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SAYING NO TO CHILD LABOUR

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INTERNATIONAL NEWS

WTO's 12th Ministerial Conference: The road to Geneva

All eyes are on the WTO's 12th Ministerial Conference, which will be held in Geneva between November 30 and December 3 and attended by trade ministers and other senior officials from the organisation's 164 members. This highest decision-making body will seek to address the challenges of making a rules-based multilateral trading system more relevant in a world where bilateral, regional, and mega regional trade agreements have proliferated.

It will also consider a raft of critical issues—in which India has major stakes—such as WTO reforms on special and differentiated treatment of developing countries, public procurement for food security, response to Covid-19, including a patent waiver proposal floated by India and South Africa to fight the pandemic, among others.

India is concerned that developed nations are pushing on reforms that would dilute provisions on S&DT (special and differential treatment) for developing countries, besides trade and environment linkages, dispute monitoring, inclusion of plurilaterals or agreements between few like-minded members to negotiate over particular issues and ending the system of consensus for every decision that must be made.

S&DT allows developing and poor (less developed) countries to enjoy certain benefits, including taking longer time periods for implementing agreements and binding commitments, and measures to increase trading opportunities for them. Currently, any WTO member can designate itself as a developing country and avail these benefits. The US, for instance, believes self-declaration puts the WTO on a path to failed negotiations and institutional irrelevance.

India is opposed to developed countries linking WTO reforms S&DT. Union commerce minister Piyush Goyal has forcefully articulated that to deprive countries, having low per capita income of $600-3,000, of differentiated treatment and to place them alongside those having $60,000-80,000 per capita income is "grossly unfair".

However, India is open to discussions on classification of developing countries. A lacuna of the WTO indeed is the absence of a proper definition of this although two-thirds of members classify themselves as developing. The way forward is to adopt a procedure wherein each nation, keeping its national interests in mind, makes withdrawal strategies to claim S&DT.

According to a policy brief prepared by the think-tank ICRIER and Konrad Adenauer Stiftung on "New approaches to strengthen the multilateral trading system", another idea could be 'graduation whereby as and when member nations meet certain objective criteria, they will not be subject to developing country status'.

India's firm stance on S&DT is reflected in its position on the WTO revised draft text on fisheries subsidies; India seeks greater balance and fairness to provide the developing world the policy space for developing the fisheries sector with a longer transition period to phase out subsidies. The country must similarly meet the formidable challenge of trade and environment linkages as argued by Abhijit Das of IIFT.

Despite the urgency of addressing climate change, it must resist the moves of developed countries to provide a legal justification for imposing restrictions on international trade, supposedly for protecting the environment. Developing nations fear this is aimed at curtailing their exports and used by the developed world for protectionist purposes.

India must also aggressively push for a permanent solution to the issue of public stockholding for food security purposes and its patents waiver proposal amid indications that rich nations might defer or block decisions on these matters. India's best strategy at the ministerial is to make constructive suggestions on strengthening WTO as it has vital interests in a rules-based multilateral trading order while firmly standing up for the developing world.

Source: financialexpress.com–Nov 24, 2021

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China to bolster textile sector

If you walk into a clothing store in any shopping mall in a major Chinese city – whether it is an international or a local brand – “Country of Origin: Pakistan” hang tag is not uncommon.

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.

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 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.

“As far as I am 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,” he added.

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.

Regarding this, Xinjiang Agricultural University Deputy Dean Chen Quanjia introduced further planning during an interview with China Economic Net.

“Local high temperature-resistant cotton varieties in Pakistan are of great use to us,” Quanjia said. “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,” he said.

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 favourable weather conditions, the total output remains relatively stable.

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.

Sapphire Fibre cotton field supervisor Kamran Razaq 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 textile mills.

Accordingly, Xinjiang Agricultural University and University of Agriculture Faisalabad (UAF) have 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 mechanisation can reach 90%. We use machine picking everywhere so as to decrease the impurities,” Chen Quanjia said, adding that in future, China’s advanced cotton pickers can play a role in Pakistan as well.

CPEC projects: cures for textile

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

National Textile University Faisalabad Chairman of Department of Garment Manufacturing Abher Rasheed told CEN 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 a comparatively cheaper workforce available. Joint ventures in both areas could create a positive impact, he emphasised.

Obviously, his ideas coincide with some Chinese entrepreneurs with a strategic vision.

"The strong bilateral ties between China and Pakistan provide great convenience for our local investment," said Karen Chen, Managing Director of Challenge Fashion, a Chinese company investing $150 million in an industrial park on Lahore's border with Kasur.

Source: tribune.com.pk–Nov 23, 2021

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U.S., Turkey agree on terms to end digital services tax, trade retaliation – Treasury

The United States and Turkey have agreed to terms for withdrawal of Turkey's digital services tax that largely targeted highly profitable U.S. technology giants and will transition to a new global taxation agreement in 2023, the Treasury said on Monday.

