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INTERNATIONAL NEWS

USA: 10% Price Hike Seen for Clothes, Textiles, Leather, Furniture: Report

The recovery of the global economy is threatened by high freight rates that are likely to continue in the coming months, according to the "Review of Maritime Transport 2021" from the United Nations Conference on Trade and Development (UNCTAD).

The analysis shows that the current surge in container freight rates, if sustained, could increase global import price levels 11 percent and consumer prices 1.5 percent between now and 2023.

"The current surge in freight rates will have a profound impact on trade and undermine socioeconomic recovery, especially in developing countries, until maritime shipping operations return to normal," UNCTAD secretary general Rebeca Grynspan said. "Returning to normal would entail investing in new solutions, including infrastructure, freight technology and digitalization, and trade facilitation measures."

Demand for goods surged in the second half of 2020 and into 2021, as consumers spent their money on goods rather than services during pandemic lockdowns and restrictions, according to the report. Working from home, online shopping and increased computers sales all placed unprecedented demand on supply chains.

This large swing in containerized trade flows was met with supply side capacity constraints, including container ship carrying capacity, container and labor shortages, on and off Covid-19 restrictions across port regions, and congestion at ports. This mismatch between surging demand and reduced supply capacity then led to record container freight rates on practically all container trade routes, the report noted.

Drewry's composite World Container Index (WCI) decreased 0.5 percent to $9,146.41 per 40-foot container of equivalent unit (FEU) for the week ended Nov. 18, but remained 238 percent higher than a year ago. The WCI year-to-date was $7,374 per FEU, which was $4,724 higher than the five-year average of $2,650 per FEU.

The impact of the high freight charges will be greater in small island developing states (SIDS), which could see import prices increase 24 percent and consumer prices by 7.5 percent, while in least developed countries (LDCs), consumer price levels could increase 2.2 percent, UNCTAD said.

Supply chains will continue to be affected by higher maritime trade costs, while low-value-added items produced in smaller economies, in particular, could face serious erosion of their comparative advantages. In addition, concerns abound that the sustained higher shipping costs will not only weigh on exports and imports, but could also undermine a recovery in global manufacturing, the report noted.

A surge in container freight rates will also likely add to production costs, which can raise consumer prices and slow national economies. The high rates will also impact low-value-added items such as furniture, textiles, clothing and leather products, production of which is often fragmented across low-wage economies well away from major consumer markets. UNCTAD predicts consumer price increases of 10.2 percent are possible on these products.

The impact of the high freight rates will not be evenly spread and will be generally greater in smaller economies. It is suggested that prices would rise 3.7 percent in Estonia and 3.9 percent in Lithuania, for example, compared with 1.2 percent in the United States and 1.4 percent in China.

Manufacturers in the United States rely mainly on industrial supplies from China and other East Asian economies, so continued cost pressures, disruption and delays in containerized shipping will hinder production, according to the report. A 10 percent increase in container freight rates, combined with supply chain disruptions, is expected to decrease industrial production in the U.S. and the Euro area by more than 1 percent, while in China production is expected to decrease 0.2 percent.

UNCTAD emphasized that transport costs are also influenced by structural factors, including port infrastructure quality, the trade facilitation environment and shipping connectivity, and there is potential for significant improvements. It urged countries to consider a portfolio of measures that span hard and soft infrastructure and services. Improving the quality of port infrastructure would reduce world average maritime transport costs 4.1 percent, while costs would be reduced 3.7 percent by better trade facilitation measures and 4.4 percent by improved liner shipping connectivity.

It calls on governments to monitor markets to ensure a fair, transparent and competitive commercial environment and recommends more data sharing and stronger collaboration between stakeholders in the maritime supply chain. The report also urged continued monitoring and analysis of trends to find ways of cutting costs, enhancing efficiency and smoothing delivery of maritime trade.

In the medium to longer term, the report said the maritime supply capacity will also be affected by the transition of the industry towards zero-carbon shipping. To ensure that the necessary investment in ships, ports and the provision of new fuels is not delayed, it will be important for investors to count on a predictable global regulatory framework.

Source: sourcingjournal.com– Nov 22, 2021

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ASEAN, Canada agree to launch FTA negotiations

Canada and members of the Association of Southeast Asian Nations (ASEAN) have agreed to launch negotiations on a free trade agreement (FTA) during the ASEAN Economic Ministers (AEM)—Canada Consultation, which was held virtually recently. Officials were tasked by the ASEAN ministers to develop a work plan to take forward the negotiations as soon as possible.

The FTA is among the economic priorities in the ASEAN chairmanship year of Brunei.

The participants discussed the trade and investment situation in the region amid the COVID-19 pandemic and the Canada-ASEAN Business Council (CABC)'s recommendations to strengthen bilateral economic cooperation.

The ministers also exchanged views on measures to respond to COVID-19 impacts on the economies of the regional countries, and reaffirmed commitments to continue seeking ways to reduce the pandemic's impacts, a news agency reported.

They also underlined the need for global cooperation, including the ensuring of access to vaccine supplies in an equal, safe and efficient manner.

Source: fibre2fashion.com– Nov 22, 2021

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China-Cambodia FTA to enter into force in Jan 2022

Beijing and Phnom Penh recently agreed to bring the Cambodia-China Free Trade Agreement (CCFTA) into force in January and renewed a pledge to boost their annual bilateral trade figure to $10 billion, according to Cambodian Prime Minister Hun Sen, who had a virtual meeting with his Chinese counterpart Li Keqiang to explore avenues to strengthen economic ties.

Li vowed to push for joint mechanisms and work plans between the two sides to draw up and renegotiate quotas on the direct import of Cambodian milled rice and other agricultural goods to China.

According to Cambodian commerce ministry spokesman Pen Sovicheat, for the CCFTA to enter into force, both parties must sign a joint notification, which indicates that their respective internal procedures have been completed.

“The Ministry of Commerce hopes that the volume of trade between the two countries will continue to grow after this agreement enters into force, and especially that exports from Cambodia will increase further,” Sovicheat was quoted as saying by Cambodian media reports.

Bilateral trade between Cambodia and China reached nearly $7.968 billion in the first nine months of 2021, increasing by more than 38.36 per cent year-on-year, the commerce ministry reported.

In January-September, the Kingdom exported $1.093 billion, up by more than 52.74 per cent year-on-year, and imported $6.875 billion, surging by 36.32 per cent compared to the same period in 2020.

Source: fibre2fashion.com– Nov 22, 2021

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Chinese textile firms raked in $26.80 bn profits in Jan-Sept 2021

The textile industry of China grew steadily during the first three quarters of this year (January to September 2021) with textile firms collectively raking in profits worth 171.1 billion yuan (approximately $26.80 billion), a 31.7 per cent increase year-on-year (YoY), according to the Ministry of Industry and Information Technology (MIIT).

The collective value of textile companies with an annual operating revenue of 20 million yuan (approximately $3.13 million) or more went up by 6.3 per cent compared to 2020. The combined operating revenue reached 3.67 trillion yuan, up 15.6 per cent compared to the first three quarters of 2020, as per MIIT.

Online clothing sales in China also grew by 15.6 per cent YoY between January and September.

Additionally, China's apparel exports went up by 5.6 per cent YoY to reach $227.6 billion during the same period.

Source: fibre2fashion.com– Nov 23, 2021

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FTA, investment law to boost Cambodia-S Korea trade: envoy

South Korean ambassador to Cambodia Park Heung-kyeong is optimistic about the new investment law and free trade agreement (FTA) signed between the two countries turning out to be important factors in enhancing bilateral trade and encouraging more direct investment flows from his country to the latter. The envoy was addressing the Cambodia-Korea Forum 2021 recently.

The event was organised by the Council for the Development of Cambodia in collaboration with the South Korean embassy in Phnom Penh and the Korea Trade and Investment Promotion Agency to disseminate information regarding the new law to about 100 South Korean investors.

