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NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	Topics
1	Have Sky-High Raw Materials Prices Reached Their Peak?
2	Freight Faceoff: Trade Group
3	China to lose GSP status of EU, 5 other nations starting Dec 1
4	China: Cotton linter price sheds after hiking
5	Cabinet okays Asean-Canada FTA framework
6	Bangladesh garment exports rise 20.78% in July-October 2021
7	Bangladesh's FBCCI seeks enhanced trade, investment ties with UK

	NATIONAL NEWS
1	Cabinet approves incurring expenditure for reimbursing the losses under MSP operations for cotton during the cotton season (October to September) 2014-15 to 2020-21
2	Commerce ministry shares list of 102 items to ministries for enhancing domestic capacity to cut imports
3	PM Narendra Modi to launch RBI retail direct scheme on Friday
4	Shri Piyush Goyal to inaugurate IITF
5	FM Sitharaman to meet heads of banks, other institutions next week
6	Govt sets up committee for determination of RoDTEP rates for exports from SEZs, EOUs
7	'India on track to become fastest growing economy in the world
8	New online certification system puts exporters in a fix
9	At WTO, India and South Africa call for inclusive development of global e-comm
10	Cabinet approves reservation norms for Jute Packaging Materials for Jute Year 2021-22 under JPM Act, 1987
11	Buoyant prices to obviate need for MSP: Cotton Corp.

INTERNATIONAL NEWS

Have Sky-High Raw Materials Prices Reached Their Peak?

The unusual business patterns resulting from the global pandemic have twisted the supply and demand cycle for raw materials and their prices in new directions.

For example, Mark Messura, senior vice president of global supply chain marketing for Cotton Incorporated, told the U.S. Fashion Industry Association and American Import Shippers Association Trade & Transportation Conference this week that cotton prices continue to rise despite data indicating ample reserves in global stocks.

With U.S. spot cotton prices averaging $1.14 cents per pound for the week ended Nov. 4–the highest weekly average since the week ending July 14, 2011, when the average was $1.18–there's little surprise that companies along the supply chain are being forced to raise prices.

The weekly average was up from $1.07 the prior week and from 65.02 cents a year earlier, according to the U.S. Department of Agriculture (USDA). Cotton Inc.'s "Monthly Economic Letter" published Wednesday noted that the December New York/ICE futures contract increased to $1.18 per pound from $1.10 over the past month.

Cotton Inc. noted that "open interest has been migrating out of the December contract ahead of its expiration and into the March contract," which has been trading a little lower than December, with the latest values near $1.14 per pound. The A Index average of global cotton prices increased to $1.25 per pound from $1.20 in the last month.

Current USDA estimates put world stocks at 86.9 million bales and world-less-China stocks at 50.5 million bales. In terms of stocks-to-use, the global ratio is 70 percent and the figure for the world-less-China is 53.4 percent.

Cotton Inc. said this contrasts sharply with the supply situation 10 years ago during the 2010-11 price spike, when global stocks were only 49.3 million bales and world-less-China stocks totaled 38.7 million. Stocks-to-use ratios in 2010-11 were 42.7 percent for the world and 45.2 percent for the world-less-China.

“Our inventory and use levels aren’t really supporting the idea of prices at these at these current levels,” Messura said. “So, fundamentally we’re in a period where something else is going on, whether that’s investors or speculators coming in the market, or just maybe a little bit of overheating in prices. Fundamentally, there’s not a strong case to say that that world supply demand fundamentals really support this this current level of price trades.”

The Monthly Economic Letter, written by Cotton Inc. senior economist Jon Devine, said cotton prices are much lower than the peak reached in 2010-11, but the surge in prices then had a lasting effect on mill-use.

“It took seven years for global demand to recover back to the 2009-10 level of consumption,” Devine wrote. “With the shipping crisis, near-term challenges of securing product to get in front of consumers may be taking precedence, but consequences for mill-use are possible. With only a 2.3 million bale global deficit projected for the current crop year, it would only take relatively minor adjustments in production and mill-use for the world to shift into a surplus in 2022-23.”

Lenzing said in a state-of-the-market report last week that in the past few weeks, fiber prices have risen sharply. The viscose and Tencel manufacturer noted that prices for dissolving wood pulp, its main raw material, remain at a high level despite the decline in the third and at the start of the fourth quarter.

“Halfway through the third quarter, the Chinese government introduced measures to lower industrial energy consumption,” Lenzing said. “One of the sectors affected by these measures was the textile value chain, in particular spinning mills, which in turn had an adverse effect on demand for fibers.”

A significant recovery at the start of the fourth quarter pushed standard viscose prices to 14,300 yuan ($2,238.29) per ton as of Oct. 25, which was close to the high seen at the end of April. Prices for wood-based specialty fibers, which proved to be much more stable again in the past few quarters, were much less affected by these price fluctuations.

Lenzing also noted that prices on the cotton market rose 32 percent in the first nine months of the year. Compared to the previous year, cotton prices were up 58 percent.

At the same time, the price for polyester staple fibers rose along with the price of crude oil and were up about 24 percent since the beginning of the calendar year and corresponds to a price increase of 40 percent compared to last year.

The synthetic fiber Producer Price Index was up 3.1 percent in September, according to U.S. Bureau of Labor Statistics (BLS). U.S.-processed yarns and threads prices were up 3.9 percent and finished fabrics prices rose 0.4 percent.

Vertical manufacturer Gildan Activewear said compared to the third quarter of 2019, its adjusted gross margin in the third quarter was up 400 basis points primarily due to “Back to Basics” cost efficiencies and lower raw material costs, while net selling prices were essentially in line with third quarter 2019 levels.

“I feel confident that our team will continue to navigate through the tight supply chain environment [and] manage inflationary pressures,” Glenn J. Chamandy, Gildan president and CEO, said on a conference call to discuss third quarter results.

Steve Bratspies, CEO of Hanesbrands, told analysts that looking into 2022, the company expects the broad-based inflation pressures to continue.