The agreement will allow for the termination of U.S. retaliatory trade measures imposed against Turkey and will take on the same terms agreed by Washington in October with Austria, Britain, France, Germany and Italy, the Treasury said.

A total of 136 countries agreed in principle to withdraw their digital services taxes as part of a sweeping global tax deal agreed on Oct. 8 to adopt a 15% global minimum corporate tax and grant some taxing rights on large profitable companies to market countries.

The United States has not withdrawn its tariff threats against India over its digital services tax, aimed largely at U.S. technology companies such as Google, Facebook and Amazon.com.

Under the agreed withdrawal terms, Turkey and the European countries can continue to collect digital services taxes until the new regime is put in place, but any taxes collected after January 2022 taxes that exceed what companies would have to pay under the new rules would be credited against the firms' future tax liabilities in those countries.

Source: fxempire.com–Nov 22, 2021

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Vietnamese investment abroad rises by 35.1% in 1st 10 months of 2021

Vietnam's overseas investment totalled $646.03 million in the first ten months of 2021, up by 35.1 per cent year on year, according to data from the ministry of planning and investment. The United States was the leading destination of Vietnamese investment during the period with investments worth $305 million, followed by Cambodia ($89.4 million), Israel ($66.6 million) and Laos ($48 million).

Industrial production in October prospered when the social distancing measures eased, production and business activities gradually recovered to a new normal status.

The index of industrial production (IIP) in October was estimated to increase by 6.9 per cent over the previous month and decrease by 1.6 per cent over the same period last year. In the first 10 months of this year, IIP increased by 3.3 per cent over the same period in 2020.

The number of newly-established enterprises in October increased in both quantity and registered capital compared to the previous month. The number of re-operated enterprises increased by 29.8 per cent over the previous month.

In October 2021, the country had 8,233 newly established enterprises with combined registered capital of 108.6 trillion VND—an increase of 111.2 per cent in the number of enterprises, a rise of 73.9 per cent in the registered capital and an increase of 17.9 per cent in the number of employees compared to September.

The average registered capital of a newly established enterprise in the month reached 13.2 billion VND, a decrease of 17.6 per cent compared to September, and a decrease of 2.8 per cent compared to October 2020.

However, import and export activities in October continued to be affected by the pandemic. The total import and export turnover of goods went down by 0.4 per cent compared to September and up by 4 per cent over the same month last year.

Export turnover in September 2021 reached $27.03 billion, while the same in October was estimated at $27.3 billion. In ten months, the export turnover was estimated at $267.93 billion, a rise of 16.6 per cent over the same period in 2020.

Gross retail sales of consumer goods and services in October 2021 were estimated at 357.9 trillion VND, up by 18.1 per cent over the previous month and down by 19.5 per cent over the same period last year.

Source: fibre2fashion.com – Nov 23, 2021

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More Japanese Apparel Companies Abandon Xinjiang Cotton

Two Japanese apparel giants have sworn off sourcing cotton from China's Xinjiang Uyghur Autonomous Region amid fresh evidence of Beijing's alleged crimes against humanity against Uyghurs, Kazakhs and other Turkic Muslim minorities.

Sanyo Shokai said it will no longer use cotton from the region for its umbrella of brands beginning with its collections for next spring and summer. "We have decided that we cannot continue to use it because we suspect a human-rights problem," the company said in a statement. TSI Holdings, which maintains the Japanese license for brands such as Jill Stuart, New Balance Golf and Stüssy, will also eschew Xinjiang cotton in its fall and winter lines onward "until the human-rights issues are resolved," it said.

Up to 1.8 million Uyghurs and others are believed to be held captive in internment camps and prisons or compelled to pick cotton. They might be dispatched to factory jobs, both within and outside of Xinjiang, as part of a labor-transfer scheme that one leaked high-level document said "not only reduces Uyghur population density in Xinjiang, but also is an important method to influence, fuse and assimilate Uyghur minorities." Beijing has adamantly defended these programs as efforts to "alleviate poverty through labor" and curb extremism.

Last week, footage from a citizen journalist named Guanguan offered a rare look at Xinjiang's so-called reeducation centers. Many were surrounded by watchtowers, surveillance cameras and high fences topped by barbed wire. "The Chinese government's persecution of Uyghurs is beyond imagination," Guanguan said at the end of the video. "One who does not wish to be enslaved cannot bear the sight of others being enslaved. Down with the [Chinese Communist Party], may it be dissolved sooner rather than later so as to end its anti-humanity evildoings."

Other brands in Japan have already started shunning Xinjiang cotton, which accounts for 85 percent of China's supply and one-fifth of the world's. Sportswear brand Mizuno and apparel companies World and Cox dropped cotton from the region in May. Underwear maker Gunze said in June that it will be replacing the cotton in some of its socks with a non-Xinjiang alternative, though it has "discovered no violations such as forced labor" in the production of the Xinjiang cotton it employs.