Though bilateral trade was worth $1.032 billion in 2019, as the pandemic took off, it dropped to $884.88 million in 2020, according to statistics from the Korea International Trade Association (KITA).

Cambodia exported products worth more than $317 million in 2020, sliding by 5.4 per cent year-on-year, and imported goods worth over $567 million, plummeting by 18.6 per cent versus 2019, media in Cambodia reported citing KITA data.

But on October 26, the Cambodia-Korea Free Trade Agreement (CKFTA) was formally signed, paving the way for the two countries to increase bilateral trade and investment flows. The CKFTA will enter into force 60 days after both sides have notified each other that their respective internal procedures have been completed.

South Korea is Cambodia's second largest investor, injecting a total of nearly $7 billion into the country since 1997, the ambassador noted.

In addition to the FTA and the investment law, the double tax agreement and other measures to combat fiscal evasion will also contribute to growth in bilateral trade and investment, he added.

Source: fibre2fashion.com– Nov 22, 2021

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US retail sales to grow 10% during Thanksgiving week: Mastercard

With holidays and shoppers returning to stores in force, Mastercard SpendingPulse has anticipated that the US retail sales this week are expected to grow 10 per cent YoY 2.2 per cent Yo2Y. E-commerce is also likely to experience sustained growth, increasing 7.1 per cent YoY and 50.2 per cent Yo2Y for the Thanksgiving Week from today to November 28.

With supply chain challenges straining product availability, elevated inflation and consumers creating unprecedented demand for goods, this holiday season is shaping up to be a seller's market for retailers. Anticipated spending in key gift-giving categories such as apparel may lead retailers to discount strategically to manage product inventory and shipping constraints, Mastercard SpendingPulse said in a press release.

Last year, Black Friday sales were suppressed due to limited in-store foot traffic. With the return of doorbusters driving consumers back in stores and holiday window shopping in full display, the day is expected to rebound with optimism. E-commerce sales in Thanksgiving Week are anticipated to grow 50.2 per cent compared to the same time in 2019.

"Holiday lights are shining bright for retailers this year," said Steve Sadove, senior advisor for Mastercard. "The consumer is strong and spending. With discounts in short supply, product innovation, availability and sustainability will be deciding factors for consumers eager to cross off their holiday shopping lists."

As anticipated, the holiday shopping season kicked off in October, with early promotions driving consumers online and in stores. According to Mastercard SpendingPulse, October US retail sales excluding auto and gas increased 6.1 per cent YoY and 12.9 per cent YoY compared to October 2019. E-commerce sales in October grew 13.2 per cent YoY and 76.7 per cent Yo2Y, compared to the same periods.

Source: fibre2fashion.com– Nov 22, 2021

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Deutsche Messe cancels Domotex in January

Domotex, the international floor coverings show that takes place in Hannover, Germany, has been canceled this coming January because short-term international business travel is not expected to recover and the majority of its exhibitors and visitors come from abroad.

“What was still considered a realistic and solid re-start scenario just recently turned into [something] no longer .... feasible,” said an email from show organizer Deutsche Messe. “In view of the current pandemic development, a short-term recovery of international business travel is not to be expected. And that is one of the most important prerequisites for a successful event, as the vast majority of Domotex exhibitors and visitors come from abroad.”

The show was scheduled for Jan. 13-16, 2022. Deutsche Messe said it was looking into possibly rescheduling the show for later next year.

For exhibitors, Deutsche Messe will refund payments for services that have not yet been provided at the time of cancellation, such as stand rental fees. This does not include stand construction costs, shipping costs, travel and accommodation. Visit the website for more information.

Refunds will also be issued for those who have purchased a Domotex ticket on its online shop.

Source: designerstoday.com– Nov 22, 2021

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Pak-China cooperation in cotton industry providing more possibilities for textiles

According to the Pakistani government, the textile industry contributes nearly 60 percent to the country's total exports. Denim fabric, as one of Pakistan's main garment products exported to the world, also occupies a pivotal position in its garment industry chain. According to the Pakistan Bureau of Statistics, exports of denim fabric from Pakistan have reached Rs 96. 92 billion during the year 2017-18, a commendable performance of denim sector of Pakistan.

However, whether it is jeans wear or other garment products, the impact of recent global cotton prices and other factors cannot be ignored. Pakistani industrialists argue that the textile and garment industry of Pakistan faces a series of challenges, including low production of cotton and difficulty in obtaining financing for new facilities.

China-Pak cooperation to heat up Pakistan's cotton industry

Pakistan, one of the world's largest cotton producers, is finding it increasingly hard to meet its own needs. “Last year, we had to import more than 50% of cotton,” said Muhammad Abdullah, executive director of Sapphire Fiber, one of the largest textile companies in Pakistan. Low production and quality force the local industry to choose imports. “So far, the domestic consumption of cotton is 14 million bales. Nevertheless, Pakistan only harvested 5.6 million bales of cotton in the last season only.”

“As far as I'm concerned, the seed of high quality must be the top priority. Unless we can increase the yield per unit area, the demand cannot be met.” the idea of Muhammad Abdullah was echoed by Dr. Zahid Mehmood, director of Central Cotton Research Institute, “under CPEC, we hope to see the plan between China and Pakistan in cottonseed cooperation soon.”

Regarding this, Chen Quanjia, deputy dean of Xinjiang Agricultural University, introduced the further planning during the interview with China Economic Net, “local high-temperature-resistant cotton varieties in Pakistan are of great use to us. In Xinjiang, the heat resistance of cottonseed is particularly indispensable when facing the extreme high temperature. At the same time, our high-yielding cotton varieties are also needed for Pakistani farmers.”

Recently, international cotton futures have remained high, and China's domestic cotton futures prices have also risen simultaneously. According to a survey conducted by the China Cotton Association, the country's cotton planting area this year has dropped year-on-year, but due to the favorable weather conditions, the total output remains relatively stable. It is expected to be 5.83 million tons, down 1.5 percent year-on-year. Improving cotton production to maintain the stability of the futures market will be a problem demanding prompt solution fromChina and Pakistan.

Besides, the impurity which is caused by 100% manual picking also worsen the dilemma of Pakistan cotton. Kamran Razaq, cotton field supervisor of Sapphire Fiber said that the impurity content of imported cotton is 4.5%, while the counterpart in Pakistan cotton is 8-9%, which is well below the criteria of the textile mills.

Accordingly, Xinjiang Agricultural University and University of Agriculture Faisalabad (UAF) has set up experimental fields in Faisalabad and plan to test mechanical picking in Pakistan. “In North Xinjiang, one of the biggest cotton areas in China, the mechanization can reach 90 percent. We use machine picking everywhere so as to decrease the impurities,” said Chen Quanjia, adding that in the future, China's advanced cotton pickers can play a role in Pakistan as well.

CPEC investment projects: cures for textiles

Except for raw material shortage, financing difficulty is also included in the restraining factor in Pakistani textiles. In this regard, China and Pakistan are also seeking for a wider cooperative space.

Chairman of Department of Garment Manufacturing of National Textile University Faisalabad Abher Rasheed told us that Pakistan and China can collaborate in two main areas which are accessories and fabric. China has the capacity in both areas while Pakistan has comparatively cheaper workforce available. Joint ventures in both areas could create a positive impact, he emphasized.

Obviously, his ideas coincide with some Chinese entrepreneurs with strategic vision. “The strong bilateral ties between China and Pakistan provides great convenience for our local investment,” said Karen Chen, manager director of Challenge Fashion, a Chinese company is investing US$150 million in an industrial park on Lahore's border with Kasur. The park will host fabric units, dyeing facilities and garment manufacturing units for exporting sportswear from Pakistan to the Americas, Europe, Asia-

Pacific and other regions. The firm is already operating in Pakistan as Challenge Apparel since 2017. It has a garment manufacturing unit on Multan Road near Lahore, fetching nearly US$ 44 million in export revenue during the last fiscal, according to Chen.