“This isn’t anything that’s unique to us,” Bratspies said. “Inflation is impacting everyone globally. We’re aware of the pressures and we’re working to mitigate the impact. This includes raising prices globally, as we know our brands have pricing power. We’re being thoughtful in our approach and keeping the consumer at the center of our decisions. Plus, we’re continuing to work on additional cost savings and efficiency initiatives.”

Harmit Singh, chief financial officer of Levi Strauss & Co., told analysts last month that the company has “taken pricing actions and believe we have pricing power to mitigate inflationary pressures.”

Further price pressures could be coming.

The Consumer Price Index (CPI) increased 0.9 percent in October on a seasonally adjusted basis, after rising 0.4 percent in September, BLS reported Wednesday.

Over the past 12 months, CPI rose an unadjusted 6.2 percent, the largest 12-month increase since the period ending November 1990, marking the highest year-over-year surge in more than three decades.

Retail apparel prices were flat in October, potentially the result of pre-holiday promotional pressures balancing out higher supply chain and materials costs. Drewry's composite World Container Index (WCI) decreased 4.9 percent to $9,195.41 per 40-foot container or equivalent unit (FEU) for the week ended Nov. 4, but remained 252 percent higher than a year earlier.

The average composite index of the WCI year-to-date was $7,293 per FEU, which was $4,701 higher than the five-year average of $2,592 per FEU.

Source: sourcingjournal.com– Nov 10, 2021

HOME

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Freight Faceoff: Trade Group

The decision by the Ports of Long Beach and Los Angeles to levy fines to ocean carriers for excessive container dwell time has brought two trade associations to the doorstep of the Federal Maritime Commission (F

In a letter to FMC chairman Daniel Maffei on Nov. 2, National Industrial Transportation League (NITL) executive director E. Nancy O'Liddy shared concerns about the fees being passed from ocean carriers to importers. The NITL asked the FMC to clarify that the fees must serve the intended primary purposes as financial incentives to promote freight fluidity, and to clarify that passing these fees to importers would be unreasonable.

While the NITL supports the fines themselves, O'Liddy said importers already pay demurrage fees to ocean carriers, "which serve precisely the same purpose as the container excess dwell fee. In other words, a pass-through of the container excess dwell fee to importers will be an unreasonable 'double-dip' by the ocean carriers."

She argued that despite the fees' intent to incentivize carriers from removing loaded containers at the port terminals, enabling a pass-through would undermine this ambition. The NITL also requested that the FMC confirm the requirement that if a dwell fee pass-through does occur, that the carriers provide 30 days' notice before the charge takes effect.

Importers, freight forwarders and retail and trade associations alike have shared concerns about ocean carriers passing along these fines, even though importers and freight forwarders say they have little to no control over when containers are moved in and out of the ports. Although carriers do much of the heavy lifting from the sourcing country to the U.S., they may not want to assume liability for the entire shipment journey.

World Shipping Council president and CEO John Butler followed up with a letter of his own to Maffei on Tuesday, taking umbrage with O'Liddy and the NITL for calling the charges "reasonable" until they are passed on, and then become "unreasonable."

He ultimately asked Maffei and the FMC not to follow through with enacting a ruling that the demurrage fees cannot be passed on.

“NITL has it backwards. Although there is a certain percentage of cargo for which the ocean carriers arrange inland carriage, the majority of the cargo to which the fee would apply is cargo for which the importer is responsible for arranging pick-up and transportation,” said Butler. “In other words, this is cargo for which the ocean carrier’s responsibility ends when the cargo is unloaded from the ship.”

Under these circumstances, placing a fee on cargo to incentivize importers to move it under their control would be most consistent with the FMC’s “incentive principle,” which is applicable to detention and demurrage charges. Conversely, charging the carrier when it is not the carrier’s responsibility to move that cargo would be inconsistent with how the incentive usually is applied.

Butler said that amid record levels of cargo moved at the ports, since Nov. 1 the amount of cargo that has dwelled at the ports has fallen from approximately 31,000 containers to roughly 24,000 as of Tuesday.

The Port of L.A. data suggests the fines are working to an extent, backing Butler’s claims. The number of long-dwelling containers stationed there fell 19 percent within a week of the announced plans for the charges, the port said.

“The suggestion that cargo owners are physically unable to move more cargo off the ports than they have in recent months is incorrect,” Butler said. “Despite the many legal questions surrounding these fees announced by the Ports, the possibility that cargo owners might ultimately be responsible for these fees has in fact incentivized them to remove cargo from the ports, underlining that a potential fee on those parties does in practice have the intended effect.”

Tacoma is the latest West Coast port to levy fines

While the surcharges at the Los Angeles and Long Beach ports have become the talk of the town, they aren’t the only West Coast gateways preparing to impose fines for excess container dwell times. The levies are now coming into play further up the coast at the Port of Tacoma in Washington in an effort to restore some room for incoming shipping containers.

The port’s Husky Terminal will not release containers that have been on the premises for more than 15 days until importers pay a one-time charge of $315. And starting Nov. 15, customers of the Washington United Terminal face a long-term dwell fee of $310 for containers at the terminal for more than 15 days.

These are one-off charges on top of late fees of $230 a day that kick in once a container has been at a terminal more than four days.

The Tacoma fines, while drastic on their own, don’t escalate the way those at Los Angeles and Long Beach do. After the 15-day mark, the Southern California port fines will rise in increments of $100 every day.

And in California, it is the port authorities that levy the fees, not individual terminals. Those charges are levied on shipping lines, whereas the terminals in Tacoma charge importers.

More than 15 ships at the Port of Tacoma were waiting for berth space as of Friday. In its notice to customers about the new charge, Husky pointed out that dwell time had grown exponentially in recent months.

The Northwest Seaport Alliance, which comprises the ports of Tacoma and Washington, has opened three temporary container storage yards near docks this year to mitigate the congestion. But while that has brought some relief, the ports seem to believe the surcharges may expedite the clearing process.

Importers are facing higher costs for containers not just stuck at the ports, but also at the rail yard and ramps. At the beginning of December, railway transportation company Norfolk Southern will cut free dwell time for importers at 27 second-tier rail ramps. From then on, importers have only two days—just the day they receive notification that the container is available, plus one more day—to collect it without incurring charges.