Fast Retailing-owned Uniqlo, whose shipment of men's shirts was detained by U.S. Customs and Border Protection earlier this year for violating a Withhold Release Order on cotton produced by the Xinjiang Production and Construction Corps, says it doesn't manufacture any of its products in Xinjiang, though chairman and CEO Tadashi Yanai has previously cited a desire for his business to remain "politically neutral."

Asics, which said in a social media post in March that it would continue to source Xinjiang cotton, later recanted, saying that the "statement in question was unauthorized and is not our official corporate position on this matter." The brand also confirmed that the Australian Olympic team uniform it provided for the Tokyo 2020 Games did not contain Xinjiang cotton and was not manufactured in the region, but it did not elaborate on its position on the issue.

Muji owner Ryohin Keikaku, on the other hand, has tilted in a different direction by publicizing its continued adoption of cotton from Xinjiang. In an April statement on its website, the company said it has "not identified any material violations of laws & regulations [of] our Code of Conduct." Roughly half of the company's revenue outside of Japan comes from China, where Muji operates nearly 300 stores. In comparison, its share of the U.S. market, where it has 18 doors, barely registers.

On its online store in China, Muji has flagged products with the words "Xinjiang cotton," a move that has appealed to Chinese consumers on the Twitter-like social media platform Weibo. The same users are quick to show their ire to retailers such as Adidas, H&M and Nike, which have rejected Xinjiang cotton over forced-labor concerns. A boycott of several Western brands, first organized in March, has continued to rock many of their bottom lines, demonstrating the perils of falling afoul of China's 1.4-billion-people-strong market and forcing brands that are still on the sidelines to choose between their business interests and complying with a growing raft of Western sanctions, including a U.S. ban on all cotton and cotton-containing products from Xinjiang and Canada's first enforcement of its own forced-labor law.

Another casualty of the consumer firestorm has been the Better Cotton Initiative, which angered the ruling Chinese Communist Party's after it suspended all field-level activity in Xinjiang last October, pointing to “sustained allegations of forced labor and other human-rights abuses.” A BCI forced labor task force report later described truncated freedoms that prevented Xinjiang farmers from speaking freely about their circumstances, causing further outrage from authorities. The squabble led China to drop BCI in favor of its own domestic “sustainable” cotton standard, whose inaugural batch is being harvested. So far, 21 companies are part of the initiative, compared with BCI’s 2,100.

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

In less contentious news, 57 Chinese textile firms have announced a bid to achieve joint carbon neutrality through what they have called the Climate Stewardship 2030 Accelerating Plan. The companies, which include Chenfeng Group, K-Boxing, Peacebird, Sateri, Weiqiao Pioneering Group and Wensli Group, will begin rolling out training programs that address climate change sometime next year. In 2022, the initiative will list its goals for reaching carbon neutrality. By 2022, it plans to make public its members’ specific roadmaps.

At a United Nations General Assembly meeting last September, President Xi Jinping pledged to have China’s carbon emissions peak before 2030 and for the country to hit carbon neutrality before 2060.

Source: sourcingjournal.com – Nov 23, 2021

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NATIONAL NEWS

Centre transfers Rs 95,082 crore to states as tax share

Thanks to robust tax receipts, the Union government on Tuesday released to Rs 95,082 crore to states as November as their share of divisible tax pool, twice the monthly devolution corresponding to the Budget Estimate. The higher devolution was promised by Union finance minister Nirmala Sitharaman on November 15 after the virtual meeting with chief ministers, state finance ministers to step up states' capital investments in infrastructure and other areas.

According to the state-wise breakup of amounts released on Tuesday, Uttar Pradesh will be the highest recipient with Rs 17,057 crore, followed by Bihar (Rs 9,563 crore), Madhya Pradesh (Rs 7,464 crore), West Bengal (Rs 7,153 crore) and Maharashtra (Rs 6,006 crore). Typically, the tax devolution to states is done in 14 instalments in a year and the adjustments as per the revised estimate are usually done in March. To improve the liquidity of states, the Centre has already released the entire back-to-back loan component of Rs 1.59 lakh crore to the states in lieu of shortfall in release of GST compensation during the current fiscal. This was in addition to the compensation released to the states from the designated cess kitty of Rs 60,000 crore.

Data gathered by FE of 20 states showed that these states reported a combined capex of Rs 1.6 lakh crore in April-September of FY22, up 79% on year, compared with a decline of 31% on year in the corresponding period of FY21.

The Centre has asked states to undertake Rs 1.1-lakh-crore more capex in FY22 than Rs 5 lakh crore achieved in pre-Covid year of FY20. The states are allowed net borrowing of 4% of GSDP in FY22 with 50 basis point of this linked to achievement of incremental capex over their investment in FY20.

Source: financialexpress.com – Nov 24, 2021

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GoM to meet on Nov 27 to finalise report on GST rate rationalisation

The sources said the report of the ministerial panel is likely to be finalised in this meeting and would be presented before the GST Council when it meets next month.

