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## NEWS CLIPPINGS







# INTERNATIONAL NEWS

## US Apparel Imports: China's September Shipments Jump 25%

The fallout from Vietnamese factory closures was finally apparent in U.S. apparel import figures released Thursday by the Commerce Department's Office of Textiles & Apparel (OTEXA).

Apparel imports from Vietnam fell 4.6 percent in September compared to a year earlier to 345.11 million square meter equivalents (SME), according to OTEXA. This was after imports from the supplier had increased a year-over-year 22.3 percent in August. For the first nine months of 2021, Vietnam's apparel shipments were still up 19.19 percent to 3.37 billion SME.

VF Corp. chief financial officer Matt Puckett said on a conference call last month that "the resurgence of Covid-19 lockdown and key sourcing countries like Vietnam has resulted in more impactful production delays."

However, Vietnam's shipments should start to improve with factories reopening. "Nearly all" factories with which Under Armour does business, including those in Vietnam, where around one third of the brand's footwear and apparel are produced, are open, chief financial officer David Bergman said this week. Ramping up those facilities could take another couple months, president and CEO Patrik Frisk said. Virtually all of Nike's Vietnam partners are back online, the nation's government announced Wednesday.

Apparel imports from the world increased 17.1 percent from a year earlier to 2.88 billion SME in September and were up 29.08 percent year to date to 21.59 billion SME, as merchants looked to get merchandise in for the crucial fourth quarter despite port bottlenecks. The pace did slow from the 31.25 percent gain in the first eight months of the year.

All major suppliers posted year-over-year and year-to-date increases, although Cambodia's gains were more subdued. Shipments from Cambodia rose just 2 percent in the month compared to September 2021 to 139.8 million SME and were up 10.71 percent to 913 million SME in the nine-month period. This came after a 29 percent decline in July year over year that was followed by an 18 percent rise in August for Cambodia.

Top supplier China, despite continued political strife and ongoing tariffs with the U.S., saw its apparel shipments arriving in U.S. ports increase 25.2 percent in September compared to a year earlier to 1.3 billion SME. This outpaced a 15.6 percent rise in August. For the year to date, apparel imports from China were up 33.22 percent to 7.99 billion SME.

The rest of the top Asian suppliers saw significant gains. Imports from Bangladesh increased 42 percent for the month to 228.96 million SME and were up 33.83 percent year to date to 1.87 billion SME.

India's shipments rose a year-over-year 31.8 percent to 104.47 million SME and increased 41.89 percent to 932 million SME year to date. Imports from Indonesia were up 33.1 percent for the month to 96.44 million SME and 14.39 percent to 797 million SME in the nine months. Imports from Pakistan increased 18.3 percent year over year to 69.27 million SME and rose 50.02 percent year to date to 647 million SME.

Among the Western Hemisphere nations in the Top 10 suppliers, imports from Honduras rose just 2.3 percent in the month to 79.52 million SME, but were up 35.95 year to date to 652 million SME. Shipments from Mexico increased 15 percent year over year in September to 68.62 million SME and imports from El Salvador were up 6.3 percent for the month to 62.77 million SME and gained 50.12 percent year to date to 491 million SME.

Other notable increases from Western Hemisphere countries benefitting from a nearshoring wave were Nicaragua, Guatemala, Haiti, Peru and Colombia.

Source: sourcingjournal.com– Nov 04, 2021

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# China's export growth slows in October

China's export growth slowed in October but beat forecasts, helped by booming global demand ahead of winter holiday seasons, an easing power crunch and an improvement in supply chains that had been badly disrupted by the coronavirus pandemic.

However, imports missed analysts' expectations, likely pointing to the overall weakness in domestic demand.

Outbound shipments jumped 27.1 per cent in October from a year earlier, slower than September's 28.1 per cent gain. Analysts polled by Reuters had forecast growth would ease to 24.5 per cent.

Zhiwei Zhang, chief economist at Pinpoint Asset Management, said the strong exports would help to mitigate the weakening domestic economy, and give the government greater room for manoeuvre on economic policy.

"The government can afford to wait until the year-end to loosen monetary and fiscal policies, now that exports provide a buffer to smooth the economic slowdown," he said.

Recent data has pointed to a slowdown in manufacturing. Factory activity shrank for a second month in October, an official survey showed, while growth in industrial output eased to the lowest since March 2020 - the first wave of the pandemic.

However, under heavy government intervention, some supply constraints have started to ease in recent weeks, including a power crunch that had been triggered by a shortage of coal, tougher emission standards and strong industrial demand.

Premier Li Keqiang said on Tuesday the government would take measures to support the industrial sector as the economy faces renewed downward pressures.

Imports jumped 20.6 per cent in October from a year earlier, accelerating from a 17.6 per cent gain in September but well below expectations for a rise of 25 per cent.

Goldman Sachs data showed the value of crude oil imports grew 56.3 per cent year-on-year, up from 34.9 per cent in September, and the value of coal imports rose 292 per cent on-year, accelerating further from a 234 per cent gain in September, as the global energy crunch and post-Covid economic recovery drove up commodity prices.

China posted a trade surplus of $84.54 billion last month, the highest on record. It was also above the poll's forecast of $65.55 billion and September's $66.76 billion surplus.

The world's second largest economy grew 4.9 per cent in the July-September quarter from a year earlier, the weakest reading since the third quarter of last year.

China's trade surplus with the United States was $40.75 billion in October, Reuters calculations based on customs data showed, down from $42 billion in September.

US Trade Representative Katherine Tai pledged last month to exclude some Chinese imports from tariffs while pressing Beijing over its failure to keep some promises made in a "Phase 1" trade deal made under the Trump administration.

Source: thedailystar.net– Nov 08, 2021

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# US trade deficit hits record of $80.9 billion in September

The US trade deficit hit an all-time high of USD 80.9 billion in September as American exports fell sharply while imports, even with supply chain problems at American ports, continue to climb.

The September deficit topped the previous record of USD 73.2 billion set in June, the Commerce Department reported Thursday. The deficit is the gap between what the United States exports to the rest of the world and the imports it purchases from foreign nations.

In September, exports plunged 3% to USD 207.6 billion while imports rose 0.6% to USD 288.5 billion.

`Part of the weakness reflected a 15.5% drop in petroleum exports related to the drilling rig and refinery shutdowns during Hurricane Ida in the Gulf of Mexico. Economists expect that decline to reverse in coming months with petroleum production coming back on line.

The politically sensitive goods deficit with China shot up 15% in September to USD 36.5 billion. Through the first nine months of this year America's deficit with China, the largest with any country, totaled USD 255.4 billion, an increase of 14.9% over the same period in 2020.

The overall trade deficit through September hit USD 638.6 billion, a 33.1% increase over the same period last year. That big jump reflects the surge in U.S. demand for imports compares to last year when many parts of the economy were shut down because of the coronavirus.

In September, the deficit in goods rose to USD 98.2 billion, up a sharp 10% from the August deficit. The surplus in services, which covers such things as airline travel and financial services, rose 10.5% to USD 17.2 billion, still well below the levels seen before the pandemic hit. The surplus in services is expected to rise further as COVID-19 cases retreat and travel restrictions are eased.

The rising trade deficit subtracted 1.1 percentage points from growth in the July-September quarter, a period when the economy, as measured by the gross domestic product, slowed to an annual growth rate of just 2%, sharply lower than a GDP growth rate of 6.7% in the April-June period.

As COVID-19 cases retreat and the supply chain becomes untangled, the U.S. trade deficit should start to improve in coming months although the improvement may be modest, economists say.

"We look for the trade balance to remain historically elevated through year-end, but moderation in domestic demand will cool import volumes while steady vaccine diffusion and slower virus spread should underpin stronger export growth," Kathy Bostjancic, chief U.S. financial economist at Oxford Economics, said.

Source: financialexpress.com– Nov 04, 2021

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# China's logistics demand sees rapid growth in 1st 3 quarters of 2021

China's logistics demand witnessed relatively rapid growth in the first three quarters of this year—9.4 percentage points higher than the same period last year—despite the sporadic resurgence of COVID-19 cases, extreme weather conditions and power cuts, according to the China Federation of Logistics and Purchasing (CFLP).

The federation attributed the growth to rising logistics demand from industries and consumption.

In the first three quarters, the total value of goods in the logistics sector was 234.5 trillion yuan (about $36.69 trillion), rising 11.4 per cent year on year.

Logistics demand has generally maintained a recovery momentum since the beginning of the year, with its scale and growth rate higher than the same period before the pandemic, CFLP said, adding that the sector shows great resilience and vitality, according to an official news agency.

Data also shows that the total cost of logistics amounted to 12.1 trillion yuan during the period, a year-on-year increase of 15 per cent.

The cost was slightly higher than the pre-pandemic level in 2019, showing that upstream and downstream supply chains are still in recovery, CFLP said.

However, compared with the same period last year when COVID-19 was spreading rapidly, the efficiency of logistics operations has improved, and the resilience of supply chains has continued to increase, CFLP noted.

CFLP expects the total value of goods distributed through logistics in China to grow at around 10 per cent for the whole year.

Source: fibre2fashion.com– Nov 04, 2021

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# China significantly expands coal production, sees stabilised prices

There has been an improvement in China’s coal supply as production has significantly expanded and prices have stabilised, according to the National Development and Reform Commission (NDRC). Since mid-October, the country's average daily coal production has been above 11.5 million tonnes, with the highest figure in recent years reaching 11.72 million tonnes, it said.

The most-traded January thermal coal futures contract on the Zhengzhou Commodity Exchange continued to fall as the country took multiple measures to regulate excessive market speculation.