Pakistan textile industry officials said that it reflects China's desire to relocate labour intensive industries to neighbouring counties such as Pakistan that already have a solid textile and garment manufacturing base. Government officials say they hope its manufacturing units might earn as much as US$ 300 million to US$ 500 million per year in export earnings.

"Pakistan was given the Generalized Scheme of Preferences (GSP) Plus by the European Union, and also signed the free trade agreement with China. In the future, the industry park is expected to be a regional supply chain park. More Chinese accessory and fabric companies will be invited and workers will make zippers, labels, buttons altogether here. Undoubtedly, the park will also help modernize the Pakistani textile industry besides increasing its foreign investments and offering a better balance of payments. It will also help urbanize areas surrounding the park. "We estimate in five years later, we can reach around US$ 400 million export," Chen concluded.

So far, Companies like Challenge remain a minority. There is still a huge space for cooperation between the two countries in textile industry. Muhammad Amjad Baig, a textile entrepreneur and chief executive officer of Lead International, a consulting and trading company, underlined that China can greatly help modernize Pakistan's textile industry and reduce trade barriers between the two countries which will ultimately boost the export of textile products from Pakistan. "The two countries need to collaborate and develop corporate and strategic alliances for different parts of supply chain integration," he said.

Source: en.ce.cn– Nov 22, 2021

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Pakistan: China to bolster textile sector

Cooperation in cotton industry providing possibilities for textiles

Especially in the jeans wear section, these high-quality Pakistani products are increasingly popular with Chinese consumers.

According to the Pakistani government, the textile industry contributes nearly 60% to the country's total exports. Denim fabric, as one of Pakistan's main garment products exported to the world, occupies a pivotal position in its garment industry chain.

According to the Pakistan Bureau of Statistics (PBS), exports of denim fabric from Pakistan reached Rs96.92 billion during the year 2017-18, a commendable performance of the denim sector.

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Pakistani industrialists argue that the textile and garment industry of the country faces a series of challenges, including low production of cotton and difficulty in obtaining financing for new facilities.

Cotton industry: China-Pakistan cooperation

Pakistan, one of the world's largest cotton producers, is finding it increasingly hard to meet its own needs.

"Last year, we had to import more than 50% of cotton," said Sapphire Fibre Executive Director Muhammad Abdullah. Low production and quality force the local industry to choose imports.

"So far, the domestic consumption of cotton is 14 million bales. Nevertheless, Pakistan only harvested 5.6 million bales of cotton in the last season," he said.

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The idea of Muhammad Abdullah was echoed by Central Cotton Research Institute Director Zahid Mehmood. “Under CPEC, we hope to see the plan between China and Pakistan in cottonseed cooperation soon,” he said.

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It is expected to be 5.83 million tons, down 1.5% year-on-year. Improving cotton production to maintain the stability of the futures market will be a problem, demanding prompt solutions from China and Pakistan.

Besides, the impurity, which is caused by 100% manual picking, also worsens the dilemma of Pakistan cotton.

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CPEC projects: cures for textile

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Source: tribune.com.pk– Nov 22, 2021

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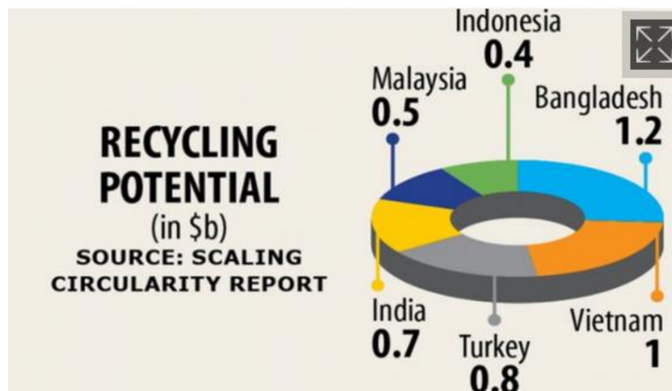
Bangladesh could capture $1.2b of recycled textile industry



Bangladesh has the potential to produce $1.2 billion worth of recycled textile and garment items as the country has a big production base for cotton fibre clothing items, according to a recent study by the Global Fashion Agenda (GFA) and McKinsey & Company.

In total, six major manufacturing countries -- Vietnam, Turkey, India, Malaysia, Indonesia and Bangladesh -- could tap into a $4.5 billion market in the form of this post-industrial recycling opportunity, as per the analysis.

These are all markets with high viability for such a model, given the economic significance of the textile industry and commitment of local policymakers to supporting the sector.

"There is huge economic potential to scale up this model beyond Bangladesh," the study said.

Less than 1 per cent of materials used to produce clothes is recycled, representing a loss of more than $100 billion in materials each year, it added.

The study -- Circular Fashion Partnership (CFP) Scaling Circularity Report -- was launched virtually yesterday.

The CFP is a cross-sectoral project to support the development of textile recycling in Bangladesh.

In 2020, the overall uptake of recycled fibres compared to the total fibre production was only around 8.1 per cent, with 7.6 per cent coming from recycled polyester from plastic bottles, not textiles.

Cotton accounted for 24 per cent, or 26.5 million tonnes, of the global fibre market in 2020, while recycled cotton made up less than 1 per cent.

So, there is a clear opportunity in building the enablers to scale up textile recycling, the study said.

"The government plans to make use of the CFP project, but there will be a lot of challenges to implement such an initiative in the country," said Faiyaz Murshid Kazi, director general of the foreign ministry's wing for west Europe and the European Union.

Bangladesh's apparel industry has shown its resilience even amidst the ongoing Covid-19 pandemic, he added.

Circular products, which require little to no virgin resources, are key to ensuring a more sustainable fashion industry as 40 per cent of greenhouse gas emissions from factories are created during the manufacturing process.

Based on reverse resources analysis, 35 per cent of the total amount of fibres wasted while making garment items is generated during production.

To capture the full opportunity and close the loop on this part of the system, the CFP would need to be replicated in other major textile producing countries.

However, less than 1 per cent of textile waste is being recycled into new fibres, and there is no evidence to suggest the coming of a sharp change in this growth rate in the near future.

For major brands and manufacturers to deliver on their commitments, new strategies are required, according to the study.

From November 2020 to November 2021, the CFP mapped and traced 1,013 tonnes of textile waste on the Reverse Resources platform with 0.2 per cent of this waste coming from Bangladesh. It now regularly traces over 200 tonnes per month.

The project has achieved significant results despite multiple Covid-19 lockdowns.

The CFP is led by the Global Fashion Agenda alongside Reverse Resources and the Bangladesh Garment Manufacturers and Exporters Association with the support of the Partnership for Growth.

The CFP's goal is to reduce dependency on virgin materials and increase the availability of recycled materials by establishing a long-term, scalable transition to a circular fashion system in garment manufacturing countries.

The CFP has an ecosystem approach that facilitates circular commercial collaborations between textile and garment manufacturers, recyclers and global fashion brands to capture and direct post-industrial textile waste back into the production of new fashion products.

It also engages stakeholders, including local and European policymakers, and the investment community, to create a conducive environment for a circular fashion system.

Mumit Hasan, head of operations in Bangladesh of Reverse Resources; Jasmin Malik Chua, sourcing and labour editor at the Sourcing Journal; Peder Michael Pruzan-Jorgensen, interim chief impact officer of the Global Fashion Agenda; Irene Maffini, sustainable investment expert; Martin Stenfors, chief operating officer of Renewcell; and Corinne Sawers, associate partner of McKinsey & Company, also spoke.

Source: thedailystar.net– Nov 23, 2021

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NATIONAL NEWS

Exports rise 18.8 pc to USD 20 bn so far in November

The country's exports rose 18.8 per cent to USD 20.01 billion during the three week period of this month (November 1-21), due to healthy growth in sectors such as petroleum products, engineering goods, chemicals and gems and jewellery, according to the preliminary data of the commerce ministry.