The panel of state finance ministers looking into GST rate rationalisation will meet on November 27 and finalise its report on rate changes to expand the tax base. Sources said the Fitment committee, comprising tax officers from states and the centre, has made many “sweeping” recommendations regarding slab and rate changes and taking items out of the exemption list.

The recommendations will be discussed in the meeting, but all might not be accepted in toto. This is the third meeting of the GoM, which was set up in September. It was tasked to submit a report within 2 months.

The Group of Ministers (GoM) on rate rationalisation, headed by Karnataka Chief Minister Basavaraj Bommai, also include West Bengal Finance Minister Amit Mitra, Kerala Finance Minister K N Balagopal, and Bihar Deputy Chief Minister Tarkishore Prasad.

The sources said the report of the ministerial panel is likely to be finalised in this meeting and would be presented before the GST Council when it meets next month.

The GoM in its meeting on November 27 would also review items under an inverted duty structure to help minimise refund payout and review the supply of goods and services exempt under Goods and Services Tax with an objective to expand the tax base and eliminate breaking of input tax credit (ITC) chain.

Currently, GST is a four-tier slab structure of 5, 12, 18 and 28 per cent. Essential items are either exempted or taxed at the lowest slab, while luxury and demerit items attract the highest slab. On the top of the highest slab, a cess is levied on luxury and demerit goods.

There have been demands for merging the 12 and 18 per cent slab as also taking out certain items from the exempt category to balance the impact of slab rationalisation on revenue. With regard to inverted duty structure, the

GST Council has already corrected the rate anomaly in the case of mobile handset, footwear and textiles.

The ministerial panel would also look at representations of inverted duty structure and recommend suitable rates to eliminate any such cases where final goods attract a lower GST than the tax levied on its inputs.

Source: financialexpress.com– Nov 23, 2021

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Textile, clothing industry say hike in GST to have negative impact

The textile sector is certain to require additional working capital now and the final cost will be passed on to the consumer, sources said.
Industry sources observed that since almost 80% of fabric production in the country is in the unorganised sector, increasing the rate to 12% for fabrics will hit the powerloom and handloom weavers.

The Centre's notification to hike GST rates for several textile and apparel items from January 2022 has come as major blow to micro, small and medium-scale textile and clothing units, with industry groups asserting that the move will push up prices for consumers.

Industry sources observed that since almost 80% of fabric production in the country is in the unorganised sector, increasing the rate to 12% for fabrics will hit the powerloom and handloom weavers. The textile sector is certain to require additional working capital now and the final cost will be passed on to the consumer, sources said.

In a bid to address inverted tax structure in the man-made fibre (MMF) textile value chain, the ministry of textiles has notified the uniform goods and services tax (GST) rate at 12% on MMF, MMF yarn, MMF fabrics and apparel. Changed tax rates will come into effect from January 1, 2022. Prior to the change in tax structure, the GST on MMF, MMF yarn and MMF fabrics were 18%, 12% and 5%, respectively.

The decision is negative for both the consumer and the industry, said Sanjay K Jain, chairman of the Textiles Committee of the Indian Chamber of Commerce. He felt that while the industry and the market can absorb 3-4% hike, an increase of 7% is steep. "It is the MSME units that make the low-cost garments and these units may suffer from drop in demand. In the long run, many units in the unorganised sector may move out of the GST net," he observed. This also means that the working capital requirements of these units will go up, he added.

Vinod Kumar Gupta, managing director of Dollar Industries, said that the notification on GST increase from 5% to 12% on all fabrics and garments below Rs 1,000 is indeed quite disappointing. "In fact, the proposed merger of existing 12% and 18% slabs to a single 15% or 16% window is a whopping increase by 300% in GST rates for the garments that are used by the lower income group of the society.

The market is likely to see a 15-20% price rise in garments soon since there is an unprecedented price increase of raw materials like yarn, packing materials and freight," he pointed out." It is unfortunate that those who buy clothes costing less than Rs 1,000 will be the most affected. On one hand the government is emphasising on Atmanirbhar Bharat and, on the other, these moves of levying high taxes is creating an atmosphere of uncertainty not only on the consumers but also on the manufacturers, he said.

Expressing disappointment at the notification, the Clothing Manufacturers Association of India (CMAI) president Rajesh Masand stated that CMAI, along with Associations and Trade Bodies from all over India have been vigorously representing to the government and GST Council not to implement this change. The changes effected will increase the prices of all fabrics and garments priced below Rs 1,000 from 5% to 12%.

"What will make the impact of this cost increase even more drastic, is the fact that the industry is reeling under a totally unprecedented price increase of its raw materials, especially yarn, packing material, and freight. The market is likely to see a 15-20% price increase in garments in the coming season even without the GST rate increase," Masand said.

Industry body Retailers' Association of India (RAI) has urged the finance minister to reconsider the GST Council's recent decision. The industry body said the pandemic has already dealt a body blow to the apparel industry as prolonged lockdowns and weak consumer demand led to a decline in sales of clothing. Kumar Rajagopalan, CEO, Retailers' Association of India (RAI), said, the GST hike is "not in anybody's interest".