In addition, the rail carrier is raising demurrage fees in those 27 locations and will charge $200 on the first day beyond the limit, and $215 for each additional day.

Norfolk Southern wants to avoid container congestion spreading from its tier-one facilities to tier-two markets.

Like the port levies, the rail yard moves may encounter some pushback from frustrated importers and other parties facing higher charges. The Western States Trucking Association has written a letter to the California Governor Gavin Newsom, urging him to enforce state legislation to prevent terminal operators and ocean carriers from charging excessive container and equipment fees when truckers are unable to return empty containers and pick up loaded import boxes.

China-U.S. relations expected to remain neutral unless new tariffs are levied

The chaos at the ports may be the top issue dominating the supply chain conversation, but one elephant in the room has continued on regardless of administration or container cost.

Amid the recent remarks from U.S. Trade Representative Katherine Tai, the Biden administration plans to largely maintain the tariffs imposed by the Trump administration, reopen the tariff exclusion process and set out to begin a new round of talks with China.

With this trajectory in mind, the state of U.S.-China commercial relations is neutral, but getting better, according to experts at Google and Flexport. In a webinar on Wednesday, James Green, Google's director of government affairs and public policy, described today's era as "much calmer" given the overall volatility that existed during parts of the Trump administration.

And Chris Rogers, the principal supply chain economist at Flexport, believes the word "commercial" is key to the slightly improved state, but urged caution in understanding that it can be difficult to separate commercial relations from the overall broader geopolitical relations.

Rogers warned though that a new block of tariffs levied by Tai would increase the chances of U.S.-China relations getting worse.

"There's been plenty of discussion about…the new Section 301 review of China's practices with regards to supporting state-owned enterprises," Rogers said. "On the assumption that there isn't a big change in Chinese behavior, the existing tariffs could remain in place. Yes, they may come down a bit because of exclusions and so on. But if there's a new block of tariffs out there, then as part of a new Section 301, or whatever that becomes, I'd almost see the weight of probability of things getting worse rather than better from where they are now."

Organizations like the American Apparel and Footwear Association have called on Tai and her office to provide immediate and short-term relief by retroactively reinstating Section 301 exclusions that have expired and suspending the collection of Section 301 tariffs going forward. According to

AAFA, the millions of dollars made available by the tariff exclusions would help companies getting battered by supply chain constraints, caused in part by the Section 301 tariffs imposed on imported chassis.

Over the past 12 months, duties on Chinese goods have reached an average of nearly $4 billion on a monthly basis.

“It’s worth bearing in mind that these numbers have been pretty stable because most of the tariffs are applied to industrial goods rather than consumer goods,” Rogers said. “Overall duties have been going up more recently, just because the U.S. has been importing more of everything, not just the Section 301 products. But there is a pretty significant tariff package that’s out there that continues to be a cost for U.S. importers and continues to distort trade.”

While many tie the current U.S.-China trade war to the tariffs and rhetoric from the Trump administration, Green said that the roots of the tensions originated in the late 2000’s amid the fallout of the financial crisis as China became less interested in economic liberalization.

“Sometime around that period, the Chinese leadership looked at certain parts of the international system—like the Washington consensus of liberalizing your markets—and decided, ‘maybe Wall Street doesn’t have it right. Maybe that’s not the greatest way to run an economy.'”

China’s preference for wielding centralized control versus giving foreigners a larger stake in its powerhouse economy frustrated both the Bush and Obama administrations with their inability to foster productive economic dialogues with the Chinese government.

“I think by 2015-16, it was clear that the Chinese government really wasn’t that interested in doing things,” Green said. “By the time the Trump administration came in, certain members, particularly U.S. Trade Representative Robert Lighthizer, used that broader frustration to look at parts of the Chinese technology, infrastructure and policy framework to then say, ‘this is this is not acceptable. We’re going to go ahead with an investigation under Section 301.'”

Source: sourcingjournal.com– Nov 10, 2021

HOME

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China to lose GSP status of EU, 5 other nations starting Dec 1

Thirty two countries will no longer offer preferential tariff treatment to China beginning December 1, according to the General Administration of Customs of China (GACC), which recently, in a statement, applauded the move as the country is 'graduating' from the generalised system of preferences programme and is 'sort of' moving towards becoming a mature economy.

Starting December 1, 27 European Union (EU) nations, the United Kingdom, Canada, Turkey, Ukraine and Liechtenstein will no longer grant China this treatment, leaving the nation eligible for GSP trade benefits from only three countries—Norway, New Zealand and Australia.

The decision is "a recognition from other advanced economies that China does not belong to the bracket of low-income and lower-middle-income countries anymore and that Chinese products are competitive enough in the market that (they need) no protections," the statement said.

The preferences were first given to China in 1978, and some 40 countries have granted or are still giving it duty-free treatment on certain exports.

Source: fibre2fashion.com– Nov 10, 2021

HOME

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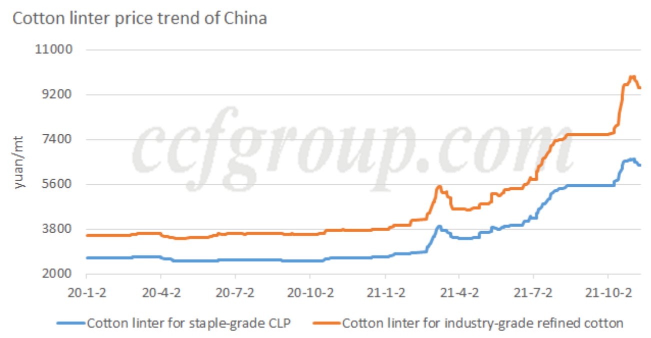
China: Cotton linter price sheds after hiking

Seed cotton procurement is coming to an end and most companies start processing, so the supply of cottonseed has increased with prices falling from high level. Cotton linter prices also drop rapidly after hiking.

Almost 80% of seed cotton has been procured in Xinjiang and the price has inched down, with low-quality goods below 10yuan/kg and high-quality ones around 10-10.2yuan/kg.