As a tight coal supply eases, the fuel stocks of key coal-fired plants in the country are accelerating growth, according to information provided by a Chinese government portal.

"In recent days, the daily coal supply to key coal-fired power plants has surpassed 8 million tonnes, with the highest figure topping 8.32 million tonnes, a historic high," NDRC said. China's top economic planner said it expects the coal inventory of the country's power plants to surpass 110 million tonnes, which could support 20 days of consumption.

Coal stocks at power plants in the northeastern provinces of Heilongjiang, Jilin and Liaoning have increased to exceed 12.7 million tonnes, nearly double the figure seen at the end of September, and could support 32 days of consumption, NDRC added.

In late September, planned shutdowns in industrial provinces of Jiangsu, Zhejiang and Guangdong were reported due to the government’s effort to reduce carbon emissions and shortage of electricity production owing to short supply of coal from Australia.

The planned shutdowns were to the extent of 40-60 per cent, and were likely to continue till December this year, as the Chinese government was serious about curbing emissions ahead of the Winter Olympics scheduled for February 4 to 22 next year in Beijing.

Source: fibre2fashion.com– Nov 04, 2021

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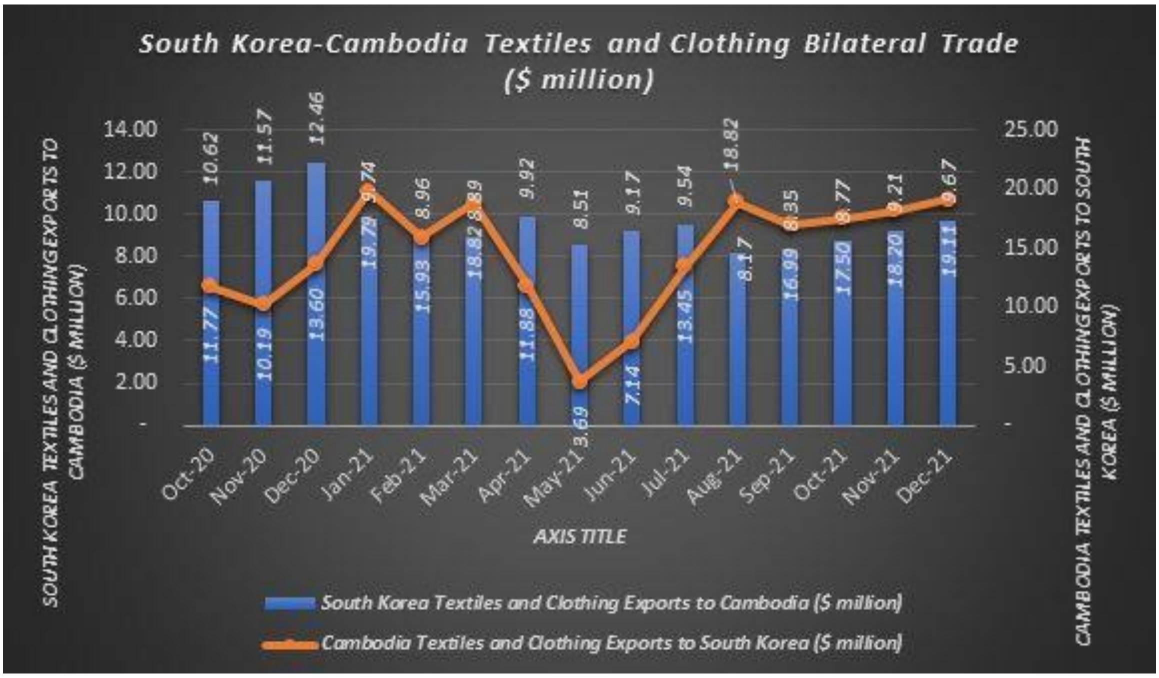
# FTA to boost South Korea-Cambodia textiles-clothing trade

The free trade agreement (FTA) between South Korea and Cambodia, signed last week, is expected to boost the bilateral trade, including textile and clothing trade, between the two Asian countries. Finished textile-based products such as garments, footwear and travel bags are covered under the FTA which removes tariffs on over 90 per cent of goods.

Under the FTA, together with the Regional Comprehensive Economic Partnership (RCEP), Cambodia will do away with tariffs on approximately 93.80 per cent of Korean goods, while Korea will withdraw tariffs on 95.6 per cent of its imports from Cambodia.




As shown in the graph above, during October 2020 to July 2021, South Korean textiles and clothing exports to Cambodia were higher compared to Cambodian textiles and clothing exports to South Korea. But the situation is expected to reverse in the upcoming period.

The monthly average of South Korean textiles and clothing exports to Cambodia was $11.55 million in the last quarter of 2020. It considerably reduced to monthly average of $9.20 million in the Q1 of 2021 with a drop of 20.38 per cent over the monthly average in Q4 of 2020. It remained same in the following quarter and, slightly declined in the Q3 of 2021 with a dip of 5.53 per cent to reach to $8.69 million, according to Fibre2Fashion's market analysis tool TexPro.

Now it is expected to move up to monthly average of $9.21 million in the Q4 of 2021 with a rise of 6.04 per cent over the monthly average exports in Q3 of 2021.

The monthly average of Cambodian textiles and clothing exports to South Korea was $11.85 million in the last quarter of 2020. It significantly increased to monthly average of $18.18 million in the Q1 of 2021 with a surge of 53.39 per cent over the monthly average in Q4 of 2020. But it dropped suddenly to $7.57 million in Q2 of 2021 with a fall of 58.37 per cent. It again recovered in the Q3 of 2021 and reached to monthly average of $16.42 million with rise of 116.95 per cent, according to TexPro.

Now it is expected to move up further to monthly average of $18.27 million in the Q4 of 2021 with a rise of 11.26 per cent over the monthly average exports in Q3 of 2021.

Source: fibre2fashion.com– Nov 03, 2021

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## Turkey's apparel exports soar 25.72% in Jan-Sept '21

Apparel exports from Turkey increased by 25.72 per cent year-on-year in the first three quarters of 2021, according to the data from the Turkish Statistical Institute and the country's ministry of trade. In January-September 2021, Turkey exported apparel worth $13.364 billion, compared to exports of $10.630 billion during the corresponding period of 2020.

Category-wise, exports of knitted and crocheted clothing and accessories (HS chapter 61) earned $7.792 billion during the first nine months of the current year, registering a sharp growth of 35 per cent over $5.770 billion earned during the same period of the previous year.

Exports of non-knitted apparel and accessories (HS chapter 62) were valued at $5.572 billion, showing an increase of 14.7 per cent compared to $4.859 billion exports made in January-September 2020.

Among non-apparels, exports of carpets, mats matting and tapestries (HS chapter 57) shot up by 34 per cent to $2.385 billion, during the period under discussion.

Exports of old clothing and other textile articles and rags (HS chapter 63) also grew by 19.7 per cent to $2.109 billion during January-September 2021.

Meanwhile, Turkey's imports of cotton, cotton yarn and cotton textiles (HS chapter 52) increased substantially by 34.2 per cent to $2.553 billion.

Source: fibre2fashion.com– Nov 05, 2021

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## Egyptian exports to EU increase by 38% in eight months

Egypt's exports to the EU increased by 38 percent in the first eight months of 2021, reaching nearly $4.74 billion, Egypt's Minister of Trade and Industry Nevine Gamea said on Saturday.

Gamea said the increase was the result of high demand of Egyptian products from 23 European countries including Italy, Spain, Germany, and the Netherlands.

Fruits, electrical equipment, textiles and clothing, glass products, cotton, and ceramics were also in high demand in the EU countries, she said.

Egypt exported iron and steel exports worth $608.19 million, aluminum ($308.08 million) and organic chemicals worth $139.66 million, according to data released by the ministry.

The head of the Egyptian Commercial Services, Ahmed Maghawry, said that Egypt's exports of plastic products, fertilizers, aluminum, iron and steel, and organic chemicals recorded a remarkable increase.

Egypt is keen on boosting trade cooperation with the EU, being "Egypt's biggest trading partner," the minister said.

Source: arabnews.com– Nov 07, 2021

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# Sri Lanka, Bangladesh to promote bilateral trade

A discussion on enhancing bilateral trade between Sri Lanka and Bangladesh was held at the Export Development Board recently under the patronage of Trade Minister Dr. Bandula Gunawardena and Sri Lanka's High Commissioner to Bangladesh Tareq Md Ariful Islam.

During the meeting, the Minister and the High Commissioner discussed the problems faced by Sri Lankan exporters in exporting to Bangladesh.

About 25 companies representing tea, beauty and personal care products, textiles, electrical and electronics, woven fabrics were present at the event.

Speaking at the discussion, Trade Minister Dr. Bandula Gunawardena said that the Ministry of Trade, the Department of Commerce and other line agencies are currently working on the proposed Bangladesh-Sri Lanka Preferential Trade Agreement (BS-SL PTA) to promote bilateral trade.

Export Development Board Chairman Suresh de Mel said the meeting provides a platform for the Sri Lankan business community to share and discuss their views with the High Commissioner and officials at the Bangladesh High Commission in Sri Lanka.

Sri Lanka's main products exported to Bangladesh are electrical and electronic products, woven fabrics, petroleum oils, petroleum gases, textiles, plastics products, bolts and metal and paper products.

Bangladesh was Sri Lanka's 21st export destination in 2020 with a value of $ 153.44 million.

Source: colombopage.com– Nov 05, 2021

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# Bangladesh: RMG exports to US rise by 43pc in Sept

Bangladesh's apparel exports to the United States in September grew by 43 per cent as demand for readymade garment items in the market has surged in recent months and global buyers have also shifted their sourcing from China to other destinations, including Bangladesh.