"On the business side, it will add to the financial burden of an already-stressed sector, slow down its pace of recovery and affect working capital requirements especially in the case of MSME businesses which account for 90% of the industry. On the consumer side, it will lead to a rise in the prices of garments, thereby hurting consumption. On the government side, in the long run, it may lead to many unorganized businesses going out of the GST net," he added.

While the Southern India Mills' Association chairman Ravi Sam and Confederation of Indian Textile Industry chairman T Rajkumar welcomed the move to set right the inverted duty structure for the MMF sector, Sam said the government should not have changed the rates for the cotton sector. The Powerloom Development and Export Promotion Council (PDEXCIL) has urged the government of Tamil Nadu not to increase GST rates for any textile products as it would affect the industry.

In a letter to chief minister MK Stalin, its chairperson MA Ramaswamy said PDEXCIL catered to the needs of the powerloom industry that comprised of synthetic fabrics and man-made fibre (MMF). Increasing the GST rates will discourage the entire value chain and affect millions of workers as manufacturers would be forced to go for job cuts.

Source: financialexpress.com– Nov 24, 2021

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India, US relaunch Trade Policy Forum

The ministry said the TPF could be the major platform for collaboration and cooperation in trade matters, resolving bilateral trade concerns and exploring trade policy issues.

Commerce Minister Piyush Goyal and US Trade Representative Katherine Tai on Tuesday relaunched the Trade Policy Forum (TPF) and agreed to engage on issues which are affecting the trade between the two countries.

The bilateral commerce between India and the US is expected to cross USD 100 billion this year.

Both the ministers directed the TPF Working Groups to develop, by March 2022, plans of action for making substantive progress, including identification of a set of specific trade outcomes that could be finalised for an inter-sessional TPF meeting to be held by mid-2022.

Further, both sides expressed satisfaction over the robust rebound in bilateral merchandise trade this year (January-September 2021), which showed almost 50 per cent growth over the same period in the previous year.

"Bilateral merchandise trade in the current year is poised to surpass USD 100 billion mark," an official statement said.

It said the ministers "recognised the importance of engaging in collaborative discussion on the full range of existing and emerging issues affecting our trade relationship".

In this regard, the commerce ministry said the TPF could be the major platform for collaboration and cooperation in trade matters, resolving bilateral trade concerns and exploring important, emerging trade policy issues.

India highlighted the importance of cooperation in health sector, and expressed interest in partnering with the US and allies in developing a secure pharmaceutical manufacturing base for augmenting global supply chains.

They also discussed about participation and collaboration of the private sector in both the countries in building stronger linkages in critical sectors, including cyber space, semiconductors, AI, 5G, 6G and future generation telecommunications technology.

India and the US deliberated on facilitating greater market access for mangoes and pomegranates, pomegranate arils from India, and cherries and alfalfa hay for animal feed from the United States, the statement said.

They agreed to work to resolve market access for grapes from India and pork/ pork products from US.

“Both sides to continue engagement on exploring enhanced market access for products, including Distillers’ Dried Grains with Solubles from the US and market access for water buffalo meat and wild caught shrimp from India,” it said.

Further, India highlighted the significance of restoration of GSP (Generalised System of Preferences) benefits as it would help industries from both sides in integrating their supply chain efficiently.

“The US noted it for suitable consideration,” the statement said.

They also underlined the importance of movement of professional and skilled workers, students, investors and business travellers between both the countries as it contributes immensely to enhancing bilateral economic and technological partnership.

India and the US “agreed on the significance of negotiating a Social Security Totalisation agreement in the interest of workers from both sides,” it said.

The last meeting of the TPF was held in 2017.

Source: financialexpress.com– Nov 23, 2021

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RAI urges govt to reconsider proposed GST rate hike on textiles, apparels

Stating that the apparel retail businesses are already ailing, RAI said the 7 per cent hike has been proposed to address the issue of inverted duty structure in the textile industry faced by a small segment of the total textile value chain.

The increase in GST rates on textiles and apparel is not in anybody's interest due to its impact.

Retailers Association of India (RAI) on Tuesday urged Finance Minister Nirmala Sitharaman, state governments and GST Council to reconsider the proposed hike in GST rates on several textiles and apparel items to 12 per cent from January saying it will adversely impact 85 per cent of the sector.

Stating that the apparel retail businesses are already ailing, RAI said the 7 per cent hike has been proposed to address the issue of inverted duty structure in the textile industry faced by a small segment of the total textile value chain.

"However, such a steep increase in the GST rate will adversely impact 85 per cent of the industry while trying to ease the problem faced by not more than 15 per cent of the industry," the retailers' body said in a statement.

RAI CEO Kumar Rajagopalan said, "The increase in GST rates on textiles and apparel is not in anybody's interest due to its impact. On the business side, it will add to the financial burden of an already-stressed sector, slow down its pace of recovery and affect working capital requirements especially in the case of MSME businesses which account for 90 per cent of the industry." On the consumer side, he added, "It will lead to a rise in the prices of garments, thereby hurting consumption. On the government side, in the long run, it may lead to many unorganised businesses going out of the GST net."