Imports during the period increased 45.34 per cent to USD 35.11 billion as against USD 24.15 billion during the corresponding period last year, the data showed.

The exports are growing at a healthy rate and are expected to cross USD 400 billion by the end of the current fiscal.

In October, the outbound shipments jumped 43 per cent to USD 35.65 billion, while the trade deficit widened to USD 19.73 billion during the month.

Export sectors that are recording positive growth continuously include petroleum, coffee, engineering goods, cotton yarn/fabrics/made-ups, gems and jewellery, chemicals plastic and linoleum and marine products.

Cumulatively exports during April-October 2021 stood at USD 233.54 billion, which is an increase of 55.13 per cent compared to the same period last year. During the same period, imports rose 78.16 per cent to USD 331.39 billion, leaving a trade deficit of USD 97.85 billion.

Source: economictimes.com- Nov 22, 2021

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Centre allows exporters time till January 31 on origin e-certificate

Three-month breather expected to ease operational challenges for businesses

The Centre has suspended till January 31 a mandatory obligation imposed on exporters from November 1 to obtain online Certificates of Origin (CoO) for every outbound consignment, days after The Hindu reported businesses were facing severe operational challenges in trying to comply with the diktat.

The online CoO system, put in place in late 2019 for exports to countries with whom India had a preferential trade pact, was expanded to cover all merchandise exports from November through a trade notice issued on October 18.

In a fresh notice last Monday, the Department of Commerce said that 'the transition period for mandatory filing of applications for Non-Preferential Certificate of Origin through the e-CoO platform had been extended' till January 31.

"The existing systems for submitting and processing non-preferential CoO applications in manual/paper mode is being allowed for the stated time period and the online system is not being made mandatory," it clarified.

Several exporters across States had reported difficulties in registering on the e-CoO platform on the Directorate General of Foreign Trade (DGFT) portal with the stipulated high-quality digital signature certificates and obtaining the certificates for their shipments. The department, which oversees DGFT, has now requested exporters to register onto the platform at the earliest.

In the first half of this month, when the online certificates were mandatory, the department had downplayed exporters' concerns and said the move was aimed at improving the ease of doing business in line with the government's 'Digital India' focus.

Industry bodies had pointed out that existing export facilitation intermediaries such as customs house agents, who handle most of the export paperwork, had not been able to share data on exporters' behalf, as the

DGFT had not shared the API (Application Programming Interface) for the new platform.

On November 10, in response to queries from The Hindu, the department had said that the e-CoO platform 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 customs house agents. While it didn't respond to a query on whether API-sharing was being considered, it had said 85 agencies had already been 'enabled on the portal'.

The Federation of Indian Exporters' Organisations had urged the government to resolve the teething challenges and allow API-sharing to help the exporting community on-board the new system of digital certification more quickly, while noting that the e-CoO would address a number of concerns for exporters and the importing countries.

"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 e-CoO," the department had said.

India's monthly merchandise exports have crossed $30 billion for seven months in a row and are largely on course to reach the government's target of a record $400 billion in 2021-22.

"We appreciate the positive response of the government towards our request for an urgent intervention," said Santosh Mandlecha, president of the Maharashtra Chamber of Commerce, Industry and Agriculture. The industry body had flagged that even perishable farm produce consignments had been facing challenges since November 1 due to difficulties in registering digital signatures on the DGFT portal.

Source: thehindu.com- Nov 23, 2021

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Indian and United States officials to look for ways to resolve trade issues

India and the United States agreed to look for ways to resolve differences on issues such as market access and digital trade at the start of a two-day visit by U.S. Trade Representative Katherine Tai, officials said. Negotiators from both countries have struggled for more than a year to conclude a trade package as New Delhi and Washington spar over a range of issues, including tariffs.

Accompanied in New Delhi by her deputy Ambassador Sarah Bianchi, Tai raised market access restrictions, high tariffs, unpredictable regulations and restricted digital trade between the two countries. "These are issues where we intent to make progress and they will be on the top of my list during the visit," Tai told Indian officials at a dinner hosted by Commerce Minister Piyush Goyal.

The meeting follows Prime Minister Narendra Modi's visit to Washington in September. "We have been uniquely tasked by our leaders, PM Modi and President (Joe) Biden, to strengthen our economic ties and trade based on transparency and fairness," Goyal said at the dinner.

There was huge potential for growth in areas such as digital economy, health services and agriculture, Tai said. Both countries have agreed to revive their Trade Policy Forum, after a gap of four years. The revived forum could help expand bilateral trade that has never seemed to live up to its potential, Tai said.

The officials agreed that the forum will help deepen the bilateral trade relationship by establishing regular contact to resolve obstacles, Tai's office said. U.S.-Indian relations have grown steadily closer and both countries have joined with Japan and Australia in the so-called Quad group in an effort to push back against Chinese influence in the Indo-Pacific region.

India is also working on ways to release national reserves of crude oil in tandem with the United States and other major economies in response to a request from Biden, Reuters reported earlier, citing government sources.

Source: economictimes.com- Nov 23, 2021

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Pushing exports behind the sustainability veil at WTO

While the dust may still be settling from the COP26 summit in Glasgow, it's far from over for those looking to resolve thornier issues of global trade and environment. In fact, a veritable sandstorm may be kicked up in Geneva later this month at another crucial summit, this time at the WTO.

The 12th Ministerial Conference of the WTO (MC12) is likely to see developed countries once again try to ram home their historic—and plainly unfair—economic advantage, and tie down the developing world in a morass of binding commitments on trade and environment. It is important for us to understand exactly what these problematic obligations might be. Especially as we struggle to distribute the fruits of development to billions in the developing world.

In a clever move perhaps aimed at reducing the opposition of many from the Global South to negotiate multilateral trade rules on these issues, developed countries are attempting to sugarcoat this pill by using terms such as 'dedicated discussions' and 'voluntary actions and partnerships'. While at this juncture the initiative does not encompass the entire WTO membership, many developing countries, including India, will come under pressure to eventually join it.

Of course, every nation needs to make dedicated efforts towards a low-carbon development pathway. But any greening of the economy in developing countries must go hand-in-hand with creating jobs and generating incomes through domestic manufacturing of many 'green products'.

Nations like India need to set up their own industries, technologies and systems to combat climate change and not be rendered dependent on imports from the developed world—an enormously expensive option.

Yet, binding rules that may emerge from negotiations on trade and sustainability could compel developing countries to become overwhelmingly dependent on imported low-carbon and 'climate-friendly' products and tech. There are five broad ways in which the sustainable trade agenda might be pushed forward by developed nations at the WTO.

One, there is likely to be a renewed impetus to get WTO member countries to eliminate customs duties on the so-called ‘environmental goods’. While this issue was a part of the agenda of the Doha Round of WTO negotiations, the deal wasn’t clinched.

Two, with the ostensible objective of improving resource efficiency, the proponents of trade and sustainability linkage are pushing the narrative of a ‘circular economy’. This, inter alia, involves repairing, refurbishing and recycling existing materials. An integral element of such a circular economy is the emphasis on removing restrictions and boosting trade in remanufactured goods. This proposal was also discussed during the Doha Round and rejected by many developing countries.

Imports of remanufactured goods, which tend to be cheaper than similar new goods, would make it very difficult for existing producers in developing countries to compete in the market. Further, developing countries are likely to be saddled with inefficient and obsolete technologies that may perhaps consume more energy than new products. In addition, increase in trade of remanufactured goods is likely to shift the burden of environmentally-sound disposal of these products from developed countries to developing ones.

Three, an integral part of the trade and sustainability agenda is the push towards creating international standards based on this circular economy, and also on other environmental performance considerations prevailing mainly in developed countries. If developing countries are mandated to base their technical regulations on stringent environmental standards, then this is likely to set the bar too high for their domestic producers. This would prevent them from selling in their own domestic market, thereby clearing the way for unimpeded imports.

