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INTERNATIONAL NEWS

Eurozone growth at 9-month low as 4th COVID wave hits: IHS Markit

The eurozone economy is being dealt yet another blow from COVID-19, with rising infection levels dampening service sector growth to result in a disappointing end to 2021, according to UK-based IHS Markit. Germany is being especially hard hit, seeing the economy stall for the first time in a year-and-a-half, but the growth slowdown is broad based across the region.

However, encouragement comes from the manufacturing sector, where the strain on supply chains is showing some signs of easing, in turn helping to revive factory production, it said.

These easing supply constraints have alleviated some of the upward pressures on inflation, though the overall rate of price increase in December was still the second highest on record. While inflation could soon peak, the rate of increase remains elevated, it said in a press release.

Looking ahead, the Omicron variant poses downside risks to the growth outlook as the world heads into 2022, and any accompanying disruption to supply chains could result in price pressures spiking higher again.

The headline IHS Markit Eurozone Composite purchasing managers index (PMI) in the zone dropped by two points from 55.4 in November to 53.4 in December, according to the 'flash' reading, indicating an easing in the rate of output growth to the lowest since March.

The December slowdown was led by the service sector, where business activity grew at the weakest rate since April. Slower service sector activity growth was in turn led by a steep fall in tourism and recreation activity of a similar magnitude to the declines seen at the start of the year amid rising COVID-19 infection rates and associated restrictions across the region.

Inflows of new business into the service sector in the Eurozone also slowed, dropping to the lowest since the recovery from early-2021 lockdowns began in May, IHS Markit said.

By country, growth stalled in Germany due to the first drop in new orders for goods and services since June 2020, ending a 17-month recovery. A renewed fall in service sector activity outweighed a pick-up in manufacturing production growth.

France meanwhile continued to grow at a solid pace, albeit down on November, as a relatively resilient service sector helped offset a decline in manufacturing output for the second time in the past three months.

The rest of the region recorded the slowest expansion since April, with growth moderating in both manufacturing and services, though rates of increase remained well above long-run averages.

Source: fibre2fashion.com– Dec 18, 2021

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Do Rising Cotton Prices Really Harm Apparel Companies?

It's time for a dose of reality.

Cotton gets maligned for many things in our industry. Still, any criticism typically leveled at the fiber originates from preconceived notions that are hard to dispel or, at times, a simple lack of understanding. After all, from a supply chain perspective, cotton is a remote input compared to the garment business and is easily misunderstood.

There's a new bugaboo about cotton these days: rising prices. And it seems to be troubling everyone. Today, the daily price of cotton fluctuates around $1.15 to $1.20 per pound. A year ago, the cost of cotton was as low as 50 cents a pound. So, the price of cotton has really jumped. It's good news for farmers but bad news for the textile and garment industry, right? Not so fast.

Lost limbs

To listen to folks throughout the textile supply chain talk about the rise in cotton prices is like listening to people complain that they lost a limb. "How dare they raise prices! Don't they know how hard it is to compete in this market! We can't afford to pay those prices!" But they always do, thanks to the availability of cheaper synthetic fibers to help cushion higher cotton prices.

But there's more to the story. Shifting the blame to cotton misses the point. It's a little like perceptions some people have that cotton is a dirty fiber. Of course, it's all spin and nonsense–but it makes for a good story that marketing teams at apparel companies can use to demonize cotton. Moreover, such hyperbole shoves the blame for climate change far away from the core products of apparel companies. In fact, the real culprit is found in far-flung, complicated, multi-stage supply chains, comprised of all kinds of suppliers and middlemen—all incentivized to push a little added cost onto their customers when they can. So, don't blame cotton.

What's more, just because cotton prices are high doesn't mean that farmers are receiving windfalls. There's a supply chain that revolves around cotton farmers to handle the cotton once it's been harvested. Think about it: there are intermediary companies like merchants, gins, warehouses, transportation firms, and other companies that also receive a cut of the price. What's left for farmers is a lot less than many may realize.

Instead of complaining about higher cotton prices, what about lower prices for garments? That's the real story. What's more, consumer inflation is up in the United States—led by retail apparel. Huh? It makes little sense until we consider the impact of the port delays the industry has suffered through and the resulting higher costs for brands and retailers.