RAI asked "the central and state governments and GST Council to reconsider its decision to prevent a complete collapse of the sector and maintain an atmosphere of hope and certainty." It further said, "A far more beneficial and reasonable solution is to make the entire value chain subject to a flat 5 per cent GST rate. This will not only resolve the inverted duty structure anomaly but also give a fillip to the industry."

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Source: financialexpress.com– Nov 23, 2021

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India-US trade didn't quite live up to potential: USTR

Speaking before Tai, Goyal highlighted the unique task given to both him and Tai by their leaders "to strengthen our economic ties and trade based on transparency and fairness".
The US is India's largest export market, having made up for outbound shipment of nearly $52 billion in FY21.

The trade relation between the US and India remains a top priority for the Biden administration but the bilateral trade "never seemed to quite live up to its significant potential", US trade representative (USTR) Katherine Tai said here on Monday.

In her maiden visit to India as her country's chief trade negotiator, Tai flagged concerns of American "stakeholders" about what they call India's market access restrictions, high tariffs and restrictive digital trade measures, and the need for a predictable policy regime. "These are the issues where we intend to make progress. And they will be on top of my list while I am here," she said. Tai was speaking after meeting commerce and industry minister Piyush Goyal and other ministers on Monday.

The revival of the bilateral trade policy forum meeting on Tuesday after a gap of four years will help keep pace with other important aspects of the India-US relationship as well, she added.

Tai said there is a huge potential of growth in bilateral trade, especially in critical areas, including digital economy and agriculture.

The US is India's largest export market, having made up for outbound shipment of nearly $52 billion in FY21. Imports from the US stood at $29 billion last fiscal, as the pandemic hit supply chains.

"High" Indian tariff has always been a sore point with the US. India was branded "tariff king" by former US President Donald Trump, who had demanded that New Delhi slash duties on a broad range of products, even though the world's largest economy turned more protectionist under him.

In response, Indian officials have pointed out that New Delhi's applied tariffs are way below the permissible limit under the WTO framework, or the so-called bound rate (which was 50.8% in 2020). Also, India's trade-weighted average tariff is much lower than the simple average one

(Washington usually highlights only the latter). Moreover, unlike other large economies, including the US, India hardly uses non-tariff barriers to crack down on or discourage imports it deems non-essential or sub-standard.

Goyal pitches India as a trusted trade partner

Speaking before Tai, Goyal highlighted the unique task given to both him and Tai by their leaders “to strengthen our economic ties and trade based on transparency and fairness”. “Of course, I am sure you will bear in mind the hugely differing level of prosperity between the people of US and the people of India and the shared vision to work towards mutual prosperity of the people of both our nations,” Goyal said while welcoming Tai to India before a dinner hosted by him.

India’s competitive advantages of cost, skilled manpower and the huge domestic market, combined with American innovation and investment, can become a winning partnership, Goyal said.

Goyal said India and the US have realised the necessity of diversifying critical supply chains and are poised to play an important role in developing “trusted supply chains with other like-minded nations”. He said, despite its own challenges in the wake of the Covid-19 pandemic, India “didn’t let down any of its international commitment”, highlighting the reason why the world looks at India as a “trusted” trade partner.

Source: financialexpress.com– Nov 23, 2021

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Cotton arrivals in October recorded at 31.12 lakh bales

Arrivals up 15% year-on-year as prices nearly doubled in one year

Cotton Association of India (CAI) on Tuesday informed that cotton arrivals in the first month of the season stood at 31.12 lakh bales (170 kg each), which is about 15 per cent more than 27.16 lakh bales recorded in the same month last year.

Notably, cotton prices have nearly doubled in the year-on-year basis from ₹4,355 a quintal to ₹8,405 a quintal at Gondal market in Gujarat. CAI has retained the earlier projection of cotton crop for the season beginning October 1, 2021 at 360.13 lakh bales, which is up by 7 lakh bales from 353 lakh bales estimated for the previous year.

During October 2021, the total cotton supply including the arrivals of 31.12 lakh bales is estimated at 107.12 lakh bales. It includes imports of 1 lakh bales and also the opening stock of 75 lakh bales at the beginning of the season on October 1, 2021. On the consumption front, the CAI has estimated cotton consumption during October 2021 at 27.91 lakh bales with export shipments of 4 lakh bales during the month.

Total stocks at the end of October 31, 2021 is estimated at 75.21 lakh bales. The cotton stock held by mills in their godown is estimated at 46.21 lakh bales and the mills have on an average 50 days stock in their godown, the CAI noted in its monthly arrivals and crop assessment statement.

Stocks held by Cotton Corporation of India (CCI), Maharashtra Cotton Federation, Multinationals, Ginners, Traders and Exchanges are estimated at a total of about 29 lakh bales. Thus, the total stock held by these bodies is estimated at 75.21 lakh bales.

