Covid-induced lockdowns were relaxed, the NCAER survey showed that all sizes of firms had a higher confidence index quarter-on-quarter, year-on-year, and compared with the pre-pandemic period. Only firms with annual turnover of more than Rs 500 crore showed the index at a lower level during Q2FY22 compared with the pre-Covid level.

Poonam Gupta, director-general, NCAER, said, “The current survey points to a recovery in business sentiments post the second wave of the pandemic. The recovery is broad-based across firm size, ownership, and industrial sectors.”

All regions, except the west, experienced an improvement in business sentiments. The BCI of the west fell by 9.5 per cent in Q2 compared with the first quarter. However, it was higher by 151 per cent from the year-ago period. Compared with the pre-pandemic period of the second quarter of 2019-20, the index was lower by 22 per cent.

Sentiments improved sequentially in Q2FY22 with regard to production, domestic sales, exports, new orders, imports of raw materials, and pre-tax profits. Sentiments about costs, especially ones related to raw materials, remained elevated with two-thirds of the firms expecting the costs of raw materials per unit of output to go up in the next six months as compared to the 54 per cent reporting so in the first quarter.

The Political Confidence Index (PCI), which measures the confidence of the firms about the Centre's management of key economic parameters, rose to 117.4 after staying below 100 since the fourth quarter of 2019-20.

However, the PCI for "managing inflation" was lower in the second quarter compared with the pre-pandemic level. This is probably due to the elevated sentiments regarding the cost of raw materials, said the NCAER.

The BCI is based on a business expectations survey conducted by the NCAER with a sample size of 500 firms of various sizes. The survey elicited responses from these firms in six cities -- Delhi-NCR, Mumbai, Pune, Kolkata, Bengaluru, and Chennai.

Source: business-standard.com– Oct 27, 2021

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Govt issues 202 notices to e-commerce players for violating country of origin norm

The Union government on Tuesday said it has issued 202 notices to e-commerce players for incorrect declaration of 'country of origin' on products on their platforms in the last one year. The maximum number of such violations were found with respect to electronic appliances, followed by clothing and home products. Out of 217 notices, 202 notices were issued for violations relating to 'country of origin' norm. The rest 15 notices were for incorrect declaration of date of expiry/best before, address of manufacturer and importers, charging more than MRP, non-standard units and net quantity.

However, the Consumer Affairs Ministry did not disclose the names of the e-commerce players to whom the notices were issued. When asked why the government was not naming and shaming the companies for violation, Consumer Affairs Secretary Leena Nandan said, "we are trying to do this exercise to alert both companies as well as consumers".

The companies should be aware that they do whatever is legally maintainable in terms of consumer redressal of grievances. And consumers need to know their rights, she said during a press conference. "About 76 companies have compounded their offences and Rs 42,85,400 been collected by compounding of offences," Nidhi Khare, Central Consumer Protection Authority (CCPA) Chief Commissioner and Additional Secretary in the ministry, said. Out of 76 companies, 69 companies have compounded their offence for violation of country of origin while four of them for date of expiry and three for violation of address of manufacturer/importers, she added.

Stating that the government has further strengthened the platforms through which consumers can file their complaints from across the country, Khare said some complaints filed through National Consumer Helpline (NCH) have been successfully resolved in the last few months.

For instance, a non-refund of Rs 11,314 from an airline company of a cancelled ticket in April this year from Kota, Rajasthan has been resolved. Even refund of non-recharge of mobile after deduction of Rs 429 from Orai in Uttar Pradesh has been resolved, she said.

Besides NCH, Khare said consumers have an option to file their complaints online. E-filing has been facilitated at district, state and national commission level since September 2020 through which nearly 3,000 cases have been registered. So far, about 183 cases filed through e-dakhil have been disposed of, she said. She noted that be it small or big amounts involved, more and more consumers are using the e-filing route to register complaints.

For instance, a consumer from Vizianagaram (Andhra Pradesh) registered a complaint for Rs 127.46 against a restaurant while another consumer from Godda (Jharkhand) filed a complaint for Rs 39,999 against an e-commerce entity, she added. Further, the CCPA chief said it has issued 56 notices for misleading advertisements, out of which 29 notices were for unfair trade practices. About six companies withdrew ads claiming more than 99 per cent efficacy against coronavirus and four companies agreed to correct their advertisement that claimed more than 99 per cent efficacy against coronavirus.

Notices were also issued to travel firms for not giving refunds against cancellations, she said. The ministry is also undertaking a campaign against fake and spurious goods. In the first phase, it is sensitising consumers about counterfeit helmets, domestic pressure cookers and cooking gas cylinders.

Source: financialexpress.com– Oct 26, 2021

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Over 5 crore workers registered on e-Shram portal in two months

Over five crore unorgansied sector workers have got themselves registered on the e-Shram portal in exactly two months since the launch of the drive that aims to create a comprehensive database of such a set of workers, and facilitate delivery of various welfare programmes and entitlements meant for them.