RMG exports to the US in September 2021 increased by $203.63 to $678.08 million compared with those of $474.45 million in the same month of 2020, according to the US Department of Commerce's Office of Textiles and Apparel data released on Saturday.

In terms of volume, apparel exports to the US from Bangladesh in September 2021 also grew by 42 per cent to 228.96 square metres compared with that of 161.22 square metres in the same period of 2020, the data showed.

Exporters said that overcoming the pandemic shock, the US economy started performing well and buyers placed additional work orders to meet an increased demand for apparel items.

They said that exports to the US had witnessed a sharp increase in recent times as buyers had shifted a portion of their sourcing to Bangladesh from China.

The total apparel imports by the US from exporting countries in the first nine months of 2021 grew by 24.57 per cent or $11.55 billion to $58.58 billion compared with those of $47.02 billion in the same period of 2020.
RMG exports to the US from Bangladesh in January-September of 2021 increased by 26.37 per cent or $1.04 billion to $5 billion compared with those of $3.96 billion in the same period of 2020.

Apparel imports by the US from Vietnam in the nine months of 2021 increased by $15.11 per cent to $10.83 billion compared with those of $9.41 billion in the same period of 2020.

Vietnam's apparel exports to the US in September, however, grew by only 1 per cent to $1.25 billion compared with $1.23 billion in the same month of 2020 as factories in the country were closed due to a surge in Covid infection cases.

RMG imports by the US from India in January-September of 2021 grew by 33.29 per cent to $3.02 billion compared with $2.26 billion in the same period of 2020, the OTEXA data showed.

The US apparel imports from China in the first nine months of 2021 grew by 25.13 per cent to $13.74 billion compared with those of $10.98 billion in the same period of the previous year.

Apparel exports by Cambodia to the US in January-September of 2021 increased by 14.97 per cent to $2.40 billion compared with $2.09 billion in the same period of the previous year.

RMG imports by the US from Indonesia in the nine months of 2021 increased by 7.45 per cent to $2.87 billion compared with those of $2.67 billion in the same period of 2020.

Apparel exports by Maxico to the US in January-September of 2021 increased by 30.19 per cent to $2.08 billion compared with those of $1.60 billion in the same period of the previous year, the data showed.

Source: newagebd.net– Nov 07, 2021

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## Bangladesh: Apparel export to suffer, industry leaders say of fuel price-hike impact

The latest fuel price hike will push up the overall cost of doing business, thus affecting the competitiveness of the local textile and apparel industry in the global market.

According to market operators, price enhancement will not only increase production costs of the diesel-run power generation, but also the overall transport costs significantly.

The hike comes at a time when the sector has started reviving with bagging huge work orders. The fuel price hike also coincides with the rise in prices of raw materials like cotton and yarn, and freight charge.

On Wednesday, the government raised the prices of diesel and kerosene at retail level by Tk 15 per litre.

When asked, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) vice-president Mohammad Shahidullah Azim said the cost of doing business would be higher as many factories are running on diesel-run generators.

The cost of transportation to and from factory to port in order to bring imported goods and exportable finished garment items would also go up significantly, he added.

"We might not make timely shipment...," Mr Azim remarked, adding that Bangladesh is already in a disadvantageous position due to its long lead time.

The industry already faces difficulties with increased production costs for 200-300-per cent rise in freight charges and price hike of raw materials, especially yarn, followed by higher global cotton rate, he says.

Exporters fear that the flow of orders may not bring good results as they will face additional liabilities for any failure to ship timely braving all the odds.

Echoing the BGMEA leader's opinion, Bangladesh Knitwear Manufacturers and Exporters Association executive president Mohammad Hatem says knitting and dying of the local knitwear sub-sector run on diesel.

"All these will deal the industry a blow and we'll lose our competitiveness in the global market," he apprehends.

The industry has started reviving as more and more work orders are coming in for external factors like electricity crisis in China, Covid-led factory closure in Vietnam and India, and the Myanmar issues.

"We will also fail to grab the potential," Mr Hatem mentioned.

Bangladesh Textile Mills Association president Mohammad Ali Khokon says local textile mills use diesel for generators and the price hike will affect their business for increased production costs.

Source: thefinancialexpress.com.bd– Nov 05, 2021

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# Bangladesh exporters concerned over near-sourcing tactic of apparel buyers

The pandemic-induced strategy shift by apparel buyers to import from nations nearby is a concern for Bangladeshi exporters, who perceive it as a future threat for their industry. Industry leaders feel Bangladesh cannot fully grab the recent opportunity, mainly because of the long lead-time the country incurs in shipping goods and high global freight charges.

A recent International Labour Organisation (ILO) brief also hinted at near-shoring as an emerging trend with the re-emergence of garment production closer to major markets in Europe and North America.

Quoting evidence, the brief also said that European Union buyers and the European Commission are looking to facilitate greater near-shoring through reductions in garment-related trade duties in countries like Bulgaria, Egypt, Morocco and Turkey, all of which already supply European brands.

Italian clothing group United Colors of Benetton reportedly said it is to grow its production focus on Turkey, Croatia, Tunisia and Egypt with the aim of halving production in Asia from the end of 2022. This will be done to control production processes and reduce transport costs.

Sweden's furniture giant IKEA is also planning to move more production to Turkey to minimise problems with global supply chains and increased shipping costs.

"Though our exports have started reviving with the improved global Covid-19 situation, new challenges have also surfaced," Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), told a Bangladesh newspaper.

Due to the disruption to global freight management, container charges have gone up by 200 to 300 per cent in recent times, he said, adding such high freight charges have pushed global buyers towards near-shoring.

Mohammad Hatem, executive president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), told the newspaper that though capacity of those countries are not as high as Bangladesh, it might be enhanced within the next five years if buyers continue to source from them.

"Decades back, Bangladesh also did not have the capacity which it now has. It's the buyers' demand to set up thousands of garment factories here," he noted.

A recent study titled 'An Empirical Study on Leadtime of Readymade Garments in Bangladesh' by National Institute of Textile Engineering and Research (NITER) says Bangladesh has been in a disadvantageous situation among the garment -supplying countries due to higher lead-time constraints.

The competitive advantages earned by cheaper production cost are being nullified by higher lead times.

Source: fibre2fashion.com– Nov 04, 2021

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# Pakistan: Weekly Cotton Review: Bullish sentiment dominates market

The rate of quality cotton reached Rs16700 per maund while the spot rate reached an all-time high of Rs15900 per maund. The government should take steps to increase the production of cotton on war footings. Seventeen percent sales tax on Banola should be abolished. Pakistan Cotton Ginners Association and All Pakistan Textile Mills Association are actively playing their role in increasing the production of cotton in the country.

During the last week local cotton market remained bullish and the trading volume remained satisfactory because textile and spinning mills remained involved in buying throughout the week while the ginners were not interested in stocking the cotton when they were getting good rates.

The spot rate is increasing day by day and the rate of quality cotton M-Pri has crossed Rs16700 per maund while the rate of Phutti of Balochistan has crossed Rs8200 while the spot rate reached at Rs15900 per maund which is highest in the history.

The Rate of Promise (Waday Ka Bhao) of New York Cotton after fluctuation overall reached at the level of 1.18 cent per pound. Bullish trend remained continued in international cotton market especially the rate of cotton in India reached at 67000 per candy (356 kg), which is highest in history.

The rate of cotton remained high despite strengthening of Pak Rupee against dollar. If the rate of dollar declined further then there are chances that big textile mills would show interest in importing cotton but due to the fluctuations in both the rate of dollar and the New York Cotton textile spinners and value-added sector are hesitant to sign any agreement and they had adopted a cautious behaviour. However, due to low cotton production in the country cotton will be imported from abroad to meet the demand of local industry. In this way the value-added sector has to import cotton so both the parties are worried to some extent.

Positive news regarding expansion of textile sector are coming due to which it is expected that rates of cotton may increase but both textile and private sector are looking towards government for increasing the production of cotton. It is feared that if the bullish trend remained continued in the rate of cotton internationally then it is feared that it will have a negative impact on local textile industry.

It is a high time that textile sector should think that how long will we depend on imported cotton.

The fact is that Pakistan has the potential of increasing the cotton production and it has produced more than one Crore four lac bales, one or two times. Government and textile sector are working to increase the production of cotton in the country but it is unfortunate that All Pakistan Textile Mills Association is not paying cotton cess which is fixed for cotton research. Sources in Central Cotton Research Institute claimed that biggest cotton research institute was facing a severe crisis.

It was sponsored by APTMA and comes under the Ministry of Food and Research, which works to increase cotton production. It is an important institute run on cess money paid by APTMA. APTMA paid Rs50 per bail as cess but APTMA had not paid cotton cess of worth around rupees two billion and eighty Crore since 2017 and they had taken a stay order on it from the court.

The research institute is facing serious financial crunch due to non payment of cotton cess by APTMA.

Sources in the institute said that the wages of the employees had not been increased since 2017 while employees were not getting ad-hoc relief announced by the government of Pakistan. The institutes annual expenses were around Rs40 to Rs50 Crore. There were no new appointments for the last ten to twelve years. The institution needs 750 employees but it has only 266 employees. In 2021-22 the institute prepared six new varieties of seeds.

According to the sources newly elected chairman APTMA Abdul Nasir has promised that association is ready to pay cotton cess amount of more than Rs2 billion in twelve instalments.

The rate of cotton in Sindh as per quality is in between Rs 12500 to Rs 16700 per maund. The rate of Phutti is in between Rs 4500 to Rs 7000 per 40 kg. The rate of Banola is in between Rs 1350 to Rs 2000 per maund.