Source: thehindubusinessline.com– Nov 23, 2021

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ICICI Bank launches new online platform for exporters and importers

The service is called Trade Emerge

Private sector lender ICICI Bank on Tuesday announced the launch of an online platform to offer digital banking as well as value-added services to exporters and importers across India.

Called Trade Emerge, it aims to makes cross border trade hassle-free, expeditious and convenient, as it offers an array of services in one place, which eliminates the need for companies to coordinate with multiple touchpoints, the bank said in a statement.

The list of banking services includes current and saving account offerings, trade services such as Letter of Credit, bank guarantee, trade credit as well as digital solutions like corporate Internet banking and trade online, state-of-the-art foreign exchange solutions, payment and collection solutions and credit cards, it further said.

Further, value-added services include incorporation of trade business, access to global trade database of nearly 15 million buyers and sellers across 181 countries, verification reports of potential customers through reputed credit bureaus, logistics solutions for shipment booking and last mile tracking, and insurance services like marine insurance all available online through a single window, and many more. "These services are offered through partners having expertise in their respective fields," the bank said.

Vishakha Mulye, Executive Director, ICICI Bank said the objective of this initiative is to increase efficiency and productivity of exporters and importers decongesting the time-taking physical procedures.

"This is a part of the Bank's endeavour to offer customised digital banking as well as value-added solutions to corporates, and their entire ecosystem through various initiatives. The benefit of this platform is available to all exporters and importers, even if they are not customers of ICICI Bank," she said.

Source: thehindubusinessline.com– Nov 23, 2021

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Tamil Nadu govt signs 59 MoUs for projects worth Rs 35,208 crore

The Tamil Nadu government on Tuesday signed 59 MoUs for projects worth Rs 35,208 crore in various sectors, including areospace and defence, which is set to create job opportunities for 76,795 people, the government said.

In all, 82 initiatives, comprising 59 MoUs and 13 other projects for which foundation stones were laid and 10 commercial production launches in firms in the state, entails a total investment of Rs 52,549 crore.

Cumulatively, such initiatives gives job opportunities to 92,420 people, the government said in an official release, adding that the projects are spread across various regions of the state and covered 22 districts.
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At an investment conclave presided by Chief Minister M K Stalin here, MemooUs were exchanged for Rs 485 crore worth projects in areospace and defence sector as well, which includes manufacture of spare parts and setting up of an aviation training institute at Salem.

Fifty two other projects, cumulatively worth Rs 34,723 crore, includes Data Centres of companies like Adani Enterprises and Larsen and Tourbro. Electric vehicles, renewable fuel (Ethanol), stemcell research were among the other projects.

The CM released the 'TN Fin-Tech Policy 2021', which encompasses features like a 'Fin Tech City' in Chennai and unveiled an Aerospace and Defence Handbook for enterprises involved in the sector.

An MoU was signed between the state-run TN Industrial Development Corporation (TIDCO) and Dassault Systemes to set up a Centre of Excellence at an investment of Rs 212 crore, which is aimed at aiding the aerospace and defence sector enterprises in areas, including design and research.

Stalin also laid foundation stones for 13 new/expansion projects worth Rs 13,413 crore in fields, including solar power plants, manufacture of motor vehicle spare parts and data centres.

Such 13 initiatives are spread across Kancheepuram, Ranipet, Chengelpet, Virudhunagar (Textiles), Namakkal (Spinning Mill) and projected to bring employment opportunities to 11,681 people.

The Chief Minister inaugurated commercial production of 10 firms under various projects in different sectors, totally worth Rs 3,928 crore. Such production units would provide jobs to 3,944 people.

Stalin also launched an upgraded single window '2.0' mobile app to help investors that has features like facilitation vis-a-vis approvals, current status and so on.

Source: business-standard.com– Nov 23, 2021

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Strong demand to drive recovery in India's textile sector: Ind-Ra

India Ratings and Research (Ind-Ra) is committed to the textile sector for the rest of fiscal year 2021-22 (FY22), against the backdrop of potential revenue growth associated with improved operating profit due to continued strong demand. We continue to improve our overall outlook. , Despite the minor turmoil in the first quarter of 2010 due to the second wave of COVID-19.

Rating agencies said in a media release that domestic and export demand could continue for the rest of 2010, improving sales volume year-on-year.

Ind-Ra maintains a rating of Outlook at Stable to remind us of 2010, and we look forward to continued improvement in the profitability of our sector players and continued de-leveraging of our balance sheets. Strong operating cash flow leads to improved credit indicators, despite the potential for higher working capital requirements due to higher sales volumes and higher capital investment.

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The benefits of integrated business operations, sound balance sheet liquidity, and operational efficiency in 2010 are already factored into the rating. Sector players in the "INDA" and above rating categories show resilience to COVID-19-led turmoil, given the appropriate to good liquidity profile. The Ind-Ra rated portfolio has improved both liquidity and credit indicators, supported by strong operating cash flow in the first half of 2010. The agency has changed its rating outlook from negative to negative for the pure play of small and medium-sized commodities, as demand and prices are expected to recover sustainably in 2010.