Four, renewable energy, ironically a key part of any green plan for the Global South, would be hit. Under existing WTO rules, most developing countries have considerable flexibility in deciding purchasing specifications, as well as favouring domestic suppliers, in respect of procurement by governmental bodies.

For renewable energy products, these flexibilities have been substantially eroded in some recent FTAs. If this trend is carried over to the WTO, then developing countries would lose an effective policy instrument for giving a fillip to domestic economic activities related to the manufacture of key products and systems required for generating renewable energy.

Five, a 'trade and environment' agenda might seek to provide a legal justification for imposing restrictions on international trade, supposedly for protecting the environment. Many developing countries apprehend that such restrictions would be aimed at curtailing their exports and could be used by developed countries for stiff protectionist purposes.

This is not all. The obligations listed are some examples based on what is contained in several FTAs pushed by developed countries, and also on recommendations made by some international environment organisations. The possibility of other onerous commitments emerging from the negotiating table in Geneva cannot be ruled out.

As noted in UNCTAD's flagship Trade and Development Report 2021, the sustainability agenda based on trade liberalisation is likely to "undermine any notion of a just transition by disadvantaging developing countries that have least responsibility for climate-related damages." This largely explains why India and many other developing countries have been firm in their opposition to the current trade and sustainability agenda of the developed world at the WTO.

Despite the urgency of addressing climate change, global trade rules should not be allowed to create more imbalances and stunt the prospects of economic growth in developing countries. Such inequality will also prove disastrous for the environment in the long run. It is to be hoped that India will continue to be at the forefront in meeting the formidable challenge of trade and environment linkage at the forthcoming MC12.

Source: financialexpress.com- Nov 23, 2021

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Explained: Why the shipping container crisis will not end soon

Last weekend on a visit to the Jawaharlal Nehru Port in Navi Mumbai, India's largest container handling port, Shipping and Ports Minister Sarbananda Sonowal vowed to find an early solution to the ongoing shipping container shortage that had brought misery to both exporters and importers.

Around the same time, a record 87 container ships were waiting to enter the neighbouring ports of Long Beach and Los Angeles on the west coast of the United States. Most of those ships had started their journey from Asia, mostly China, loaded with perishable food items, consumer goods, gadgets, clothes, toys, machine parts and inputs for manufacturing plants.

It will be several days or even weeks before each of these ships gets a berth at the port to unload the containers, many more weeks before the boxes reach their final destination in the US and months before the empty ones are reloaded on a ship.

Ports on the east coast such as New York and New Jersey as also many European ones such as Rotterdam and Felixstowe are also facing congestion.

In the pre-COVID days and the early days of the pandemic, ships usually found a berth upon arriving at a port to unload their containers and get reloaded with new ones. The unloaded containers were promptly taken away by trucks to their destination.

Thus, the movement and turnaround of containers were pretty efficient. The pandemic changed all that. There is a delay at every level. Making matters worse is the lack of space on ships for empty containers, which results in boxes piling up at container depots, ports and transhipment hubs such as Singapore and creating shortages in countries such as China and India.

There are no easy fixes to the problem of container shortages, notwithstanding the assurances given by Sonowal and fiscal relief announced by the Finance Ministry for a delay in the re-export of empty containers.

Top shipping and ports industry executives and analysts have warned over the past few weeks that the crisis may persist for another year, even though the world's largest container shipping companies such as Hapag-Lloyd and CMA CGM are augmenting their stock of containers. They have also given out contracts to build new container vessels.

However, increasing the stock of containers and improving their availability to exporters alone will not ease the crisis either in India or elsewhere in the world. The entire supply line is broken due to shortages of workers, missing truck drivers, contraction of the fleet on container ships and related reduction in the availability of slots on container ships and the imbalance in trade flows. Some vessels are undergoing refurbishment.

The ongoing crisis first emerged when households started spending their forced savings to buy goods from e-commerce platforms during the summer of 2020. The massive fiscal stimulus also buoyed consumption. Essentially, spending shifted from services to goods when some form of lockdown was in force. The spurt in demand caught importers and logistics service providers by surprise, as most of these goods had to be shipped from China, eastern and south-eastern nations, usually in containers.

The shortage of containers became acute in recent months when retailers in the US and other western countries started stocking up ahead of the holiday season. The pressure on the logistics networks rose when manufacturers advanced their import orders for raw materials and critical inputs to avoid disruptions to production cycles.

The container crisis will not ease till the factors that caused it are addressed. First of all, the flow of empty containers back to exporting countries needs to be normalised. Currently, a large number of empty containers are stranded in inland depots, ports and adjoining empty patches of land in the US and Europe, as there aren't enough vessels sailing back to Asia where these boxes are needed. Some others are parked at transhipment hubs across Asia, waiting for ships willing to do the short-haul trips within the region.

Shipping companies find moving stuffed boxes from east to west more lucrative, than hauling empties in the reverse direction. Transporting empty boxes is less profitable.

According to the Drewry World Container Index, spot rates in the east-bound routes is a fraction for those on ships sailing westward. For instance, the spot freight rate for 40 feet containers on the Shanghai-Los Angeles route was over $10,000 but under $1,300 in the reverse direction in the recent weeks. Similarly, it was $13,400 on the Shanghai-Rotterdam route and $1,600 in the reverse direction. With consumption still very strong in the US and Europe, it might be months before ships start accepting empty boxes.

Shortage of workers at ports and through the logistics network and missing truck drivers have also caused the piling up of containers, both stuffed and empty, at ports, warehouses and depots. Many others remain stacked on board, waiting for several days to enter ports, as ports can function efficiently only when the rest of the chain also moves containers rapidly.

The workforce at every level contracted when demand collapsed following the first wave of the pandemic. All facilities continue to grapple with labour shortages, slowing the entire chain of processes from unloading of containers, their movement to depots and warehouses and onward journey. Therefore, congestion continues at almost all large ports.

Thanks to the congestion, the idling of vessels have risen and exacerbated the shortage of ships that can go into the sea. The shortage of truck drivers for long haul trips had reached alarming proportions, so much that Moody Analytics described it as the weakest link in the supply chain.

Some relief can be expected in February when factories across China will shut down for the Chinese New Year celebration, slowing the flow of goods from that country. A lull in demand following the Christmas shopping across the US and Europe is also expected to ease congestion at the ports.

However, the resurgence in COVID-19 cases in many European countries could prolong the pain. For now, dozens of vessels waiting at ports to unload their cargo and exporters and shippers in India, China and elsewhere in Asia can only hope that disruptions due to the fresh breakout will be minimum.

Source: economictimes.com- Nov 21, 2021

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GDP growth rate for FY22 could be in 9.3-9.6% range: SBI Ecowrap

GDP growth rate for FY22 could be in the range of 9.3-9.6 per cent, according to Soumya Kanti Ghosh, Group Chief Economic Adviser, State Bank of India.

"The reason for the upward revision is that India recorded only 11 per cent increase in Covid cases during Q3 2021, second lowest among top 15 most affected countries, and the increase in cases has declined to 2.3 per cent in November '21 over September '21. So far, 115.79 crore vaccine doses have been administered, with 81 per cent of the eligible population receiving at least a single dose and 42 per cent of the eligible population both doses.

In certain States including Himachal Pradesh, Gujarat, Uttarakhand, Kerala, Karnataka, Telangana and Madhya Pradesh, more than 50 per cent of the eligible population has been fully vaccinated," Ghosh said in a new research report from the State Bank of India's Economic Research Department – SBI Ecowrap.

India's projected 8.1 per cent growth rate in Q2 (FY22) is the highest growth across all economies. The average GDP growth of 28 selected economies has decelerated to 4.5 per cent in Q3 (2021) as against 12.1 per cent. Also, at an annual rate of 9.3-9.6 per cent, India's real GDP growth would now be 1.5-1.7 per cent higher than the pre-pandemic level of FY20.