The rate of cotton in Punjab is in between Rs 14400 to Rs 16500 per maund. The rate of Phutti is in between Rs 5800 to Rs 7500 per 40 kg. The rate of Banola is in between Rs 1550 to Rs 2100 per maund.

The rate of cotton in Balochistan is in between Rs 13700 to Rs 16000 per maund. The rate of Phutti is highest and is in between Rs 6200 to Rs 8200 per 40 kg and the rate of Banola is in between Rs 1600 to Rs 2200 per maund.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs500 per maund and closed it at Rs15900 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that overall a bullish trend prevails in international cotton market. He said after fluctuation the Rate of Promise (Wadsy Ka Bhao) of New York Cotton reached at 1.16 cent per pound from 1.18 cent per pound.

As per weekly USDA export report more than one lac thirty nine thousand bales were sold which is 61 percent less as compared to last week. This time too China was the biggest buyer with more than 44000 bales. India was on number second with more than 24000 bales while Turkey was on number third with more than 23000 bales.

Increasing trend was witnessed in the rate of cotton in Brazil, Central Asian states and Africa while the bullish trend remained continued in the rate of cotton in India. In India the rate of cotton quality of Shankar 6 crossed Rs67000 (356 kg) per candy.

Group leader APTMA Goher Ejaz in an interview said that machinery of worth Rs450 billion is being imported. In the first four months of this fiscal year textile exports has crossed 6 billion dollars. He said 30 lac people will get jobs as a result of investment of Rs5 billion in 100 projects.

He told that in 2018 textile exports were 13 billion dollars and by the end of this year it is expected that it will cross 21 billion dollars. He hoped that by June 2023 our exports will cross 26 billion dollars.

Moreover, chairman PCGA Sohail Mehmood Harl in an interview said that cotton production is improved as compared to last year. Moreover, a bullish trend is prevailing in local and international cotton markets.

Cotton growers benefited from increased prices so it is expected that in the next season they will grow more cotton.

There are various benefits of growing cotton crop. It is the raw material of textile mills. Edible oil is obtained. Animal feed is also obtained from this crop.

Sohail further said that concerned departments are not taking interest in increasing the production of cotton. He demanded that government should withdraw 17 per cent sales tax on edible oil.

Cotton arrivals in Pakistan have increased by 81%, showed the latest data released by the Pakistan Cotton Ginner's Association (PCGA) on Wednesday.

As per the fortnightly report released by PCGA, total cotton arrivals in Pakistan surged to 6.257 million bales as of November 1, 2021, compared to 3.452 million bales in the same period last year, a difference of 2.804 million bales and a growth of 81.24%.

Weeks ago, the Ministry of National Food Security and Research said that the revised cotton production target of 9.3 million bales set for 2021-22 is expected to be met or even exceeded.

The Cotton Crop Assessment Committee (CCAC) in September 2021 had revised downward the cotton production target by 19.5% - from 10.5 million bales set for 2021-22 to 8.46 million bales, after missing the sowing target by 13.4 percent.

However, later in October 2021, the CCAC revised upward the crop production to 9.374 million bales for the crop season 2021-22. The sowing target was set at 2.310 million hectares; however, cotton was sown on 1.871 million hectares, i.e., 83.2 percent of the sowing target was achieved. Revised cotton target is likely to be met, says ministry

Meanwhile, as per the PCGA data, cotton arrivals reported a substantial increase in both Punjab and Sindh.

As of November 1, cotton arrival in Punjab was 2.935 million bales compared to 1.728 million bales in the same period last year, an increase of 1.206 million bales or 69.83%.

Similarly, cotton arrival in Sindh reached 3.321 million bales as compared to 1.724 million bales reported in the same period last year, an increase of 1.597 million bales or 92.67%.

At the same time, Pakistan's textile exports touched a historic high level during July to October period of the current fiscal year.

According to details, during the period in review, textile exports reached $6 billion, an increase of 27% compared to the same period last year. Textile exports in October also reached a new record and increased by 25.5% to $1.619 billion.

Chairman Karachi Cotton Brokers Forum Naseem Usman while commenting on the report said that it is expected that this year more than one crore 85 lac bales will be produced while the Cotton Crop Assessment Committee in its second meeting told that it is expected that 93 lac bales will be produced.

This will have to be reconsidered. Cotton quality is declining. Whitefly and Pink Ballworm are also attacking crops in many areas.

If 85 lac bales will be produced in the country then local mills will have to import 70 lac bales. The demand of local textile industry is of one crore 60 lac bales.

Source: brecorder.com– Nov 08, 2021

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# Pakistan, Iran to sign barter deal through commerce chambers?

The pact is likely to be signed during the visit of Prime Minister's Advisor on Commerce and Investment, Abdul Razak Dawood who has reached Tehran on a two-day official visit to attend 9th Pakistan Iran Joint Trade Committee meeting scheduled for November 6-7, 2021.

Iranian Minister for Industry Reza Fatemi-Amin and Abdul Razak Dawood will jointly preside over the meeting during which issues related to trade cooperation will come under discussion, in addition to discussion on progress in decisions taken at the 8th meeting of JTC.

Both sides will discuss possibilities of FTA, cooperation in transportation sector, construction of border markets.

Dawood will also hold meetings with Iranian Ministers to discuss issue of bilateral interest.

The sources said it had been decided that a barter trade mechanism would be established between QCCI and ZCCI.

Pakistan has shared a list of 33 items including rice, sesamum seeds, fresh or dried guavas, mangoes and mangosteens, meat of bovine animals, fresh or chilled, surgical goods, line animals (Mammals), bananas, woven fabrics or jute, plastic and articles (polymers or styrene), textile fabrics, dried leguminous vegetables, (peas, beans etc) vessels for the transport of goods, can molasses etc.

Iran has shared a list of 33 items of its interest: (i) gaseous hydrocarbons, liquefied (excluding natural gas); (ii) propane liquefied; (iii) crude petroleum oils: (iv) petroleum bitumen; (v) sacks and bags; (vi) fresh and dried dates; (vii) ceramic flags and paving & finishing ceramics; (viii) dried leguminous vegetables (chickpeas garbanzos); (ix) fresh and dried pistachios (both in shell and shelled); (x) bars and rods of iron or non-alloy steel, hot wafers; (xi) sweets biscuits and bread, cakes and pastry and waffles and wafers; (xii) chocolate and other food preparations containing coca; (xiii) fruit juices (grapes and vegetable fruits; (xiv) milk and cream, containing added sugar or other sweetening matter and; (xv) apples, pears and quinces, fresh; (xvi) grapes fresh or dried; (xvii) dries apricots, prunes, apples, peaches and pears etc.

The Barter Trade Mechanism (BTM) will work in following ways: (i) Pak exports to Iran will precede Iran exports to Pakistan; (ii) barter trade shall be restricted to land route via Taftan Border only; (iii) barter trade will be restricted to items agreed as per the Border Trade Agreement between Pakistan and Iran; (iv) there will be no monetary transaction under the barter trade arrangement.

Pakistan's importers will make payment to Pakistan exporters in lieu of goods exported by them in Pak Rupee and vice versa; (v) the value of goods exported under barter trade should not exceed a specific amount to be finalized during the meeting; (vi) on imports/exports of goods on either side, the party should submit documentary evidence such as Bill of Entry to the focal person in QCCI where the value exceeds the agreed amount in PKR; (vii) Customs authorities at Pak-lran Border will report import/export transactions of the value not exceeding agreed amount to the State Bank of Pakistan on monthly basis; (viii) export of goods from Iran to Pakistan against import of goods from Pakistan to Iran should be completed within a period of six months from the date of import; (ix) a copy of the contract for import and export with Iranian parties should also be submitted to QCCI and ZCCI; (x) QCCI will forward a monthly statement within 15 days from the close of the month; (xi) Periodic Review of the agreement will be carried out after mutual consultations; and (xii) each Party may terminate/rescind this agreement through a written communication addressed to the other Party, with a minimum notice of three months.

Source: brecorder.com– Nov 06, 2021

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# NATIONAL NEWS

## Time to target 5 times increase in export of Technical Textiles from $2 billion to $10 billion in 3 years - Shri Piyush Goyal

Union Minister of Textiles, Commerce & Industry, Consumer Affairs and Food & Public Distribution, Shri Piyush Goyal said time has come to target 5 times increase in export of Technical Textiles in 3 years, while speaking to representatives of Indian Technical Textile Association( ITTA) in Delhi today. The Minister said that Centre would support PLIs for Textile Sector in States supporting development and offering affordable infrastructure for Textile Manufacturing like cheap land and power .

Shri Goyal stated that we should align with best standards in Textile manufacturing. There should be no difference in quality of textile meant for international and domestic consumers .The Minister suggested public private participation in use of Government funds in Research & Development in Technical textiles.

It may be noted that the growth of Technical Textiles in India has gained momentum in past 5 years, currently growing at 8 % per annum rate. The aim is to hasten this growth to 15-20% range during next 5 years.

Shri Goyal said that Current world market is 250 Billion USD (18 Lakh Crore) and India's share in it is USD 19 Billion. India is an aspiring player with USD 40 Billion size in this market (8% share). The biggest players are USA, Western Europe, China and Japan (20 – 40% share). He said that in addition to the growth in statistical terms, we will direct the growth towards high technology and indigenously innovated products.

He further mentioned that with these objectives in mind, government has launched National Technical Textiles Mission in February 2020, with a view to make India a self reliant, vibrant, export oriented economy in the world.