Cottonseed supply increases with more processing volume of ginners and coupled with falling transportation cost from Xinjiang to other provinces at the end of Oct, cottonseed price has dropped from high level. Now Shandong and Hebei-origin cottonseed is around 3,300-3,400yuan/mt and Xinjiang-origin one has fallen from 3,300-3,400yuan/mt to 3,050-3,200yuan/mt.



Seed cotton has been procured slowly since the arrival of new cotton in Sep, so the supply of cottonseed and cotton linter had been short and producers became reluctant sellers, with prices rising significantly since the end of Sep. After the National Day holiday, more Xinjiang-based ginners have stopped procuring high-priced seed cotton and coupled with enhancing regulation policies, seed cotton procurement price has been falling rapidly since Oct 9.

Cotton growers become active sellers and seed cotton procurement has sped up. The supply of cottonseed has been increasing since the end of Oct and prices are gradually weakening, so cotton linter price has also dropped after hiking. In Xinjiang, cotton linter for food-grade refined cotton has fallen to 9,000yuan/mt from 10,000-10,200yuan/mt.

Cotton linter price had been soaring since the National Day holiday and it hit a decade high by exceeding 10,000yuan/mt in late Oct. However, the supply has been increasing with rising operating rates of cottonseed oil and delinting plants, then the price declines rapidly with weakening bullish expectation.

Source: ccfgroup.com– Nov 10, 2021

HOME

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Cabinet okays Asean-Canada FTA framework

The cabinet yesterday approved the negotiation framework for the Asean-Canada free trade agreement (FTA), hoping the pact will help open a gateway for Thailand into North America.

According to Rachada Dhanadirek, deputy government spokeswoman, the pact is expected to help facilitate the expansion of trade and investment, reduce obstacles from tariffs and non-tariff barriers as well as promote the services sector between members of Asean and Canada.

The negotiation framework covers trade, protection and remedy measures; rule of origin; customs procedures; trade facilitation, sanitary standards; practices on trade rules, services and investment; intellectual property, labour and environment protection; trade competition, state procurement; and the free movement of people.

Previously, the Asean Secretariat had studied the Asean-Canada FTA and found that Thailand's GDP could increase by US$7.967 billion (about 254.944 billion baht), or a rise of 1.97% while Asean GDP would rise by $39.361 billion, up 1.6%.

Meanwhile, the pact could boost Canada's GDP by $5.104 billion (163.328 billion baht), an increase of 0.3%.

Two-way trade between Thailand and Canada totalled $2.31 billion last year, up 0.53%. Of the total, exports represented $1.54 billion, up 0.67%, while imports stood at $767 million.

According to Ms Rachada, the Asean-Canada FTA can create a linkage of Thailand's supply chain to North America or a gateway to the regions that Thailand has yet to ink FTAs with.

Promising exports include farm products and processed farm products, rubber products and machines.

Key import products from Canada include pork, frozen fish, wheat and wood furniture.

Ms Rachada noted the FTA may cause drastic competition for the farm, industry and service sectors, urging entrepreneurs to speed up upgrading their quality standards; intellectual property protection, online trading, labour rights and environmental protection.

Thailand currently has 13 FTAs in place with 18 nations.

In a separate development, the cabinet yesterday approved a framework of the country's 13th national economic and social development plan, which spans 2023 to 2027.

The new plan aims to transform Thailand from natural resource-based industries towards a knowledge-based or high value-added economy that is environmentally friendly and upgrade the manufacturing sector to higher value-added industries such as the bio-, circular and green economic model.

Source: bangkokpost.com– Nov 10, 2021

HOME

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Bangladesh garment exports rise 20.78% in July-October 2021

Readymade garment (RMG) exports from Bangladesh increased by 20.78 per cent to $12.621 billion in the first four months of fiscal 2021-22 compared to exports of $10.450 billion in the same period of the previous fiscal, according to the provisional data released by the Export Promotion Bureau. Knitwear exports gained more than woven RMG exports.

Knitwear exports increased by 24.27 per cent to $7.210 billion in July-October 2021-22, as against exports of $5.801 billion during the comparable period of the previous fiscal, as per the data.

Exports of woven apparel increased at a slower rate of 16.41 per cent to $5.411 billion during the period under review, compared to exports of $4.648 billion during the comparable period of 2020-21.

Woven and knitted apparel and clothing accessories' exports together accounted for 80.13 per cent of $15.749 billion worth of total exports made by Bangladesh during July-October 2021-22.

Meanwhile, home textile exports (Chapter 63, excluding 630510) also rose by 16.52 per cent to $412.78 million during the four-month period under review, compared to exports of $354.25 million during July-October 2020-21.

In the fiscal ending June 30, 2021, readymade garment exports from Bangladesh increased by 12.55 per cent to $31.456 billion compared to exports of $27.949 billion in the previous fiscal. However, this value was lower than $34.133 billion exports made during July-June 2018-19.

If the present growth trend continues, Bangladesh, this fiscal, should surpass the value of RMG exports achieved in 2018-19.

Source: fibre2fashion.com– Nov 11, 2021

HOME

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Bangladesh's FBCCI seeks enhanced trade, investment ties with UK

The Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) recently called upon UK businesses to come forward for further strengthening trade, investment and economic relations between both the countries.

FBCCI president Mohammad Jashim Uddin made the call at a meeting with the British Bangladesh Chamber of Commerce and Industry (BBCCI) last week in London.

The Bangladeshi diaspora in the UK is taking active participation in trade and investment through business and economic collaboration, Jashim Uddin said.

In the context of the new economic development perspective, there are huge opportunities and prospects for further enhancing the trade and investment cooperation between the two countries, said the FBCCI chief.

He also mentioned that though the United Kingdom is an important export destination of Bangladesh, still its exports to the former are concentrated on a few items like knitwear, woven garments, frozen fish and textile items.

Bangladesh offers one of the world’s best competitive fiscal and non-fiscal incentives including profit repatriation, tax holiday and duty-free import of capital machinery, he was quoted as saying by Bangladesh media reports.

Source: fibre2fashion.com– Nov 10, 2021

HOME

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NATIONAL NEWS

Cabinet approves incurring expenditure for reimbursing the losses under MSP operations for cotton during the cotton season (October to September) 2014-15 to 2020-21

The Cabinet Committee on Economic Affairs chaired by Prime Minister, Shri Narendra Modi, has given its approval for committed price support of Rs.17,408.85 crore to the Cotton Corporation of India (CCI) for the cotton seasons from 2014-15 to 2020-21 (upto 30.09.2021).