Launching the portal on August 26, the government had said that all of the 38 crore unorganised workers (as per the Economic Survey 2019-20) would be registered on the portal. It did not give any timeframe, though.

However, at the current rate, averaging at 8.07 lakh registrations per day, it might take 470 days to get the entire unorganised workforce on board. Registration is totally free.

In the first month since launch, 1.78 crore workers were registered in the portal. Every worker registered on the portal will receive an accidental insurance cover of Rs 2 lakh. If a worker is registered meets with an accident, he will be eligible for Rs 2 lakh on death or permanent disability and Rs 1 lakh on partial disability.

Around 55.16% of the all the registered workers so far are from the agriculture sector followed by 12.95% from the construction sector and 8.16% are domestic & household workers. More female workers have registered under the portal than their male counterparts. As per the labour ministry data, of the total registered workers 50.45% are female and the remaining 49.55% are male. Workers within the 18-40 years age bracket comprise the largest 61.89% of the total registered persons.

Workers from West Bengal topped the table of registration among the states comprising 21.52% of the total. West Bengal was followed by Odisha (19.41%), Uttar Pradesh (17.44%) and Bihar (14.41%).

Source: financialexpress.com– Oct 27, 2021

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High production cost hits textile mills' margins, planning to pass on the hike to customers

The cost of textile and fabrics could go up by 10-15 percent this Diwali due to the manifold rise in production cost, textile associations in the know said. According to some traders, the industry has already passed on over 15 percent cost to the customers.

The production and demand in the textile industry are back to the pre-covid levels. However, the high input cost is hurting the margins of the mills.

"Production cost has gone up nearly four times, and we are witnessing a hike every fortnight. We have been informed again by dye manufacturers that there will be one more from 1st November 2021. Production cost for a high quality fabric has now soared to Rs 12-18 per meter, while that of a normal fabric is at Rs 7-8 per meter -- twice more than the what it cost earlier," says Jitubhai Vakharia, President, South Gujarat Textile Processors' Association.

He added that in the last six months the cost of dyes and chemicals have gone up by 40-50 percent. Over and above this the transportation and power charge hikes have impacted the industry severely.

The textile manufacturers have already taken 2 hikes in prices for the customers and plan to increase them to the tune of 10-15 percent again. Sanjay Jagnani, President, Federation Of Surat Textile Traders Association says that a hike of 12-15 percent has already been passed on to the customers. The traders are now worried in any revision in GST slab for

South Gujarat Textile Processors' Association has planned to make a presentation to Finance Minister Nirmala Sitharaman and Minister of Commerce & Industry Piyush Goyal in the coming week.

On the other hand the industry is hopeful of higher sales during the festivals like Diwali and Pongal. Vakharia says that the demand is expected to remain high as the wedding season picks up. He shares that the demand this season is 25 percent higher than that of pre-covid levels. Currently, the production is normal but if the price pressures continue, then it could be impacted.

Source: timesnownews.com– Oct 26, 2021

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Decision on Bt cotton trial likely by November

Amid opposition by farmers' unions, the State government is likely to decide on a private firm's application, seeking permission to conduct confined field trials of Bt Cotton and maize in the state, by November-end.

The forest, ecology and environment department has been getting over a dozen comments and objections every day after the department invited views from people on Rallis India Limited's request for a No Objection Certificate (NOC) to conduct "confined field trials" of Bt Cotton and maize for two years -- 2021-22 and 2022-23.

"People can send in comments/objections till the end of this month. After looking at all comments and objections, a report will be presented before a committee headed by the chief secretary, which will take a decision by the end of next month," sources in the government told TNIE on Tuesday. If NOC is given to the firm, it has to get permission from the Centre to take up field trials.

As per information put out by the department on its website, Agricultural Sciences Universities in Dharwad and Raichur have agreed in principle for field trials on one acre each, by following guidelines issued by the Department of Biotechnology.

Meanwhile, farmers' associations are strongly opposing any such move. The Karnataka State Sugarcane Growers' Association president Kuruburu Shantakumar urged the government not to permit field trials.

Source: newindianexpress.com– Oct 27, 2021

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Hike in rates of chemicals, dyes makes city industry see red

Rates of chemicals and dyes imported from China have shot up by 100% to 350%. Increase in prices is due to drop in production and hike in ocean freight rates.

According to businessmen, the rates have been increasing for the past six months, but the biggest jump was registered in the past one month. The traders and importers are worried as not only their investments have shot up manifold, but there is also no surety if the rates will not increase any further.

Chanmeet Singh, an importer and trader of chemicals, said, “The rates of chemicals have increased exponentially in the past six months with maximum hike seen in the past thirty days. This is happening because production by Chinese companies has dropped due to the internal factors in their country.