Growth drivers

"Our business activity index shows activity above pre-Covid level since August '21, with only a few weeks reading moderately below 100. The indicator declined during the Diwali week, however, it picked up again the next week to 109.1 for the week ended November 15, '21. The uptick has been majorly due to significant jump in RTO revenue collection, apple mobility and weekly food arrival," the report said.

Source: thehindubusinessline.com- Nov 22, 2021

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Growth likely to be in the range of 7.8-8.3% in July-September quarter

India's economic growth rate could come in between 7.8 to 8.3 per cent in the three-month period ending on September 30. Economists said this will not be just because of base effect but also due to real expansion of the economy.

Economists also pointed out that while demand has picked up for manufactured products as well as for services, improved expenditure by the government in August-September period is also expected to help in growth acceleration. Economy decelerated by 7.4 per cent during July-September period of FY2020-21. The government will come out with second quarter number for the current fiscal on November 30. Growth rate for first quarter (April-June) of this fiscal was 20.1 per cent.

A report by State Bank of India forecasted second quarter growth at 8.1 per cent. This is based on improvement in high frequency indicators such as GST collections, generation of e-way, Purchasing Managers' Index (PMI) etc. besides others. The report said that 8.1 per cent estimate is highest across all economies. Also, "at an annual rate of 9.3-9.6 per cent, India's real GDP growth would now be 1.5-1.7 per cent higher than the pre-pandemic level of FY20," the report said.

The Finance Ministry has not given any projection for the second quarter, while the RBI estimates growth at 7.9 per cent for second quarter.

Economists' view

Swati Arora of HDFC Bank projected GDP growth rate at 7.8 per cent on year-on-year basis. Some part of it is due to a low base from year when the economy contracted by 7.4 per cent (Q2FY 21), she said.

"That being said, there has been a sequential improvement in GDP growth in Q2FY22. On a sequential basis, GDP is expected to grow by 9.75 per cent in Q2 from a contraction of 16.9 per cent in the previous quarter, reflecting a revival in economic activity supported by pent-up demand, a pick-up in vaccination drive and as second wave related restrictions eased," she said while concluding that it's not just base effect at play but also support from a pick-up in economic activity in the second quarter.

Yuvika Singhal, Economist with QuantEco said: “On the back of a strong sequential pick-up, we are estimating Q2FY22 GDP growth at 8.5 per cent.” She also pointed out that the waning of Covid infections which allowed progressive easing of lockdown restrictions at the State level, along with progress on vaccination have been key growth stimulants in this quarter.

Further, inventory build-up ahead of the festive season along with pick-up in government spending in the month of September 21, are likely to have offered back-loaded support to economic activity. As such, a healthy pick-up in momentum of both industry and services sector output is expected, she said.

“Progress on vaccinations, with a focus to close the gap between the first and second doses, will help abate economic consequences of a third wave, if any. We hold on to our FY22 GDP growth estimate of 10 per cent with mild downside risks, amidst support from a steady recovery in consumption, continued strength in exports led by global growth and broadly accommodative monetary and fiscal policies,” she said.

Source: thehindubusinessline.com- Nov 22, 2021

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Ministry says uniform GST in textiles across categories to boost growth, create jobs

The Textile Ministry has said that removal of inverted duty structure in the Man Made Fibre (MMF) sector with the notification of uniform GST at 12 per cent on MMF yarn, fabrics and apparel, to be effective from January 1 2022, will save working capital and reduce compliance burden leading to growth and creation of jobs.

Some manufacturers, however, say that the decision to implement a uniform GST of 12 per cent on all garments, including items below ₹1,000, which used to attract a duty of just 5 per cent, will hit small players.

"The GST on MMF, MMF Yarn and MMF Fabrics were 18 per cent, 12 per cent and 5 per cent respectively. The taxation of inputs at higher rates than finished products created build-up of credits and cascading costs. It further led to accumulation of taxes at various stages of MMF value chain and blockage of crucial working capital for the industry," a release issued by the Textile Ministry, on Monday, stated.

Though there is a provision in GST law to claim the unutilised input tax credit (ITC) as a refund, there were other complications that resulted in more compliance burden, the release added. "The inverted tax structure caused effective increase in rate of taxation in the sector. The world textiles trade has been moving towards MMF but India was not able to take advantage of the trend as its MMF segment was throttled by inverted tax regime," it said.

Burden on the poor

Garments above ₹1,000 were already attracting 12 per cent GST and it was only the "poor man's" clothing that was being taxed at 5 per cent, pointed out Sanjay K Jain, Chairman, ICC Textile Committee & Past CITI Chairman. "So now poor consumers will have to pay 7 per cent extra for their clothing. This adds fuel to the rising inflation. Prices of cotton and yarn have already gone up by 60 per cent last year," Jain said.

Mainly MSMEs supply low-end garments, Jain pointed out, adding that the rising GST will reduce consumption and demand as that segment is more price elastic and requires more working capital.

“The increase in GST on low value garments (below ₹1,000), will put more nails on that struggling segment and hit MSMEs,” he added.

Some other industry players have praised the government’s move of addressing the inverted tax structure that adversely affected the industry.

“Addressing inverted duty structure is an important reform in making GST more progressive and will improve the efficiency in manufacturing.

Improving the cost competitiveness in MMF value chain is very crucial for next stage of growth and this decision willhelp towards the same," said Prabhu Damodharan, Convenor, Indian Texpreneurs Federation, Coimbatore.

Source: thehindubusinessline.com- Nov 22, 2021

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'Uniform rate of 12% for MMF textiles sector to reduce compliance burden'

The government has notified uniform goods and services tax rate at 12% on MMF, MMF yarn, MMF fabrics and apparel, which has addressed the inverted tax structure in the MMF textile value chain, said government on Monday. The changed rates will come into effect from January 1, 2022. This will help the MMF segment grow and emerge as a big job provider in the country, said Ministry of Textiles.

"The Textiles & Apparel (T&A) industry was having long pending (first under sales tax then, under VAT and finally under GST regime) demand for removal of inverted tax structure on manmade fibre (MMF) value chain. The GST on MMF, MMF Yarn and MMF Fabrics were 18%, 12% and 5% respectively. The taxation of inputs at higher rates than finished products created build up of credits and cascading costs. It further led to accumulation of taxes at various stages of MMF value chain and blockage of crucial working capital for the industry.

"Though there is a provision in GST law to claim the unutilised Input Tax Credit (ITC) as a refund, but there were other complications and resulted more compliance burden. The inverted tax structure caused effective increase in rate of taxation of the sector. The world textiles trade has been moving towards MMF but India was not able to take advantage of the trend as its MMF segment was throttled by inverted tax regime," the ministry further said.

This 12% uniform GST rate is likely to contribute positively to the growth of the sector in the following ways:

i) The uniform rate of 12% for entire value chain of MMF textiles sector will be benefiting and save lot of working capital. It will reduce the compliance burden of the industry players. This is a welcome step by the Government with no inversion.

ii) The uniformity of GST rates will be helpful to resolve the ITC residues that accumulated due to the inverted tax structure earlier.

iii) The uniformity in the GST rates shall 12% GST on job work related to dying and printing services will benefit the industry to absorb and recover unutilised ITC.

iv) The significant portion of MMF products (output) is expected to be exported, it will lend a better scope for encashing the untilised ITC. Also since tax on input will get refunded, on output (export) which will be zero rated, it would not add to cost and make exports competitive.

v) Uniform 12% GST will help the industry having huge portion of piled up opening ITC by enabling them to encash the same progressively

"Differential rates for garment creates problem in compliance of tax regime. MMF garment cannot be identified easily and cannot be taxed differently, hence there is need for uniform rate. Uniform rate makes it simple and since there is so much high potential of value addition in garment segment that the increase in rate is likely to be absorbed in value addition. It will provide clarity to the industry and settle, once and for all, the issues caused by inverted tax structure," the ministry said.