In order to safeguard the interests of the cotton farmers, it is expedient to conduct price support operations in cotton years 2014-15 to 2020-21 as cotton prices touched the MSP prices. Its implementation enhances the inclusiveness of the cotton farmers in the economic activity of the country. Price support operations help stabilize the cotton prices and alleviate farmer's distress.

Cotton is one of the most important cash crops and plays a major role in sustaining livelihood of around 58 lakh cotton farmers and 400 to 500 lakh people engaged in related activities such as cotton processing and trade.

During cotton season 202-21, area under cotton cultivation was 133 lakh hectares with estimated production of 360 lakh bales, which account for around 25% of total global cotton production. Government of India based on the recommendations of CACP fixes MSP for seed cotton (kapas).

Government of India appoints CCI as Central Nodal agency and CCI is mandated to undertake MSP in cotton by procuring all FAQ grade cotton from farmers without any quantitative celling, as and when cotton prices fall below MSP level. MSP operations protect cotton farmers from distress sale during any adverse price situation.

MSP operations being sovereign function in nature motivates cotton farmers in the country to keep their sustained interest in cotton cultivation so as to make India Atambirbhar for quality cotton which is a raw material for spinning industry.

CCI keep its infrastructure ready in all 11 major cotton growing States by opening 474 procurement centres in 143 districts.

During global pandemic in the last two cotton seasons (2019-20 and 2020-21), CCI procured around 1/3rd of the cotton production in the country i.e. about 200 lakh bales and disbursed more than Rs.55,000/- crore directly in the bank accounts of around 40 lakh farmers.

For current cotton season i.e. 2021-022, CCI has already made all adequate arrangements in all 11 major cotton growing states including deployment of man power at more than 450 procurement centres, so as to meet any eventuality of MSP operations.

Source: pib.gov.in- Nov 10, 2021

HOME

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Commerce ministry shares list of 102 items to ministries for enhancing domestic capacity to cut imports

The commerce ministry has shared a list of as many as 102 products whose imports are high and are increasing consistently, such as coking coal, certain machinery, some chemicals, and digital cameras, to different ministries to look at ways for enhancing their domestic capacity with an aim to reduce imports, an official said.

As part of an exercise to reduce the country's import bill, the ministry has undertaken a detailed analysis of these 102 products for enhancing domestic production opportunities of those items.

According to the analysis, the import of these goods has been consistently increasing or have held high import shares across the long, medium and short terms.

The cumulative share of these items is 57.66 per cent in total import during the March-August 2021 period.

"These goods have domestic production opportunities," the official said adding that the commerce ministry has suggested different departments and ministries products that are showing high import growth and may be prioritised for immediate interventions to increase local production.

Out of 102, 18 products have both high share and high import growth rates. These include gold, crude palm oil, integrated circuits, personal computers, urea, stainless steel scrap, refined copper, cameras, machines for transmission of voices and images, sunflower seed oil, and phosphoric acid.

The main objective of identification is to reduce their import dependence as their imports are growing consistently and have a significant share in the value of imports.

"As the data has indicated that these items have been demanded consistently for import in all periods, it is supply rigidities in the domestic economy that need to be corrected," the official added.

Ministries and departments with whom the list has been shared include industry, IT and electronics, mines, heavy industry, pharmaceuticals, steel, oil and natural gas, fertiliser, telecommunication, shipping, food processing, and textiles.

India's merchandise imports in April-October 2021 was USD 331.29 billion, an increase of 78.71 per cent over USD 185.38 billion in April-October 2020 and USD 286.07 billion in April-October 2019, according to preliminary data of the government.

The commerce ministry earlier took several steps to curb imports of non-essential items and promote domestic manufacturing. It has imposed restrictions on imports of products such as colour televisions and also framed quality control norms for several goods.

High imports compared to exports widens the trade gap of a country and adds burden to foreign reserves.

The ministry's analysis has included products that have shown an increase in imports in the short run (March-August 2021), medium run (2018-19 to 2020-21) and long run (2011-12 to 2020-21). A filter of USD 10 million per month and average import growth of items that are above the overall import growth of India has been applied to identify items driving import growth.

India has imported items under 11,897 product categories during the period 2011-12 to 2020-21. On an average, there are 8,723 commodities which have registered positive growth and out of these, 274 goods have an import value of more than USD 120 million in 2011-12 to 2020-21 or USD 10 million per month.

During this period, major items that have registered surge include non-industrial diamonds, steam coal, natural gas, coking coal, parts of telephonic apparatus, crude palm oil, aeroplanes, personal computers, urea, crude soya bean oil, solar cells, tubo jets and cashew nuts.

Import of gold, crude palm oil, integrated circuits and personal computers have averaged to about USD 35.1 billion, USD 4.8 billion, USD 2.1 billion, and USD 2.5 billion, respectively, between 2011-12 and 2020-21.

Source: financialexpress.com- Nov 10, 2021

HOME

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PM Narendra Modi to launch RBI retail direct scheme on Friday

India is set to open up its sovereign bond market to individual buyers on Friday as it seeks to widen the investor base to fund the government's massive borrowing programme.

Prime Minister Narendra Modi will launch the so-called 'RBI Retail Direct Scheme' for investors on Friday, the Reserve Bank of India said.

Retail investors can open and maintain their government securities account with the RBI free of cost, it said.

RBI Governor Shaktikanta Das had first flagged this initiative in a February policy review while calling it a "major structural reform".

Source: business-standard.com- Nov 11, 2021

HOME

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Shri Piyush Goyal to inaugurate IITF

The India International Trade Fair2021 will be inaugurated by the Minister of Commerce & Industry, Shri Piyush Goyal on November 14,2021 at Pragati Maidan, New Delhi.The 40th edition of IITF, a magnum of India Trade Promotion Organization(ITPO), represents India in totality as an ideal destination for numerous business and investment opportunities. This year, the fair assumes a special significance as it coincides with celebrations of 'AzadiKaAmritMahotsav'- 75 years of India'sIndependence.