Besides, there is a huge rise in ocean freight rates that has increased prices of chemicals in India by almost double. Some rates have shot up by more than 350%. Today’s rate of acetic acid, which was available for Rs 45-50 per kg six months ago, is Rs 115-120 per kg. The rate of caustic soda has reached Rs 3,200 per 50kg bag from Rs 1,500 six months back.”

Chanmeet added, “Similarly, the rate of sodium hydrosulphite right now is Rs 160 per kg and six months ago it was in the range of Rs 82 to 85 per kg. Glycerine’s rate has reached Rs 230 per kg from Rs 40-50 per kg six months ago. Besides these, other two commonly used chemicals phosphoric acid’s and silicon’s rates have jumped to Rs 240 per kg and Rs 300 per kg from Rs 70-80 per kg and Rs 150 per kg, respectively, six months back.”

According to Neeraj Kumar, another chemical and paints trader, “Massive volatility in the rates of chemicals has dealt us a severe blow, as our investment in the business has more than doubled. Six months back, to buy 10,000kg of glycerine, one had to invest Rs 4,00,000, but now one has to shell out Rs 23,00,000. What is even more dangerous for traders and consumer industry is that there is no guarantee when the rates will stabilize, forget any reduction.”

Rohit Gupta, president of Importer Exporter Club, Punjab, said, “Importers of chemicals are in big trouble and so are dyeing, garment, casting and electroplating industries, who are main consumers of these products.

Besides the increase in rates by Chinese companies and short supplies, the biggest factor responsible for this situation is the unbelievable hike in ocean freight rates. The Centre must take notice of this situation and take corrective measures to bring the freight rates in control to give us some relief.”

Source: timesofindia.com– Oct 25, 2021

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Haryana set to start trade ties with Africa

In a first initiative of its kind in Haryana, the state government is all set to start business ties with African countries. A first government-to-government (G2G) between the envoys of 18 African Countries with Haryana government officials will be held here on Thursday and Friday.

An initiative by the foreign cooperation department, the initiative will showcase Haryana's agriculture, animal husbandry, foreign exports, tourism, textile products, especially the agro products.

As on now, Haryana is doing exports of around Rs 85,000 crore out of which the exports to African Countries are of around Rs 5,000 crore. Haryana exports clothes, food and other items.

Notably, as on now, Gujarat is dominating the business ties with African countries and the idea of exploring investments has come from there itself. "During this two-day event, the our officials will explain the possibility of investments in Haryana and four different groups of exporters from Gurugram, Faridabad, Panipat and Karnal will give presentation about their products and the possibilities of expanding their business in African countries.

Besides, the envoys from Africa will be accompanied by their trade promotion experts who shall have direct dialogue with entrepreneurs and government functionaries," said Yogender Chaudhary, principal secretary of foreign cooperation department and adviser to Haryana chief minister Manohar Lal Khattar on foreign investigations and resource mobilization.

"There is a great scope of education, health, agro industries for agriculture tools, agriculture and allied business, textile and apparel manufacturing, hence we shall explore all possibilities and create a platform for the next level of direct dialogue between entrepreneurs for investments," he added. Chaudhary's team that includes Anant P Pandy, director general of foreign cooperation department and Pawan Chaudhary, OSD to CM, is giving the final touches to the preparation of the event and additional issues to be taken up.

Source: timesofindia.com– Oct 26, 2021

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Indian home textiles firm Trident clocks triple digit growth in profit

Trident Limited, a vertically integrated textile (yarn, bath and bed linen) and paper (wheat straw-based) manufacturer, has reported a 42.4 per cent revenue growth to ₹16,726.7 million in the second quarter (Q2) of FY22 ended on September 30, 2021, over the corresponding period of previous fiscal. Profit after tax shot up 128.3 per cent to ₹2,288.0 million (Q2 FY21: ₹1,002.4 million).

“We have continued the positive momentum from the previous quarter and delivered the best performance in the second quarter,” Rajinder Gupta, chairman at Trident Group, said in a press release.

The Indian home textiles firm’s EBITDA (earnings before interest, taxes, depreciation, and amortisation) for the three-month period grew 81.9 per cent to ₹4,129.2 million (₹2,269.5 million). EBIT (earnings before interest and taxes) accelerated 126.8 per cent to ₹3,262.0 million (₹1,438.5 million).

By segment, sales from textile business went up 42 per cent to ₹14,067 million (₹9,908 million), while paper segment also recorded 42 per cent jump to ₹2,560 million (₹1,809 million) during Q2.

Moreover, the company also mentioned that it started the commercial production of yarn in new spinning unit with a capacity of 61,440 spindles and 480 rotors on July 27, 2021.

“The company is committed to embark inclusive growth for all its stakeholders and continuing to excel in future,” Gupta concluded.

Source: fibre2fashion.com– Oct 26, 2021

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