He said " Our aim is to transform India into a major player in innovations, technology development, applications in key areas (agriculture, roads & railways, water resources, hygiene and healthcare, personal protection) with emphasis on higher education and skilled workforce", Shri Goyal informed that in January 2019, for the first time in India, 207 HSN Codes issued for Technical Textile and in less than 2 years time India has become a net exporter in Technical Textiles.

He said that trade balance earlier used to be negative( -Rs 2788 Crore) in 2018-19 and ( - Rs 1366 Crore in 2019-20), which has turned positive with 1767 Crore in 2020-21. During the year 2020-21, India's major share of exports is in PPEs, N-95 and Surgical Masks, Fabric for PPEs and Masks.

Talking about the efforts made by the government to promote technical textiles, the Minister informed that 92 items have been made mandatory for use by Government organizations covering agriculture/horticulture, highways, railways, water resources, medical applications. Concerned 9 Ministries have issued instructions in this regard.. Shri Goyal further stated that BIS has issued Indian Standards for 377 item and nearly 100 are in pipeline. Skill Development in Technical Textiles commenced with introduction of Six new courses and another new 20 courses are under preparation, he added

It may be noted that Technical Textiles are textiles, which are engineered to give desired output suitable for specific applications. The basic raw material are natural fibres like jute, silk and cotton. But, majority of the applications use man-made fibres: polymers(Aramid, Nylon) , carbon, glass, and metals. Technical Textiles are the technology of future. This is going to be the next technological revolution entirely changing the way we live and think.

Based on their area of Applications, Technical Textiles segment is divided into 12 sub-segments. In India. India has a major presence in Packaging Textiles (Packtech): 38%, Geotechnical Textiles (Geo-tech): 10%, Agricultural Textiles (Agrotech): 12%. The Applications of Technical Textiles are widening day by day with advent of new materials. Along with new inventions made in smart textiles; 3-D Weaving, smart wear for health monitoring and ultra-high performing sportswear are bringing in new avenues which were unthinkable a few years back.

Research Projects have been awarded to reputed institutes like IITs. The topics cover cutting edge technologies such as; indigenous carbon fibre, electric vehicle body from carbon composites, ultra strength bullet proof jacket material, fog harvesting through use of technical textiles, ultra protection for bio organisms etc.

The Committee on Research, Innovation and Development in Technical Textiles (co-chaired by Principal Scientific Adviser, Member(S&T) NITI Aayog) has considered 36 proposals and have recommended 20 proposals, so far. Nearly 40 more research proposals are under consideration for discussion in the subsequent meetings of the Committee.

ITTA is an association of small and medium segment of technical textiles manufactures. 90% of their members have annual turnover below Rs.100/- crore. ITTA members are mostly engaged in Non-woven fabrics, Protective garments, Packaging technical textiles, Agro-Textiles, industrial filters, conveyer belts.

Large technical textiles manufactures (more than Rs.500/- crore turnover) such as Garware, Welspun, SRF, Century Yarn, Johnson & Johnson, etc., are not associated with ITTA. Ministry of Textiles consults ITTA in most of its policy formulations, programmes and engages them in a regular manner.

Source: pib.gov.in- Nov 05, 2021

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# FinMin invites suggestions on taxation from industry and trade bodies

It would not be feasible to examine suggestions that are either not clearly explained or which are not supported by adequate justification or statistics, it said.

The Finance Ministry has asked for suggestions on taxation from industries and trade bodies for Budget 2022-23, which is going to set the tone for growth of India's economy hit by the COVID-19 pandemic.

In a communication to trade and industry associations, the ministry invited suggestions for changes in the duty structure, rates, and broadening of tax base on both direct and indirect taxes giving economic justification for the same.

Suggestions may be sent to the ministry by November 15, 2021, it said.

"Your suggestions and views may be supplemented and justified by relevant statistical information about production, prices, revenue implication of the changes suggested and any other information to support your proposal," it said.

The request for correction of inverted duty structure, if any for a commodity, should necessarily be supported by value addition at each stage of manufacturing of the commodity, it said.

It would not be feasible to examine suggestions that are either not clearly explained or which are not supported by adequate justification or statistics, it said.

The Budget 2022-23 is expected to be presented in Parliament on February 1 next year. It will be the fourth budget of the Modi 2.0 government and Finance Minister Nirmala Sitharaman.

The budget for the next year is expected to address critical issues of demand generation, job creation and putting the economy on a sustained 8 per cent plus growth path.

"As can be seen that the government policy with reference to direct taxes in the medium term is to phase out tax incentives, deduction and exemptions while simultaneously rationalising the rates of tax," the letter said.

Currently, more than 100 exemptions and deductions of different nature are provided in the Income-Tax Act.

The ministry also asked for suggestions on reducing compliances, providing tax certainty, and reducing litigations. However, it has clarified that goods and services (GST) matters are not examined as part of the budget, as they are to be decided by the GST Council.

Recommendation related with the Central Excise and Custom Duty could be given, it said.

Source: financialexpress.com- Nov 05, 2021

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# India Pavilion at Expo 2020 Dubai crosses two lakh footfalls

The India Pavilion, inaugurated by Shri Piyush Goyal, Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, on 1stOctober 2021, has successfully completed its first month at the Expo 2020, Dubai.

The India Pavilion has hosted over 2,00,000 visitors as on 3rdNovember with various sector and state specific sessions to discuss India's growth roadmap. It also secured investment opportunities for the country and celebrated several cultural events to attract visitors.

Commenting on the success of India Pavilion, Dr. Aman Puri, Consul General of India in Dubai & Dy. Commissioner General for India at Expo 2020 Dubai said, "The October month was a huge success for the India Pavilion. We saw a strong visitor turnout and expect this momentum to continue in the coming months".

"While the India Pavilion will showcase more business opportunities for collaboration and investment, the popularity of India's festivals, food, and cultural performances, have been crucial aspects in attracting visitors from across the globe", he added.

The Pavilion started with the Climate & Biodiversity Week from October 3rd-9th. The Ministry of New and Renewable Energy conducted various sessions that highlighted India's renewable energy goals and climate action plan to the world. These weeks were followed by Space and Urban and Rural Development weeks, where discussions around the future of the sectors, the issues and challenges in the sectors, role of the government regulations and incentives were discussed.

Besides sector specific weeks, the India Pavilion also hosted specific weeks for Gujarat, Karnataka and UT of Ladakh. The state of Gujarat organized events at the India Pavilion where Mr. Bhupendra Patel, Chief Minister, Gujarat virtually showcased the state's vibrant Pharma sector along with its plan for sustainable development.

Similarly, the Karnataka Week also witnessed the presence of Shri Murugesh Nirani, Minister, Large and Medium Scale Industries, Government of Karnataka along with Dr. C N Ashwath Narayan, Minister for Higher Education; IT & BT, Science & Technology; Skill Development, Entrepreneurship & Livelihood, Government of Karnataka.

Additionally, a series of events showcasing opportunities in Ladakh across focus sectors like sustainable infrastructure, connectivity, food processing and tourism were discussed during the Ladakh Week at India Pavilion.

The Karnataka week saw announcement on partnership between the Government of Karnataka and Gulf Islamic Investments (GII) to strengthen the investment ties between India and UAE. GII's investment approach in India is sector-agnostic and the firm plans to invest another USD 500m (INR 3,500 crores) in India in the next 3 years and was one of the key achievements for the state of Karnataka.

The Climate & Biodiversity week saw virtual participation from dignitaries such as Shri R.K. Singh, Minister of Power, New and Renewable Energy, Govt. of India, Shri Bhagwanth Khuba, Minister of State, New and Renewable Energy, Chemicals and Fertilizers, Government of India & Mr Indu Shekhar Chaturvedi, Secretary, Ministry of New and Renewable Energy, Government of India.

The Space sector sessions were addressed by Dr K. Sivan, Chairman, Indian Space Research Organisation (ISRO) & Secretary Department of Space and Dr Pawan Goenka, Chairman, Indian National Space Promotion and Authorization Center (IN-SPACe) and Shri Mr. Umamaheshwaran R, Scientific Secretary, ISRO.

The Urban and Rural Development week that started from 31 October was attended by senior officials of the Ministry of Housing and Urban Affairs, Government of India including, Mr. Kunal Kumar, Joint Secretary and Mission Director (Smart Cities Mission); Mr. Jaideep, OSD (Urban Transport) and Mr Dinesh Kapila, Economic Advisor (Housing).

The month of October at the India Pavilion also witnessed an array of cultural activities during Dusshera and Navratri celebrations. These included folk dances, storytelling and music for countless visitors and dignitaries. The ongoing Diwali celebrations at India Pavilion comprise of colourful installations, lighting in the form of Swarangoli or LED rangoli, virtual display of firecrackers and performances by leading artists such as Salim-Sulaiman, Dhruv and Rooh bands from India and Dubai.

The enthusiasm of visitors resulted in India Pavilion being one of the most visited Pavilions at Expo 2020 Dubai. The activities and events during October were witnessed by hundreds of visitors with zeal and enthusiasm.
To know more about India Pavilion at Expo 2020 Dubai, please visit:

Website - https://www.indiaexpo2020.com/

Facebook - https://www.facebook.com/indiaatexpo2020/

Instagram - https://www.instagram.com/indiaatexpo2020/

Twitter - https://twitter.com/IndiaExpo2020?s=09

LinkedIn https://www.linkedin.com/company/india-expo-2020/?viewAsMember=true

YouTube - https://www.youtube.com/channel/UC6uOcYsc4g_JWMfS_Dz4Fhg/featured

Koo - https://www.kooapp.com/profile/IndiaExpo2020

To know more about Expo 2020 Dubai, please visit - https://www.expo2020dubai.com/en

Source: pib.gov.in- Nov 05, 2021

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# India's forex reserves increase USD 1.9 bn to USD 642 bn

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

India's forex reserves have increased by USD 1.919 billion to USD 642.019 billion for the week ended October 29 on a healthy increase in the currency assets and value of gold, the Reserve Bank said on Friday.