The fair is being organised including atthe New Exhibition Complex at Pragati Maidan. Being an integral component of the ongoing iconic International Exhibition-cum-Convention Centre (IECC) project, the Complex comprises four New Modern Exhibition Halls inaugurated by the Prime Minister Shri Narendra Modi on October 13, 2021.

The Fair focuses on the theme "Aatmanirbhar Bharat", which aims to promote investment and self-reliance in diverse sectors to meet domestic demand and be a part of the global supply chain eco-system.

The Fair highlights the outstanding performance of Indian entrepreneurs who have shown exemplary commitment to excel despite all odds due to the COVID-19 pandemic. Importantly, IITF offers an ideal platform to showcase Indian products under the 'Vocal for Local' campaign, and infuse renewed confidence and vigour in the Indian economy.

The event will be organised in a safe and secure environment with all COVID protocols in place.

With nearly 3,000 exhibitors from India and abroad, IITF 2021 is being held in a total area of 70,000 sq.mtr. –almost three times that in the previous edition in 2019. Bihar is the Partner State, while Uttar Pradesh and Jharkhand are the Focus States.

Overseas participation is from Afghanistan, Bangladesh, Bahrain, Kyrgyzstan, Nepal, Sri Lanka, UAE, Tunisia and Turkey.

As in the past, State Day celebrations, seminars and cultural programmes are among the added attractions to the visitors.

Participation of SARAS, JUTE Manufactures Development Council, Small and Medium Enterprises, Handlooms, Handicrafts, Coir Board, Small Scale Industries, Khadi & Village Industries, Cottage Industries, etc., will display the achievements of traditional sectors in order to reinforce their local strength and global appeal.

ITPO has made extensive efforts to improve the overall experience for exhibitors and visitors alike. For instance, ITPO has introduced transparent online system for booking of stalls and other services, online registration for dignitaries during first five days, mobile application for the fair and LED screens for display of information.

Apart from dedicated post office, banks and ATMs, other facilities include: Media Centre, Protocol, registration for business days (first five days only). Paid parking will be available at BhaironMarg for exhibitors.

During IITF and other events, ITPO encourages proactive steps to make the venue plastic-free and replacing the same with environment friendly substitutes.

Source: pib.gov.in- Nov 10, 2021

HOME

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FM Sitharaman to meet heads of banks, other institutions next week

Finance Minister Nirmala Sitharaman is scheduled to meet heads of banks and financial institutions next week to remove friction in credit flow to productive sectors of the economy battered by the Covid-19 pandemic.

The two-day conference, beginning November 17, would see participation from all public sector banks and financial instit-utions (FIs).

Besides, CEOs of top six private sector lenders and non-banking financial companies (NBFCs), including HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Cholamandalam Investment and Finance, Shriram Transport Finance and Tata Capital, would also be present.

Source: business-standard.com- Nov 11, 2021

HOME

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Govt sets up committee for determination of RoDTEP rates for exports from SEZs, EOUs

Under the RoDTEP, various central and state duties, taxes, and levies imposed on input products, among others, will be refunded to exporters.

The government has constituted a committee for the determination of RoDTEP rates for exports from special economic zones (SEZs) and export-oriented units (EOUs), as these sectors were left out in the earlier exercise, according to the DGFT.

The government in August announced the rates of tax refunds under the export promotion scheme RoDTEP for 8,555 products, such as marine goods, yarn and dairy items. It has set aside Rs 12,454 crore for refunds under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for the current fiscal.

SEZs and EOUs were kept out of the scheme in the list notified in August. The industry was demanding to include them in the scheme.

The Directorate General of Foreign Trade (DGFT) in a trade notice has said, "The government has constituted a committee for determination of RoDTEP rates for AA (advance authorisation)/ EOU/ SEZ exports; and to give supplementary report/ recommendations on issues relating to errors or anomalies, with respect to the RoDTEP schedule of rates notified." It said members of trade and industry may submit their representations through the export promotion councils, industry associations, to the RoDTEP committee directly.

Under the RoDTEP, various central and state duties, taxes, and levies imposed on input products, among others, will be refunded to exporters.

The three-member committee is chaired by former secretary G K Pillai, former CBEC member Y G Parande and former customs member Gautam Ray.

Source: financialexpress.com- Nov 10, 2021

HOME

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'India on track to become fastest growing economy in the world

Most global agencies estimate growth in the range of 9 to 10 per cent

India is all set to become fastest growing economy in the world, a Finance Ministry review report said on Wednesday.

This report has come at a time when most global agencies have estimated growth to be in the range of 9 to 10 per cent while RBI expects growth to be 9.5 per cent. Earlier, the Economic Survey projected a growth rate of 11 per cent in the current fiscal.

Atmanirbhar Bharat's role

According to the Monthly Economic Review, prepared by Economic Affairs Department, the Atmanirbhar Bharat Mission encapsulating major structural reforms continues to play a critical role in shaping India's economic recovery, both through the signalling of business opportunities and expansion of spending channels.

"Armed with necessary macro and micro growth drivers, the stage is set for India's investment cycle to kickstart and catalyse its recovery towards becoming the fastest growing economy in the world," it said.

Ongoing recovery

Further, the report said that rapid vaccination and teeming festivities will push India's ongoing recovery, resulting in narrowing of demand-supply mismatches and greater employment opportunities. "India's economic recovery gathered steam in the festive season, recording a decade high Diwali sales of ₹1.3 lakh crore as per the Confederation of All India Traders. Improving Covid-19 situation amid high business and consumer spirits has delivered sustained economic recovery in October, 2021 as well," it said.

Global economic growth

The report highlighted that the global economic recovery continues to be impacted by prolonged supply constraints and input cost inflation. However, the IMF, in its October 2021 update, foresees improved global growth prospects at 5.8 per cent in 2021 and 4.9 per cent in 2022 triggering a coterminous global trade growth, by volume, at 9.7 per cent and 6.7 per cent, respectively.