Economic reality

So, ultimately, we're back to economics. Supply, demand, production efficiencies, consumer tastes, and prices. What's really odd, though, is the price of cotton has jumped while the imported price for clothing has declined. How does that work?

Oh, and guess what? The same may be said for imports of yarn and fabrics.

So what gives? Clothing imported this year was made with cotton from the previous season. Indeed, cotton started its run in early 2020, which would mean that such increases would be reflected in 2021 apparel import prices. But actually, the opposite occurred.

A key question is why cotton chose to run up when it did. After all, by any measure, 2020 was an awful year. Many economies were in lockdown, and the shipping problems that affected the industry so severely this year were months away. However, government stimulus programs were pumping money into economies around the world and setting the stage for inflation to creep into supply chains beginning with raw materials.

And then there's simple supply and demand. For instance, China purchased a lot more U.S. cotton to fulfill the needs of mills looking to avoid using Xinjiang cotton. Yeah, the whole Xinjiang forced labor issue is still a thing. Xinjiang cotton makes up about a quarter of the global cotton crop.

Still, it has been virtually excluded from the international markets from a pricing perspective. It is often used by Chinese mills only for domestic consumption. As such, this creates an artificial shortage. Add in late harvests in the U.S. and a troubled crop in India, and we're set up for higher prices.

And of course, this year, demand for apparel is up. In fact, apparel imports in 2021 will top levels registered in 2019. They're certainly way higher than imports recorded in 2020 at the height of the pandemic. Yet increased demand sets up higher prices, especially when coming off a down year. In turn, it stands to reason that demand for the various inputs of the finished garment may go up.

Sticking the landing

Nevertheless, to blame cotton for industry inflation is to miss the point. Supply chain disruptions and sharply higher shipping costs are the critical reasons for higher inflation. In turn, cotton prices move up and down all the time. After all, it wasn't so long ago that cotton traded at just 50 cents a pound. Sure, $1.20 a pound is more than double that, but the give and take in raw materials shouldn't be demonized. Just better understood. For brands, this means working closely with textile suppliers to better understand how their margins are affected. Forget the spin and embrace facts.

Here's an example: a pair of jeans contains about 1.5 pounds of cotton. So, when the price of the cotton included in jeans is about 50 cents per pound—like it was at the end of the first quarter of 2020—the total cotton cost is about 75 cents per pair. Moreover, when cotton recently topped $1.20 per pound, that translated into cotton costs of $1.80 per pair of jeans.

But when a pair of jeans sells at, let's say, $80 wholesale, a jump in cotton costs from 75 cents to $1.80 per jean still represents a tiny percentage of the price of wholesale jeans.

Even so, you may say, "yeah, but my overall raw material costs, including yarn and fabrics, keep going up, killing my margins." Of course that's true. But it places the price issue where it should be: with spinners, weavers, and knitters—because each stage of the supply chain will try to add a little more to the prices they charge for their products. The result? A cumulative increase in the cost of materials for apparel companies.

It's human nature to want to pay only for the perceived value of a product. Indeed, such perceptions may ignore economic realities—ignoring reality is undoubtedly a human trait. But sociology aside, perceptions often override fact when it comes to cotton.

It's a little like comparing gasoline to an automobile. Yes, gasoline makes a car run, but the reason we use gasoline in the first place is to power our cars so we can travel places. Of course, we notice the gas price at the pump when filling up, but we fill up regardless as we have to get somewhere. We may not like the gas price, but that's irrelevant considering that we have to go somewhere for an appointment or work.

Let's be real

So, do rising cotton prices really harm apparel companies? The short answer is not directly. The long answer is that higher raw material prices allow segments of the supply chain to simply raise their prices. However, those increases harm apparel companies by raising costs in tandem and squeezing margins if those increases can't be passed on to consumers. In that case, there's the rub.

However, supply chain price fluctuations move both ways—from the top and bottom. What about all the products that won't make it through ports in time for the holiday selling season? Are we setting up for a possible fire sale come January? Maybe. And suppose the holiday selling season itself is only so-so. In that case, there will be even more merchandise to offload somewhere. It could be a mess.

And the humble cotton farmers may take it in the neck once again as demand for new products dries up as old inventory is worked off. Want lower cotton prices? They call it "demand destruction."