The overall reserves had declined by USD 908 million to USD 640.1 billion at the end of the previous reporting week.

Foreign currency assets, a major part of the overall reserves, increased by 1.363 billion to USD 578.462 billion for the reporting week, the RBI said in the weekly data.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Value of the gold reserves increased by USD 572 million to USD 39.012 billion in the reporting week, the data showed.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) rose by USD 17 million to USD 19.304 billion. The country's reserve position with the IMF increased by USD 1 million to USD 5.242 billion in the reporting week, the data showed.

Source: financialexpress.com- Nov 05, 2021

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# Cotton growers celebrate a different, stress-free Diwali

For Jagadish Patel, a cotton farmer from Gujarat's Rajkot district, Diwali this year has been one to cherish. "We no longer feel burdened under financial stress this time," he says.

In neighbouring Maharashtra's Marathwada region, Asaram Shinde from Beed says: "Cotton farmers are lucky compared to soya farmers. This is the time to celebrate for cotton farmers."

Irfan Sheikh, Director of Sahyadri Balaghat Farmers Producers Company, that deals in cotton from the region, says cotton farmers are celebrating Diwali in a real sense after a long time.

Up 70% over last year

Not just in Gujarat and Maharashtra but across the country, cotton growers celebrated a different and stress-free Diwali this year as kapas (raw cotton) prices are ruling at record highs and at least 70 per cent over rates over last year.

"We are seeing such prices for the first time," says Bandi Virupangowda, a large farmer in Ganekal (N) village of Devadurga taluk in Raichur district of eastern Karnataka, where cotton is a major crop.

Cotton prices are hovering around ₹70,000 a candy (of 356 kg) in Karnataka. In Telangana, they are quoting kapas at ₹8,500 a quintal. At Parkal market yard in the State, it went for ₹9,250 last week. In Maharashtra, prices have topped ₹9,000 a quintal in some markets, with growers hoping to reap ₹10,000 over the next few days. These are against ₹4,000-5,500 fetched during the same period a year ago.

Patel said: "Two years ago, we had to sell cotton at a loss at ₹4,800 a quintal. I sold cotton before Diwali and the price was reasonably high (this year) at ₹8,210 per quintal."

Global trend

According to the Gujarat Cotton Association, export benchmark Shankar-6 cotton was offered at ₹67,000-67,500 a candy this week. Growers have gained from a bull run in the global market, where prices have zoomed to a decade's high on higher offtake, lower ending stocks and supply issues.

Currently, cotton in New York is quoted at 108.26 cents a pound (₹68,600 a candy) for delivery in December. Prices on the futures market are ruling over 100 cents a pound (₹58,700 a candy), auguring well for them this season (October 2021-September 2022).

"This year, footfalls at shops and retail outlets were huge — something we have not seen for years — at Rajkot. People seemed least worried over petrol prices topping ₹100 a litre," says Anand Poppat, a trader in raw cotton, wastes and yarn.

Ajay Shah, Gujarat Cotton Trade Association General Secretary, said it was a year of double bonus for cotton growers with prices as well as yield being good. "Monsoon has also been kind and there has been no report of any pest attack across the country," he said.

Agrees Patel. "Even our medium quality cotton was sold at much higher price than the minimum support price (of ₹5,726 a quintal)," he says.
But Raj Reddy, a farmer from Warangal district who planted the fibre crop on two acres, said: "The cost of cotton production has more than doubled, while the yield has dropped to 5-6 quintals an acre from about 15 quintals during the non-Bt days."

"Against an expectation of 10-12 quintals yield per acre, we believe it will be around 8-10 quintals," Virupan Gowda said.

Ramanuja Das Boob, a sourcing agent for both domestic mills and exporters in Raichur, says cotton in Karnataka is fetching a better price as its quality is better.

Farmers in Telangana feel that due to poor yields and skyrocketing production costs, the high prices this year would be just enough to recover their investments.

Virupangowda says growers will be able to manage higher costs of fertilisers and labour, especially to tackle week, with the record prices for cotton. "The per acre cost of cultivation this year has been ₹35,000- 40,000," he says.

Growers are selling off the produce as soon as it is picked, though big growers are holding back expecting prices to rise further. But erratic rainfall this monsoon could affect the yield, the Karnataka grower fears.

Ahead of Diwali, cotton arrivals were estimated at 1.5 lakh bales across the country. “If the same arrival trend continues over the next 15 days, prices will come down a bit,” said Boob.

Source: thehindubusinessline.com- Nov 07, 2021

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## USTR Tai, Commerce Minister Goyal to take 'comprehensive look' at bilateral trade ties

US Trade Representative Katherine Tai and Union Commerce and Industry Minister Piyush Goyal have agreed to take a "comprehensive look" at ways to expand the bilateral trade ties and also shared perspectives on how to reach "meaningful outcomes" at the upcoming WTO Ministerial Conference.

The virtual meeting between Tai and Goyal took place on Wednesday, ahead of Tai's two-day visit to India from November 22.

"Ambassador Tai and Minister Goyal looked forward to their upcoming meetings in New Delhi (November 22-23), and agreed to take a comprehensive look at ways to expand the bilateral trade relationship and ensure the future success of the U.S.-India Trade Policy Forum," according to a statement from the Office of the USTR after the meeting.

"They also shared perspectives on how to reach meaningful outcomes at the upcoming WTO Ministerial Conference (MC12)," the statement added.

The World Trade Organisation ministerial conference will be held from November 30 to December 3 in Geneva, Switzerland.

Last month, the Office of the United States Trade Representative announced that Tai and Deputy United States Trade Representative Sarah Bianchi will travel to Tokyo, Seoul, and New Delhi to meet with government officials and stakeholders to discuss the enduring U.S. commitment to the Indo-Pacific region and to strengthen trade and economic relationships with key allies and partners.

During Prime Minister Narendra Modi's first in-person meeting with US President Joe Biden in September, the two leaders said they looked forward to reconvening the India-U.S. Trade Policy Forum before the end of 2021, to enhance the bilateral trade relationship by addressing trade concerns, identifying specific areas for increased engagement and developing an ambitious, shared vision for the future of the trade relationship.

They noted that ongoing negotiations on an Investment Incentive Agreement that facilitates investment in development projects and committed to an early conclusion. They further discussed how the US and

India will work together to set sustainable and transparent rules of the road that will lift economies throughout the Indo-Pacific, according to a joint statement issued after the September 24 meeting at the White House.

Source: economictimes.com- Nov 04, 2021

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# Indian businesses stay away from China's top import expo

China's much-touted import expo has opened in Shanghai without the presence of Indian businesses, significantly in a year when the Sino-India trade is poised to touch a record USD 100 billion.

The China International Import Expo (CIIE) was formally inaugurated by Chinese President Xi Jinping through a video link on Thursday.

Participants at the expo in the eastern metropolis said most of the firms and businesses from abroad were represented by their local agents in view of China's rigid COVID-19 travel restrictions.

This year's expo, which was started four years ago to address global complaints of China's business model of export more and import less.

Officials say China's current blanket ban on travel between the two countries citing COVID-19 protocols as the main reason for the lack of presence of Indian business houses.

Since last year, China has stopped issuing visas for Indians and currently, there are no flights in operation between the two countries due to which over 23,000 Indian students, mostly studying medicine in Chinese colleges as well as hundreds of Indian businessmen and their families, were stranded back home.

In the past, Indian trade and businesses had shown interest in the last three expos in Shanghai.

In 2019, an Indian delegation headed by Commerce Secretary, Anup Wadhawan participated in the inaugural function and held talks with the Chinese officials on addressing India's concerns over the trade deficit.

Apart from the bilateral tensions over the continuing military standoff in eastern Ladakh that began in May last year, officials say the Indian businesses were apparently not enthused this year as they found it not lucrative in view of the difficulties in breaking into the Chinese markets.

Significantly, the expo was being held without India's presence at a time when the bilateral trade appears to be on course to touch record USD 100 billion.

It crossed the USD 90 billion-mark in the first nine months of this year despite the chill in the bilateral ties in view of the continuing military standoff between the two countries.

The bilateral trade totalled to USD 90.37 billion by the end of September, which is an increase of 49.3 per cent year-on-year, according to the nine-month data released by China's customs on Wednesday.

China's exports to India went up to USD 68.46 billion up 51.7 per cent year on year, apparently aided also by massive imports of urgent supplies like oxygen concentrators when India was hit by a massive second wave of COVID-19

By the end of next month, the bilateral trade is expected to touch USD 100 billion.

A report in China's state-run Global Times on Thursday quoted experts as saying that India's absence at the expo contrasts with robust growth in China-India bilateral trade this year.

The number of Indian companies that attend the CIIE has been decreasing progressively in recent years and dropped to zero this year, the report said.

In his inaugural address, Xi said that China will firmly share market opportunities with the rest of the world and import more from neighbouring countries.

"China has a population of over 1.4 billion and a middle-income group of more than 400 million people. Our annual import in goods and services is valued at around USD 2.5 trillion. All this offers an enormous market," he said.

"Going forward, China will lay more emphasis on expanding imports, and pursue balanced development of trade. China will open more demonstration zones for creative promotion of import trade, optimise the catalogue of retail imports via cross-border e-commerce, encourage the on-site processing of imported goods from trading between border residents, and increase imports from neighbouring countries," he added.