Export performance

World Trade Organization's October forecast also confirms favourable trade prospects underpinned by resurgence in global economic activity and vaccine dissemination. "This augurs well for India's export performance in the near future, lending credence to IMF projecting India becoming the fastest growing economy, among major countries, in the current and following year," the report said.

Agri sector stays strong

The agricultural sector continues its strong presence in economic recovery with higher acreage of Rabi sowing, improved reservoir levels, and adequate availability of fertilisers and seeds ensured by the government, the report said.

Sustained rise in agri-exports, growing year-on-year by 22 per cent in April-August 2021, bespeaks government's commitment to increasing farmers' income, it said, adding, rural demand remains upbeat with month-on-month improvement in tractor and two and three-wheeler sales in September 2021.

Policy impact

Softening retail inflation and adequate liquidity in the market are also reflected in largely stable G-Sec and corporate bond yields since July 2021, the report added. "A more deliberate effort to reduce cost of borrowing is seen in complete pass-through of policy repo cuts as weighted average lending rate (WALR) on fresh rupee loans decline by 130 basis points between February 2020 and September 2021," it said.

Understandably, it said, RBI's Monetary Policy Committee in its 33rd meeting during October 6-8 resolved to continue with the extant configuration on the policy rates and its accommodative stance, while deciding to prioritise growth.

Source: thehindubusinessline.com- Nov 10, 2021

HOME

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New online certification system puts exporters in a fix

Many reporting outages on the DGFT portal

After crossing $30 billion for seven successive months, India's merchandise exports have hit a home-grown stumbling block in the first 10 days of this month — a new system mandating online issuance of Certificates of Origin (CoO) for every outbound consignment from November 1 that has put exporters in a tizzy.

Several small exporters are facing challenges in registering on to the Directorate General of Foreign Trade (DGFT) portal which requires high-quality digital signature certificates, with many reporting outages on the portal that was earlier used only to issue CoOs for shipments to countries with whom India had a preferential trade pact.

"For the last four days, we have been trying to register on the platform and get a CoO issued for a consignment," said a Mumbai-based exporter, adding that the process used to take much less time earlier. "This used to take an hour earlier through the State's industry chamber and other agencies that were allowed to issue certificates," he said, raising concerns that his shipment may even reach the destination port before the certificate is generated.

The Government said the move was to improve the ease of doing business in line with its 'Digital India' focus, but industry bodies from several States have flagged concerns with its implementation. Most critically, existing export facilitation intermediaries such as customs house agents (CHAs), who handle most of the export paperwork, have not been able to share data on exporters' behalf, as the DGFT has not shared the API (Application Programming Interface) for the new system.

API-sharing system

"For CoWin and Aadhaar, we have an API-sharing system so that information can be shared. Unfortunately, this facility is not there and we have flagged the issue but there hasn't been a favourable response," said an industry representative. The Commerce and Industry Ministry which oversees the DGFT, entrusted with formulating and implementing the foreign trade policy, told The Hindu that the online CoO portal had a simple registration process and its design allowed the principal user or the exporter to provide access rights to the other secondary users such as the CHAs.

The Ministry didn't respond to a query on whether API-sharing is being considered, but said 85 agencies were 'now enabled on the portal'. On hardships faced by exporters in registering to the online system, the Ministry said: "No problem has been reported on this account based on our experience with the preferential exporting community."

"It is not a simple process at all. Many exporters are facing issues and we have sent emails to the DGFT and called on their call centre, but to no avail," countered an exporter, adding that the problem is particularly acute for micro, small and medium exporters in smaller towns and cities.

Separate payments

Even larger exporters, with multiple shipments heading out at a time, are facing challenges due to a norm that stipulates separate payments for each certificate issued. "Issues relating to bulk fee payment, etc. are areas which can be looked at in a phased manner based on the extent of interest shown by various users," the Ministry said.

The Federation of Indian Exporters' Organisations said that while the new digital portal was a step in the right direction that would address a number of concerns of exporters and importing countries, teething challenges needed attention and permitting API integration would facilitate faster on-boarding of the exporting community into the new system.

Over seven lakh preferential CoOs have been issued from the online DGFT portal since its launch in September 2019, the Ministry said. With all merchandise exporters now required to use the same platform, the volumes to be handled by the portal have gone up. Asked if the portal's capacity has been enhanced accordingly, the Ministry said the portal had scalability and was hosted on a cloud server.

"All IT systems being dynamic in nature, can be tweaked to accommodate the larger concerns of a majority of users based on the exporter feedback. In fact, a number of changes were implemented recently in October 2021 based on the exporter feedback and user experience of authorised agencies," it said.

Nashik-based Santosh Mandlecha, president of the Maharashtra Chamber of Commerce, Industry and Agriculture, told The Hindu that exporters, including those dealing with perishable farm produce consignments, had been facing challenges since November 1 for myriad reasons, including difficulties in registering their digital signatures on the DGFT portal.

"The online certificates are a good idea but the Government must consider allowing both offline certificates and online certificates till the on-boarding challenges are resolved. We have been taking this up with the Ministry for a few months now," he said.

Earlier this year, the DGFT, through a trade notice, announced that the electronic CoO issuance system is being expanded to cover certificates for non-preferential trade as well. After extending the implementation timeline a couple of times, on October 18, the DGFT said the offline CoO issuance system would not be extended beyond October 31.

"Many workshops were conducted to sensitise and handhold the designated agencies and at their request the implementation date has been extended twice already to accommodate most of the agencies to on-board the CoO platform," the Ministry said.

'Adds credibility'

"This online facility provides 'ease of doing business' to the exporting community and gives a verifiable authentication mechanism to the partner countries to confirm the genuineness of the issued CoOs through a QR code which adds credibility to the issued eCoO," the Ministry said.

"With the 'digital India' focus, most of the export interfaces require paperless filing, including at Customs, for which a digital signature certificate is a pre-requisite. The common platform will help in not only providing a paperless facilitation to the exporter but will help in weeding out the 'fraudulent' certificates which are reported from time to time," it underlined.

"The Department of Commerce, with a view to further the 'trade facilitation' initiatives, has envisaged implementation of all its processes with an end-to-end IT implementation and extending eCoO portal for the non-preferential origin certificates is a step in that direction.