Domestic demand improved in the second half of FY2009 (second half) due to the closure of shopping centers and retail spaces in urban areas, but decreased slightly in the first quarter of FY2010. Demand is likely to improve from the second half of 2010 due to deregulation, but remains vulnerable to further regulation. Also, demand from spinning mills seems to be recovering prior to the festival in India. According to Ind-Ra, players witnessed a year-on-year increase in volume in the first quarter of 2010, but a slight decrease in QoQ.

In segments such as cotton yarn and fabrics, year-on-year demand from downstream players increased in the first half of 2010. Domestic demand for household textiles continues, but demand for textiles and apparel is likely to improve with the opening of retail stores and malls in the second half of 2010.

Textile exporters in the cotton and yarn segment continued to improve yarn exports in the first half of 2010, with cotton yarn volume increasing by more than 45% in the fourth quarter of 2010 compared to 2008 and 2009.

Ind-Ra expects exports to continue to increase in 2010 compared to 2008 and 2009 due to increasing demand for yarn in India. Fabric and apparel exports may also recover to pre-COVID levels during M4 in 2009 and be sustained by unlocking economic activity and adopting the China Plus One strategy by importing countries.

Exports of apparel and fabrics in the fourth quarter of 2009 increased 87% and 108% year-on-year, respectively, due to the low base effect and reaching pre-COVID levels. Authorities expect export demand to improve moderately in the second half of 2010 due to accelerated vaccination and China Plus One procurement strategies.

Demand may improve further after FY2011. In addition, the continued impact of China's (Xinjiang) cotton procurement restrictions could play an important role in boosting demand, officials said.

Source: eminetra.com– Nov 23, 2021

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Ludhiana: Textile industry seeks rollback of GST hike

With the Union government recently increasing goods and services tax (GST) on garments and textiles from 5% to 12%, the Chamber of Industrial and Commercial Undertakings (CICU) has written to Union finance minister Nirmala Sitharaman seeking a rollback of the decision.

The letter stated that the textile and garment industry is already struggling for survival amid the pandemic, and this move by the government will push it into a deeper crisis. The industrialists rued that this will impact business at large as prices of woven and knitted fabrics, knitted garments, textile garments etc will increase.

Also, it will adversely impact export, as the sector will not be able to compete at the international market and lead to rampant tax evasion, stated industrialists.

CICU president Upkar Singh Ahuja said the industry had also opposed an increase in the GST rate, but the government notified it, ignoring their needs and demand. “We have written to Sitharaman to roll back the order, failing which the industry, especially the small units, will collapse,” Ahuja said. The industrialists stated that rising prices of raw material have already been taking a toll on the business.

Knitwear and Textile Club president Vinod Thapar said, “Rather than helping the industry by bringing down the prices, the government has added to our woes. The industry will not be able to survive for long under these circumstances and this hike will further encourage tax evasion. The tax rate should be reduced to 5% to save the industry.”

BAP leaders postpone protest outside PM’s residence

Earlier, a group of industrialists under the banner of Bhartiya Aarthik Party (BAP), had announced a protest outside the house of Prime Minister (PM) Narendra Modi in Delhi on November 25. National president of the party, Tarun Jain Bawa, stated that the agitation has been postponed for now as officials from the PM office have invited them for discussing the problems on Wednesday.

Source: hindustantimes.com–Nov 24, 2021

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Welspun One to set up 6 warehouses in Tamil Nadu

Welspun One Logistics Parks (WOLP) has inked a memorandum of understanding (MoU) with the Tamil Nadu government to set up six warehouses across the state in the next five years. The projects will lead to a direct investment of Rs 2,500 crore, the company said on Tuesday.

WOLP, part of the diversified Welspun Group, signed the MoU with Guidance, Tamil Nadu government's nodal agency for investment promotion and single window facilitation. Under this, six projects have been proposed in prime warehousing micro-markets like Hosur, Sriperumbudur and Thiruvallur, totalling to a development potential of around 8 million sq ft (MSF).

WOLP managing director, Anshul Singhal said, "We are extremely pleased to announce the signing of this MoU with the government of Tamil Nadu. As per our blueprint, we are looking at developing approximately 400 acre of land in Tamil Nadu to build top-class, warehousing facilities. With every project, we aim to create a social impact and these projects have the potential to create over 8,000 jobs".

"Before the GST regime, most companies had multiple, small warehouses across states for the sole purpose of minimising taxes. The introduction of GST allowed firms to start focusing on building efficient supply chain networks by establishing optimal-sized warehouses in fewer locations. We are happy to associate with WOLP to help Tamil Nadu set new standards in creating logistics infrastructure," Guidance CEO, Pooja Kulkarni said.

Source: financialexpress.com– Nov 24, 2021

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