Source: economictimes.com- Nov 05, 2021

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# CBIC asks GST officers to block ITC only on basis of evidence, not suspicion

These guidelines have recommended monetary limits for the division of powers between commissions, joint commissioners, and assistant commissioners on blocking of the tax credit.

The CBIC has come out with guidelines on blocking of tax credit by GST field officers, saying that such blocking should be on the basis of ‘material evidence’ and not just out of ‘suspicion’. The guidelines laid down five specific circumstances in which such credit could be blocked by a senior tax officer. These include availment of credit without any invoice or any valid document, or availing of credit by purchasers on invoices on which GST has not been paid by sellers.

The Central Board of Indirect Taxes and Customs (CBIC) said the commissioner, or an officer authorised by him, not below the rank of assistant commissioner, must form an opinion for blocking of input tax credit (ITC) only after “proper application of mind” considering all the facts of the case.

“It is reiterated that the power of disallowing debit of amount from electronic credit ledger must not be exercised in a mechanical manner and careful examination of all the facts of the case is important to determine cases(s) fit for exercising power under rules 86A,” it said. The government had introduced Rule 86A in GST rules in December 2019 giving powers to taxmen to block the ITC available in the electronic credit ledger of a taxpayer if the officer has “reasons to believe” that the ITC was availed fraudulently.

Till early last month, taxmen had blocked Rs 14,000 crore worth of input tax credit (ITC) of 66,000 businesses under this rule. The CBIC in its guidelines dates November 2 said the remedy of disallowing debit of amount from electronic credit ledger being, by its nature, extraordinary, has to be resorted to with utmost circumspection and with maximum care and caution.

It contemplates an objective determination based on intelligent care and evaluation as distinguished from a purely subjective consideration of suspicion. The reasons are to be on the basis of material evidence available or gathered in relation to fraudulent availment of input tax credit or ineligible input tax credit availed as per the conditions/grounds under sub-rule (1) of Rule 86A.

These guidelines have recommended monetary limits for the division of powers between commissions, joint commissioners, and assistant commissioners on blocking of the tax credit. For blocking of ITC above Rs 5 crore, principal commissioner/ commissioner will take a decision. Where the monetary amount is in the range of Rs 1-5 crore, additional commissioner or joint commissioner will take a decision, while for those less than Rs 1 crore deputy commissioner/ assistant commissioner rank officer will take decision on ITC blocking.

AMRG & Associates Senior Partner Rajat Mohan said, “If these broad guidelines are followed by central as well as state tax officers in letter and spirit, these will surely reduce the litigation for honest taxpayers who are currently facing harassment at the hands of tax officers.”

Source: financialexpress.com- Nov 05, 2021

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# India may red-flag WTO push for liberal trade in green tech

India not ready to support lowering of trade barriers

With the COP26 Climate Summit under way, the WTO Secretariat has come up with information briefs on trade, climate and related issues, which also refer to the need to liberalise trade in green technologies.

But India is unlikely to extend support to negotiations on lowering tariffs on 'environmental goods', as it is also concerned about dual uses of such goods that could lead to import of items with non-environmental end uses, an industry source said.

"Reducing trade barriers to green technologies will facilitate access and increase adoption of these technologies to help accelerating the transition towards a more sustainable economic model," according to a WTO brief titled Carbon Content of International Trade.

WTO Director General Ngozi-Okonjo Iweala, in one of the sessions at the COP26, said, "Lowering trade barriers helps to stretch each dollar of adaptation finance further. This makes it more affordable to invest in cutting edge technologies for addressing risks from sea-level rise, drought, extreme weather events and floods."

The WTO's intervention at the COP26 is important especially in the context of the forthcoming 12th Ministerial Conference of WTO on November 30-December 2 2021 where the Trade and Environmental Sustainability Structured Discussions (TESSD) group, comprising 53 WTO members such as Canada, Australia, New Zealand, Japan, Fiji, Costa Rica, the EU and the UK, is keen to initiate action around environmental goods. The TESSD's role in promoting negotiations on environmental goods is now central as the Environmental Goods Agreement (EGA) negotiations, a tariff-cutting initiative by a subset of the WTO's membership (excluding India), stalled in late 2016

Possible dual use

"India is resisting an agreement on reducing tariffs on environmental goods because it can be a risky proposition because of possible dual use. Since such goods are not properly defined, there is a big chance of goods being traded at reduced duties under the garb of saving the environment for totally non-environmental end use," sources said.

For instance, a pipe, ostensibly for a renewable energy plant, can be used in other plants as well. In fact, some experts argue that apart from a handful of products, like wind energy apparatus, most environmental goods can have multiple non-environmental uses.

The COP26 will continue to refer to supportive trade policies to combat climate change, but countries like India need to carefully protect their interests on the proposed liberalisation of environmental goods and technologies, sources said.

Source: thehindubusinessline.com- Nov 07, 2021

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# 'Fiscal deficit for FY22 will be close to Budget Estimates'

With the pandemic upsetting routine calculations, the Government will not apply conventional methods to calculate Revised Estimates (RE) for the current fiscal and Budget Estimates (BE) for next year, said Finance Secretary TV Somanathan.

He expressed confidence that the fiscal deficit for the current fiscal will be close to BE although expenditure was low in the first half.

No thumb rule

In an exclusive interview to BusinessLine, Somanathan said expenditure in the first half of this fiscal has been shaped by the upheaval caused by the pandemic. Therefore, the normal thumb rules will not apply. The proposed expenditure in the Budget (BE) is normally revised based on a number of elements and expenses in the first half and made public in the next Budget as Revised Estimates (RE), he explained. The RE for 2021-22 and BE for 2022-23 in the next Union Budget, likely to be presented on February 1, will not be based on the mid-year review.

"We have to be rational and assume that the second half may be very different from the first half. We are not necessarily applying any crude or traditional rules as this is a very different year," Somnathan said.

Somanathan said the expenditure on vaccination and healthcare will not be the same as estimated in the Budget.

"It will be a bit higher than ₹35,000 crore projected in the Budget. Definitely, there will be supplementary requests in the next session of Parliament," he said.

Rejects economists' view

On Budget calculations, Somanathan said for the first six months, the Government has spent over ₹16.26-lakh crore, which is around 47 per cent of the BE; last fiscal, it was more than 48 per cent of BE.

He rejected the view held by various economists that since expenditure has been on the lower side in the first half, it implies that overall expenditure will be low which, in turn, will have an impact on the fiscal deficit. Some economists expect the fiscal deficit to be 20-50 basis points lower.

On the contrary, Somanathan said he expects the expenditure to go up in the second half and that will have a proportional consequence for the fiscal deficit.

“The first quarter was a washout. We took some precautionary steps (in the second quarter). Now we have removed those restrictions. I think we will end the year with a fiscal deficit that is close to the BE,” he said.

Source: thehindubusinessline.com – Nov 07, 2021

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# Time for retail revelry

Festivals have been about renewal since time immemorial. They are times of harvesting, making, cooking and renewing. In today's world, this means we go shopping. This tradition is deeply set in Indian culture. Despite a gruelling 18 months of pandemic-induced disruption, or maybe because of it, everyone has been looking forward to the festive season.

For e-commerce sales, this is looking like a great year. Reports of the first week of festival sales from RedSeer Consulting show a 23% growth over last year. This is not a case of base effect either. Last year, without vaccines and with the first wave really picking up, online sales still showed a 37% growth over 2019.

Happily, offline retail is also showing recovery from last year. The Retailer Association of India reports that the sales in September have been 26% higher than last year, pan India. However, in 2020, sales were badly hit. Shuttered shops, zero revenue for months, inability to pay rentals and a challenge of working capital meant retailers faced a steep decline last year. The current sales boost will probably bring them close to pre-pandemic levels.

The online phenomenon

In the world of online sales, when we break down the 23% growth that was seen in the early part of the season, we see very little change in the GMV per shopper since last year. Almost all the sales growth has come from the addition of new shoppers. Now, more than 60% of the online shoppers are from tier II cities.

Some things have not changed since last year. The fear of infection continues. A survey by Shopify India, shows that consumers are still wary of in-person shopping this year despite significant vaccinations in larger towns and a decrease in test positivity rates nationwide, except in a few states. Today, 68% of respondents in a survey conducted over smartphones in tier I, II and III cities are planning to shop online during the season. While these surveys might be considered self-serving of the online community, large online retailers are putting their investors' money behind it in tangible infrastructure, as we shall see a little later.

Another constant factor is the tendency of companies to ride on festival seasons. That's when consumers are more disposed to spend generously. Companies amplify these consumption binges with discounts and offers to capture as much of the market as possible. Traditionally, online retailers were heavy discounters and consumers now plan and wait for these festive times.

Evolving trends

Apart from these unchanged factors of Covid-19 and festive buying, there are some trends that are fuelling growth in online sales. Both the nature of the consumer and the supply side capabilities are shifting significantly.

We have already noted that tier II cities contribute the majority of shoppers. What is driving this? One part is that brands are focussing more on direct-to-consumer models. So, brands are embracing online communication, and it is working. This season, one in three people surveyed over smartphones in smaller towns said they were first-time shoppers. Delivery models have improved dramatically, giving greater confidence to these first-time shoppers. Amazon, for example, has invested heavily in storage capacity, partnering with local stores and pushing for delivery in under two days for 80% of its customers.

Omnichannel purchasing is rapidly evolving, with customers using a mix of retail outlets, online and social research, and online ordering to optimise their convenience and cost. This has allowed people to research in advance and plan purchases, even as they time their actual buying to capture the best festive discounts on offer.