Source: business-standard.com- Nov 22, 2021

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Domestic garment industry slowly limping back to normalcy

In the last one year, defaults in the industry have been increasing and touched over ₹6,500 crore

Manoj Shekhani, Proprietor of Gold Coin, a Mumbai-based manufacturer of ladies' bottom wear is a relieved man as he has managed to recover ₹6 lakh out of ₹10 lakh default accumulated due to Covid disruptions. He is expecting to receive another ₹1.5 lakh in next two months as the industry is slowly limping back to normalcy.

Chandan Bagga of Ludhiana headquartered Dixon Knitwares has also succeeded in recovering ₹5 lakh out of ₹8 lakh default, thanks to the conciliation and mediation made by the Clothing Manufacturers Association of India. Dixon Knitwares has cut ties with all the defaulters except for one in Srinagar.

"We are completely dependent on the distributors appointed in each State. After the Covid outbreak, some of the small retailers have shut shop and many threatened to return the goods if deep discounts are not offered," said Bagga.

Traditionally, the micro and small manufacturers-led domestic garment industry is plagued by extended credit terms, often accompanied by unfair and arbitrary return of goods and unauthorised deductions made during final payments.

Defaults

The series of Covid pandemic induced lockdown and sharp fall in demand has hit the ₹6.5 lakh crore garment industry. In the last one year, defaults in the industry have been increasing and touched over ₹6,500 crore.

Most of the dues are foregone by clothing manufacturers as they do not have the financial power to take a legal recourse. In order to provide a helping hand, CMAI had formed an internal committee to effectively handle the crisis.

However, the absence of legal backing to orders pronounced by the committee has been one of the big challenges and most often delayed the entire recovery process.

Taking a step forward amid increasing defaults, CMAI will launch a separate Arbitration Cell led by Committee Chairman Nirav Sanghavi with legal assistance of Shaunak Thakker, Lawyer and Fellow of the UK Arbitrators. The Association also plans to include retired Supreme Court and High Court judges to provide legal assistance.

Rajesh Masand, President, CMAI said the Panel of Arbitrators will also include leading members of the industry with impeccable credentials, legal luminaries and individuals of high repute besides members from other Trade Associations from across the country.

The Arbitral Institutions do not require a license or court permission but have to frame its Rules of Procedure for arbitration hearings, administration to assist the process and associated cost.

Source: thehindubusinessline.com- Nov 22, 2021

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Indo-US trade to surpass $145 bn in 2021: US consul general in Chennai

India-US trade is on track and will surpass $145 billion in 2021, US consul general in Chennai Judith Ravin told the Bengaluru Tech Summit recently. "The United States remains India's biggest trading partner and largest export market with trade exploding from approximately $20 billion in 2001 to just over $145 billion in 2019 notwithstanding the pandemic taking a toll on trade," a Karnataka government press release quoted her as saying.

She was addressing the India-US Tech Conclave at the Summit.

She said the growth in Indo-US economic ties had been extraordinary and the 2021 data indicated a strong rebound, adding, if this trend continues, the countries would be on track to exceed 2019 numbers. Bengaluru is one of the top beneficiaries of US foreign direct investment, she said.

The consul general said Prime Minister Narendra Modi met President Joe Biden in September in Washington, DC, to confirm collaboration and commitments to the Indo-Pacific region.

"Since that visit, special presidential envoy for climate John Kerry and deputy secretary of state Wendy Sherman have come to India to continue these important discussions in advancing a range of initiatives," she was quoted as saying by Indian media reports. This would go a long way in cementing ties between the two countries, she said.

"When it comes to business, there is no stronger partner to India than the United States. We believe that India's economic strength is not just in India's interest, but in the interest of the United States, the region, and the world," she added.

Source: fibre2fashion.com- Nov 22, 2021

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Freight movement: Better connectivity with NE in pipeline

A host of ongoing projects that seek to improve connectivity between the North East (NE) and the rest of India, with Kolkata serving as the hub of operations, are expected to boost trade with the land-locked seven sisters of the region, besides facilitating commerce with neighbouring countries.

The operationalisation of the Sittwe port in Rakhaine province of Myanmar, on which work is nearing its end, will serve as a vital step in that direction. The $120-mn Sittwe port is a part of the India-sponsored $448-mn Kaladan Multi Modal Transit Transport Project (KMMTTP), which aims to connect Kolkata to the NE via the Bay of Bengal.

As part of this freight circuit, goods will be carried from Kolkata's Khidderpore dock to Switte port in Myanmar and thence to Mizoram in India's North East.

The journey from the port to Lawngtia in Mizoram will have two components: a 158-km stretch on Myanmar's Kaladan river to the Paletwa multi modal terminal and a 110-km trip by road from the terminal to the Mizoram border. This route will continue up to Dabaka in Assam via the 850-km-long NH54. Besides ensuring alternative access to the NE and reducing logistics costs, this route would grant the country a new passage to Bangladesh, China, Thailand and Laos.

A trading line from the Kolkata port to the NE has also been opened through the Chittagong port in Bangladesh since July 2020. But congestion at the Chittagong port has posed logistic challenges. While a new Rs 955-crore terminal is being built at Ashugunj in Bangladesh with 33% Indian line of credit, delay in the project's execution by the Bangladesh Inland Water Transport Authority has hindered better connectivity to the NE through the inland waterway route.

The development of a fairway upstream of Narayanganj in Dhaka, expected to be complete in the ongoing fiscal, and the development of the Sirajganj-Chilmari (in Bangladesh)- Dhubri (in Guwahati) stretch, with dredging work underway between Sirajganj and Chilmari, is expected to ease matters in this context.

Meanwhile, the increase in the number of Indo-Bangladesh protocol routes from 8 to 10 in May last year has added two ports of call – Jogigopha in India and Bahadurabad in Bangladesh – to the existing 12 ports of call. The newly added protocol routes have provided new connectivity to Meghalaya, Assam, Arunachal Pradesh, Nagaland and Bhutan.

These projects connecting the rest of India to the NE through Myanmar and Bangladesh envisage Kolkata's Khidderpore as the hub of cargo movement. The Kolkata Port Trust, renamed Syama Prasad Mookherjee Port (SMP), is the only Indian port to enjoy multi-modal connectivity (rail, road and inland waterways).

Vinit Kumar, chairman, SMP, points out that the port's two handling arms – Kolkata and Haldia – are located at the junction of a sea and river, allowing it to tap national waterways (NW) 1&2– NW-1 connects Haldia to Varanasi and NW-2 connects Kolkata and Haldia to the NE via the Indo-Bangladesh protocol routes and the Kaladan river in Myanmar.

The use of inland waterways has helped raise rice and wheat exports to Bangladesh to a daily average of 5,000 tons. "The 2.5 lakh tons of rice exports to Bangladesh that took place through the road route last year have been achieved in 3-4 months this year by using inland waterways, he says.

It is imperative that the Switte port becomes operational at the earliest and the Indo-Bangladesh protocol routes become more vibrant through the operationalisation of the Ashuganj terminal and the Narayanganj fairway, boosting connectivity to the NE, Sarbananda Sonowal, Union minister for ports, shipping and waterways, has said.

Source: financialexpress.com- Nov 22, 2021

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Demand from garment sector drives up cotton yarn prices

Rates up 20% in line with surge in cotton prices

Cotton yarn prices have increased over 20 per cent in the past three months in tandem with the rise in cotton prices, which have skyrocketed to record highs in the country.

According to Maj Gen OP Gulia, CEO, SVP Global Ventures, prices of superior quality yarns 40 CWC and 60 CWC have increased to ₹405 a kg from ₹330 and ₹500 from ₹415, respectively, in the past three months.

"Yarn prices normally keep pace with the raw material i.e. cotton. Cotton prices have sky-rocketed and have not come down even with the onset of new cotton season," said Gulia, whose firm has state-of-the-art spinning mills in Rajasthan and Oman.