Moreover, analytics generated on 'origin' based information can become an important component in our decision making and help us in our FTA negotiations and more informed export planning," the Ministry stressed.

Source: thehindu.com- Nov 10, 2021

HOME

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At WTO, India and South Africa call for inclusive development of global e-comm

India and South Africa have made a joint submission at the WTO seeking inclusive development of global e-commerce and measures, including technology transfer, to bridge the digital divide between the rich and poor that has “worsened” in the times of Covid-19.

The joint paper also highlighted the need for developing countries to enact laws on data sovereignty and preserve their policy and fiscal space to revive trade competitiveness.

The timing of the paper is important as it comes just weeks before the 12th WTO Ministerial Conference (MC12) where a group of countries, including Australia, Japan, Singapore and the US, are trying to push plurilateral negotiations on trade-related aspects of e-commerce that doesn’t have the support of many developing country members including India.

Citing an UNCTAD 2019 report, the two countries said in the paper submitted to the WTO Committee on Trade and Development on Thursday, “Three developed countries (US, Japan and Germany) together account for 45 per cent of global e-commerce sales...and a handful of digital platforms have captured the cross-border e-commerce markets. Covid-19 has further increased the market dominance of digital platforms and big-tech firms.”

E-commerce

The joint paper comes as a counter to the efforts being made by the proponents of the WTO negotiations on trade-related aspects of e-commerce to push a substantial agreement at the MC12 in Geneva on November 30-December 1. India and many other non-participants are concerned that these efforts, largely from the developed countries, could have a bearing on global e-commerce rules and worsen the equation between developed and developing nations.

‘Adverse impact on MSMEs’

The narrative that MSME vendors can expand their sales and exports by linking with online retail platforms completely ignores the adverse impact of practices followed by many online retail platforms on MSME vendors who seek to sell through such platforms, the paper said.

On the importance of controlling domestic data, “The need to collect, store and process data and regulate its flows for development is well understood. For this, national laws and regulations, like laws regarding data sovereignty, will need to be designed and enacted,” it said.

The submission also raised concerns on the fast spread of 3D printing that could potentially replace almost 40 per cent of cross-border physical global trade by 2040 if investments in 3D printing is doubled. The most affected sectors would include labour-intensive ones in India such as textiles and clothing, footwear, auto-components, toys, mechanical appliances, and hand tools.

“Digital technology transfers will be pivotal in bridging the digital divide and building export competitiveness of developing countries. The active role of developed countries to realise such technology transfers will also be crucial,” the paper concluded.

Source: thehindubusinessline.com- Nov 10, 2021

HOME

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Cabinet approves reservation norms for Jute Packaging Materials for Jute Year 2021-22 under JPM Act, 1987

The Cabinet Committee on Economic Affairs chaired by Prime Minister, Shri Narendra Modi, has approved reservation norms for mandatory use of jute in packaging for the Jute Year 2021 -22 (1st July, 2021 to 30th June, 2022) on 10th November, 2021. The Mandatory packaging norms approved for Jute Year 2021-22 provide for 100% reservation of the foodgrains and 20% of sugar to be compulsorily packed in jute bags.

The reservation norms in present proposal would further protect the interest of domestic production of raw jute and jute packaging material in lndia, thereby, making India self-reliant in consonance with Aatmnirbhar Bharat.

Reservation for packaging in jute packaging material consumed around 66.57% of the raw jute produced in the country (in 2020-21). By bringing into effect the provision of JPM Act, the Government will provide relief to 0.37 million workers employed in jute mills and ancillary units as well as support the livelihood of around 4.0 Million farm families. Besides, it will help protect environment because jute is natural, bio- degradable, renewable and reusable fibre and hence fulfills all sustainability parameters.

The Jute industry occupies an important place in the national economy of India in general and Eastern Region in particular i.e. West Bengal, Bihar, Odisa, Assam, Tripura, Meghalaya, Andhra Pradesh and Telangana. It is one of the major industries in the eastern region, particularly in West Bengal.

The reservations norms under JPM Act provide for direct employment to 0.37 million workers and 4 million farmers in the Jute Sector. JPM Act, 1987 protects interest of Jute farmers, workers and persons engaged in jute goods' production. 75% of the total production of the Jute Industry is Jute Sacking Bags of which 90% is supplied to the Food Corporation of India (FCl) and State Procurement Agencies (SPAs) and remaining is exported/sold directly

Government of India purchases Jute sacking bags worth approximately Rs. 8,000 crore every year for packing of foodgrains, hence ensures guaranteed market for the produce of Jute Farmers and Workers.

Average Production of Jute Sacking Bags is about 30 lakhs bales (9 lakh MT) and Government is committed to ensure complete off-take of the sacking production of the jute bags in order to protect the interest of Jute farmers, workers and persons engaged in the Jute Industry.

Source: pib.gov.in- Nov 10, 2021

HOME

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Buoyant prices to obviate need for MSP: Cotton Corp.

The Cotton Corporation of India (CCI) sees buoyant market prices precluding the need need for a Minimum Support Price (MSP) operation during the current cotton season (October 2021 to September 2022).

The CCI procured 2.5 crore bales during the last two cotton seasons in MSP operation and had just about 70,000 bales of cotton with it now, Chairman and Managing Director Pradeep Kumar Agarwal said. The total outgo for the MSP operation in the two seasons was almost ₹70,000 crore. Cotton prices began looking up from February and had been high only for the last two months, he added.

‘No intervention needed’

“It looks like farmers will not require our intervention now as the market prices are higher than the MSP. In fact, farmers are expecting the prices to go up further,” Mr. Agarwal said. The CCI continues to sell the cotton stocks with it and may go for commercial purchase later if its stocks deplete, he added.

Textiles Secretary Upendra Prasad Singh also told mediapersons on Wednesday, “We do not see a need for procurement (cotton MSP operation) this year.”

On the Cabinet Committee on Economic Affairs’ approval for committed price support of ₹17,408.85 crore to CCI for cotton seasons from 2014-2015 to 2020-2021, Mr. Singh said that about 50% funds would be released this year and the rest would get a budgetary allocation in the next fiscal.

Source: thehindu.com- Nov 10, 2021

HOME

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