Millennials form a larger part of the customer base both in metros and smaller towns. Most of them have a strong preference to shop online — in non-metros, this is as high as 53% of millennials. They like the customer-friendly, last-minute deals, express delivery and easy return policies that de-risk purchases.

Easier access to finance, with EMI and Buy Now Pay Later options being integrated into online purchase screens, provide consumers more ease of use. The way home and car loans greatly expanded their respective industries, providing easier consumer finance is likely to dramatically expand the consumer retail market.

The role of the retailer is changing and new business models that best serve the customer will need to evolve. To do this, companies will need to be more dynamic and data-driven when analysing, understanding and responding to sales changes.

Source: financialexpress.com – Nov 05, 2021

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# Logistics: Sector ready to turn a corner

The logistics sector has been plagued with inefficiencies, which are behind India's logistics costs (~14% of GDP) being higher than several nations (average 8-10%). This impacts the country's competitiveness in global markets. But the sector is in the throes of a transformation, Motilal Oswal has said in a recent report, led by: 1) reforms like GST and the e-way bill ushering in a sea change; 2) development of support infrastructure that improves connectivity; 3) change in the perception of logistics from being just about transportation and warehousing to a specialised function; 4) evolving consumer demands; and 5) emergence of tech-driven operators in this space.

With a pick-up in demand, the logistics market, pegged at ~$250 bn, is expected to grow at 10-12% CAGR, to $380 bn by FY25. Some new business models like 3PL and express logistics are likely to grow faster than the overall sector. The shift to organised from the unorganised sector (~90% currently) – would be an additional kicker, Motilal Oswal has said.

Reforms changing the face of the logistics industry: The introduction of reforms like GST and the e-way bill in recent years has given a huge fillip to the sector. With the abolition of state-level taxation through GST, the industry is heading towards consolidation and efficiency (turnaround time is down by ~20%). The e-way bill has improved transparency in the road freight industry. These reforms are propelling higher growth and formalisation.

Infra development takes centre stage: The high cost of logistics in India has been due to an inefficient modal mix, driven by a relatively inefficient road segment. While road infrastructure has improved massively over the last few years, rail and waterways are catching up now. With the dedicated freight corridors (DFCs) getting operationalised in phases, the market share of cost-efficient rail would increase in the modal mix. The strong growth of the infra sector would greatly help logistics players.

Value added services like 3PL and Express businesses are well placed: Increasing need for integrated logistics solutions are pushing the higher adoption of 3PL – which provides inbound and outbound logistics services to manufacturing and service companies.

Express services – which offer door-to-door delivery with real-time shipment tracking facilities – are benefitting from a pick-up in manufacturing (B2B) and exponential growth in the e-commerce space (B2C). The 3PL and Express segments are expected to grow at 16-18% CAGR over the next five years, Motilal Oswal's report said.

Emergence of new age tech and PE funded operators: Over the last decade, several new-age tech and PE funded logistics operators have made a strong penetration in this space, especially in the express industry. Starting with B2C Express (driven by e-commerce), some are now attempting to capture market share in the B2B segment, led by manufacturing. The massive usage of technology is providing an edge to some of these players, with Covid-19 furthering the process, the report has said.

If logistics costs are broken down, ~30% is due to inventory (warehousing as well as in-transit inventory) and the balance on account of transportation. With the steps that have been taken, the Union government is looking to reduce logistics costs to ~10% of GDP, with an almost equal reduction in transport and inventory costs.

Says Davinder Sandhu, chairman & co-founder of Primus Partners, a consulting firm, "With the NIP programme and Gati Shakti as an enabling platform, India has set up an effective framework to address high logistics costs. But there are two major challenges that need to be addressed. The first one is rising costs, with steel and cement prices seeing unprecedented inflation, and finance costs expected to rise.

The second challenge is ensuring India builds assets that are future ready and aid the transition to being green and sustainable. We need to shift the planning paradigm from transport to mobility, and ensure a modal shift to rail and water, and an energy shift to electric and green hydrogen."

Source: financialexpress.com – Nov 08, 2021

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# Supply chain disruption: is the worst over?

Cargo shipping costs tracked by the Baltic Exchange Dry index are down a third in the past month after hitting their highest since 2008 in October.

As companies, investors and policymakers fret over port logjams, freight costs and chip shortages, some indicators are starting to signal that global supply chain stress may be on the wane.

Supply chain glitches dominated the latest company earnings season, with mentions of the issues by chief executives jumping 412% from last year, according to a BofA tally.

The coming months will show if the snarl-ups portend a toxic scenario of stagflation for the world economy or are just a bump in the road to recovery. They will also determine how inflation expectations, monetary policy and corporate earnings pan out.

Here are some indicators that may show the problems easing:

1/SHIPS AND PORTS

Cargo shipping costs tracked by the Baltic Exchange Dry index are down a third in the past month after hitting their highest since 2008 in October.

Further out, data from shipbroker Alibra Shipping shows six-month contracts for Atlantic and Pacific Ocean routes cost $54,000 and $52,500 a day respectively for capesizes, the largest dry cargo vessels. For contracts in 12 months, Pacific routes slip to $36,000 and then $26,000 two years out.

"This could mean the market doesn't anticipate that the port congestion situation will be as big a problem next year," Alibra's head of research Rebecca Galanopoulos said.

Port congestion has eased at most Chinese ports but the giant Los Angeles/Long Beach container port still has a backlog of 222,0000 TEUs (twenty-foot equivalent unit), RBC analyst Michael Tran said.

RBC's Time of Turnaround metric for the key U.S. port is at 7.5 days compared with 3.5 days before the coronavirus pandemic and Tran doesn't expect normality to be restored until May 2022.

2/INVENTORIES

Purchasing managers say delivery times for manufacturers worldwide are deteriorating, with the global delivery time index down to 34.8 last month. Any number below 50 shows deliveries are taking longer and October's reading was the worst on record.

Jefferies analysts expect shortages to intensify at the end of 2021 before demand shifts towards services. They said that should ensure supply chain bottlenecks begin to clear by the first quarter of 2022 as seasonal demand drops sharply and inventories are rebuilt.

The purchasing mangers orders-to-inventories ratio in the euro zone has been declining and some manufacturers are already bracing for shortages to turn into gluts.

"Today's level of durable goods demand is unsustainably high," said Paul Donovan, chief economist at UBS Global Wealth Management, who expects consumers to switch away from buying goods to buying more services.

3/CHIPS

The outlook for semiconductors is murkier. Chip shortages will cut global light vehicle production by 5 million this year, IHS Markit estimates, while some carmakers warn that constraints could last through much of 2022.

Toyota executive Kazunari Kumakura, however, said the worst was over.

Asset manager Capital Group says carmakers who cancelled orders when the pandemic hit were then caught out as spiralling chip demand from the gaming and cloud computing sectors gobbled up available semiconductors.

"Since it takes about four months to manufacture auto chips, the situation is likely to correct itself by the end of this year," the asset manager wrote in August.

While Malaysian chip suppliers predict it will take two to three years for the market to normalise more broadly, the industry is also boosting production with Q3 sales rising to $145 billion, the Semiconductor Industry Association says.

4/WOOD, PAPER, METAL

China's growth slowdown may play against further commodity price rises, with the Fitch agency noting that weaker property markets are "resulting in a plunge in the price of iron ore".

Beijing has also moved to tame energy prices after power shortages shuttered swathes of factories and mines. Those steps knocked coal futures off record highs and also hit metal prices.

Similarly, China's record paper pulp market rally early this year sent prices sky-rocketing globally, causing shortages of packaging materials. But since May, Shanghai-traded wood pulp futures are down 30%.

U.S. futures for lumber, a key housebuilding component, are also 60% below springtime highs.

5/COVID

Vaccination rates against COVID-19 are creeping higher in key manufacturing nations, especially chip suppliers such as Malaysia and Taiwan, making production disruptions less likely.

UBS estimates vaccination rates in Vietnam, Taiwan and Malaysia should reach 80% by January 2022.

Jack Janasiewicz, portfolio strategist at Natixis, is optimistic about supply chains, as long as COVID-19 is tamed.

"If we can't keep COVID under control, we're going to end up having the same issues again and again. They're going to keep coming in waves," he said.

Source: economictimes.com– Nov 05, 2021

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# From rags to riches: Designer finds sustainable way to high fashion

New Delhi-based Kriti Tula's fashion label Doodlage collects fabric waste from factories discarded for minor defects and pieces them together to create flowing dresses and sarees,selling them for about $100 a piece.

Tula said the label, which includes a men's line featuring patchwork shirts with denim strips, emerged out of her concernfor global warming and the fashion industry's impact on the environment.

Having worked at major textile export houses, the designer said she had seen the environmental cost of high fashion first-hand: waste of cloth and water, and toxins emitted in the production process.

"Everything that we wear eventually impacts everything that we eat and consume and we breathe," Tula told Reuters at herworkshop in the capital. The roughly $2.4 trillion global fashion industry accountsfor 8-10 per cent of the world's carbon emissions – more than all international flights and maritime shipping combined, the United Nations Environment Programme said in 2019.

Water consumption

The industry is also the second-biggest consumer of water, generating about 20 per cent of the world's waste water, it added.

Tula said sourcing the scraps initially proved complex and the product prices had to be higher than what many buyers may have felt was worth paying for recycled wear.

Gradually though, her business has found like-minded vendors and partners, she said.

Besides clothes, her label also makes soft toys, bags, purses and paper out of left over fabric.

Source: thehindubusinessline.com– Nov 05, 2021

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