Cotton woes

Prices of Shankar-6 cotton, a benchmark for exports, were quoted at ₹65,000-65,300 a candy (356 kg) during the weekend. In Rajkot agricultural markets in Gujarat, raw cotton (kapas) modal price (rate at which most trades take place) was quoted at ₹8,300 a quintal early today (Monday).

Domestic prices have galloped in line with the global trend due to lower production and supplies. On the Intercontinental Exchange, December futures were settled at 119.22 US cents a pound (₹71,950 a candy).

"Yarn prices have been ruling stable over the last few days as demand from the downstream sectors has slowed," said Rajkot-based Anand Poppat, a trader in raw cotton, yarn and cotton waste.

According to him, 30 counts CCH yarn, used by the hosiery units, is currently quoted at ₹340-345 a kg. When the Covid pandemic broke out in the country in March last year, the yarn was quoted at ₹165-170 a kg.

Up on easing of Covid curbs

"Yarn prices move in tandem with cotton and demand in the apparel sector. The demand for garments has seen a northward trend after the opening up of Covid related restrictions," said SVP Global Ventures' Gulia.

Yarn prices have kept pace with the rise in cotton prices. However, the Confederation of Indian Textile Industry (CITI) told the Centre, while pleading against any government intervention to tackle surging prices, that Shankar-6 cotton prices have increased 80 per cent since October last year, but 40s count hosiery yarn rates have gone up only by 58 per cent during the period.

Again, while the prices of Dharwad cotton hybrid (DCH), a popular variety in South India, have risen 126 per cent, 80s count yarn has increased by 38 per cent only, CITI said.

Last week, Union Commerce and Industry Minister Piyush Goyal, in a meeting with stakeholders of the cotton textile sector, asked all concerned to work with a "give and take" policy. However, he made it clear that the Centre would prefer cotton growers to enjoy the current good prices they were getting.

'Mills have orders on hand'

Poppat said despite rising cotton prices, which make up 70 per cent of yarn production costs, spinning mills had orders for the next 45 days on hand.

"Yarn demand has increased and there are advance orders lined up. Therefore, spinners are in an advantageous position right now," Gulia said. Mills are now looking to cover the next 2-3 months cotton requirements as domestic demand is strong for the natural fibre. "Nearly 1.50 lakhs bales have begun arriving daily in the market and quality has improved," he said. Poppat said spinnings mills have a good inventory of cotton currently with them.

According to CITI, it is only now that spinning mills have found parity between cotton and yarn prices since 2014. "Spinners are making some margins even at prevailing cotton prices due to strong demand from the apparel sector caused by opening up of travel and market restrictions," Gulia said.

But exports are slow since domestic demand is strong and payment cycle of domestic supply is fast, he said, adding that most spinners are currently catering to the domestic market. Poppat said currently Vietnam and China were the largest buyers of Indian cotton yarn, followed by the European Union and Turkey.

According to CITI data, yarn exports last fiscal were 1,231 million kg (mkg), up 22 per cent from 1,006 mkg in the 2019-20 fiscal. In the first half of the current fiscal, cotton yarn exports were 690 mkg.

Source: thehindubusinessline.com- Nov 22, 2021

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20 MoUs totalling ₹24,185 cr investments signed ahead of Vibrant Gujarat Summit

As Gujarat's mega investment congregation, Vibrant Gujarat Global Summit (VGGS) approaches, as many as 20 companies including six listed companies have inked memorandums of understanding (MoUs) worth ₹24,185 crore.

The listed players included chemicals majors Kiri Industries Ltd, Meghmani Organics and Meghmani Finechem Ltd, Borosil Renewables and Borosil Ltd, electrical equipment maker KEI Industries and public sector oil company Indian Oil Corporation Limited committing a collective over ₹8,500 crore of investments in chemicals, renewables, electrical equipment and energy sector.

The 10th edition of the flagship investment event for the State — VGGS will be held in January 2022. The government has started attracting the investments from the companies for their prospective projects in the State. The 20 MoUs were signed on Monday in presence of Gujarat Chief Minister Bhupendra Patel, who assured the investors all required government support but also asked the companies to execute their investments in a timely manner. The committed investments will collectively generate 36,925 jobs.

Among other companies that inked the MoUs are Indo Asia Copper Ltd which has committed ₹8,500 crore for a copper smelter and fertiliser complex at Rajula in Amreli district. The project is expected to commence from 2025 and will generate employment of 3,500.

Dyes and Dyes intermediate maker Colourtex India Pvt Ltd has committed investment of ₹2,000 crore providing employment to 3,500 at Vilayat GIDC in Bharuch district. The company will commence the project in 2023.

Public sector oil marketing player IOC has committed ₹1,595.22 crore worth of investment for five projects including capacity augmentation of Kandla LPG import plant besides modernisation and automation of LPG plants and augmenting its retail development, depot-terminal modernisation. IOC will generate employment for 5,760 through the investments, which will be commenced between the years of 2021 and 2023.

Kiri Industries will invest ₹2,900 crore generating 1,100 jobs for its project at MDI Complex for manufacturing of Aniline, Nitrobenzene, Nitric Acid, m-Phenylene diamine at Dahej.

Meghmani Group collectively will invest ₹2,600 crore across six projects in Dahej and Sanand locations. The investments are made in the agro chemicals, specialty chemicals, new pigments project among others.

In the medical equipment and lifesciences space, JVRx Assets Management Pvt Ltd will develop a R&D and manufacturing cluster at an ₹1,000 crore, generating employment for 8,000. The project will commence in 2023 and will come up near Ahmedabad. B Medical Systems India Pvt Ltd will set up a project to make medical and vaccine cold chain equipment in Kutch with an investment of ₹100 crore. Mini tractor maker Captain Tractors will invest ₹100 crore in Rajkot for mini tractor, agriculture equipment manufacturing and has committed to provide jobs to 1,790.

Source: thehindubusinessline.com- Nov 22, 2021

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Raymond set to rejig businesses, put professional boards in place

The Raymond Group, with interests in textiles, apparels and realty, is working toward reorganising its businesses into five core revenue streams, deploying professional boards to raise growth capital in the future.

Founded in 1925, Raymond Group will have five focused business areas including textile, fast moving consumer goods, real estate, education and engineering.

"All our boards will be completely professional in the next 12 months. Our FMCG and manufacturing companies have already done that," said Gautam Hari Singhania, chairman of the group, in an exclusive interaction with ET. "When you have an independent company with professional boards, you can do so many things including attracting private equity, going to the public by way of listing or you can exercise any other option available with you to create value for shareholders at the right time."

According to Singhania, the group had to relook at its strategy after facing huge challenges due to the pandemic and the subsequent lockdown. "All the businesses are uniquely positioned in a way that bringing professional boards will help to accelerate growth," said Singhania at his 13th floor corner office in Mumbai's upscale business district of Breach Candy that overlooks the Arabian Sea.

"When you have an independent business in an independent company, then the governance structure can be independently focused. So if it's for argument's sake, for real estate...If I want to monetize that asset and I want growth capital and the kind of investor that will invest in it will be the guy who wants to invest in real estate in a very focused way. So we created these focused structures," said Singhania.

The group had literally started its real estate business during the pandemic constructing its first project at its Thane land parcel, earlier a mill land.

"We are the only real estate company that has announced the delivery date of the apartments and I'm saying it publicly so you can hold me to it that December 10 next year at 10 am we will give possession to the purchasers - two years ahead of the deadline," said Singhania.

"Like many business houses, we entered into the business primarily to develop our mill lands but in future, we will expand in other geographies as well."

Currently, Reymond Realty is developing a 1-million-sq-ft commercial project including grade A offices and high-street retail component 0on 9.5 acres out of its nearly 125-acre land parcel at Thane's Cadbury Junction.

So far, Raymond Realty has sold over 70% of the total launched inventory of nearly 2,350 units at its maiden project 10X.

Source: economictimes.com- Nov 23, 2021

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