Source: sourcingjournal.com– Dec 17, 2021

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Congress Passes Ban on Goods From China's Xinjiang Region Over Forced Labor Concerns

The Senate voted unanimously on Thursday to approve legislation that would ban the import of a wide array of products made in China's Xinjiang region in a drive to prevent companies from sourcing goods produced through forced labor by persecuted Muslim minorities.

Its passage was a victory for supporters of an aggressive human rights measure that faced a fierce corporate lobbying campaign from businesses that argued it was too onerous and would disrupt global supply chains. The vote sent the measure to President Biden's desk, where he was expected to sign it into law.

The bill represents the most forceful legislative response yet to China's campaign against the Uyghurs, a predominantly Muslim ethnic group, which the Biden administration has called a genocide.

It would impose a high standard for companies seeking to import products from the region, banning goods made "in whole or in part" in Xinjiang unless companies are able to prove to customs officials that the products were not made with forced labor.

"Many companies have already taken steps to clean up their supply chains," said Senator Marco Rubio, Republican of Florida and one of the authors of the bill. "They should have no concerns about this law. For those who have not done that, they'll no longer be able to continue to make Americans — every one of us, frankly — unwitting accomplices in the atrocities, in the genocide that's being committed by the Chinese Communist Party."

The legislation had stalled for months on Capitol Hill, even as lawmakers decried the severity of China's wide-scale repression of Uyghurs. Those offenses have included administering forced sterilizations and abortions, and placing Uyghurs and other ethnic minorities in concentration camps, where they have faced torture and sexual abuse.

Few officials or companies wanted to publicly push back against the legislation, wary of the optics of appearing indifferent to genocide. But behind the scenes, the bill's tough standard — which presumes that all goods produced in the region are made with forced labor unless companies can prove otherwise — alarmed some corporations, lawmakers and Biden administration officials who feared it was overly broad.

Roughly one in five cotton garments sold globally contains cotton or yarn from Xinjiang, and the region produces a significant portion of the world's polysilicon, which is used to make solar panels and smartphones. Some administration officials worried that the standard at the heart of the bill would cripple already disrupted supply chains and create additional roadblocks to meeting the nation's climate goals, according to congressional aides familiar with the discussions.

Companies including Nike, Coca-Cola and Apple also lobbied Congress in an attempt to weaken that provision.

But lawmakers coalesced around a compromise version of the legislation earlier this week and pushed it through, a burst of momentum that came after Mr. Rubio held up consideration of the annual defense policy bill, demanding that the Senate turn its attention to the forced labor measure.

The final version retained the tough importation standard for companies, but stripped out a related measure that would have required companies to disclose any involvement in a wide range of activities conducted in the Xinjiang region. That reporting requirement, vehemently opposed by large companies, was met with resistance from some lawmakers on the Senate Finance Committee.

Earlier this week, Jen Psaki, the White House press secretary, confirmed in a statement that Mr. Biden would sign the bill into law, noting that the White House had earlier cracked down on forced labor in the supply chain for solar panels made in Xinjiang by banning products made by specific companies.

"The administration will work closely with Congress to implement this bill to ensure global supply chains are free of forced labor, while simultaneously working to onshore and third-shore key supply chains, including semiconductors and clean energy," Ms. Psaki said.

Legislative drama dogged the legislation until the end. Attempts by Mr. Rubio to expedite the bill's passage on Wednesday were halted by Senator Ron Wyden, Democrat of Oregon, who tried to attach an extension of an expiring child tax credit payment, which Republicans widely oppose, to the anti-forced labor measure.

“Getting this bill over the finish line and into law ensures that American consumers and businesses can buy goods without inadvertent complicity in China’s horrific human rights abuses,” said Senator Jeff Merkley, Democrat of Oregon and a co-sponsor of the legislation.

“As the Chinese government tries to whitewash their genocide and claim a propaganda victory with the upcoming Olympics, this legislation sends a powerful, bipartisan message that the United States will not turn a blind eye.”

Source: nytimes.com– Dec 16, 2021

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Chinese economy maintains recovery momentum in November

China's economy continued its recovery momentum in November, with major indicators staying within a reasonable range, according to data from the National Bureau of Statistics (NBS), which recently revealed Retail sales of consumer goods in the month rose by 3.9 per cent year on year (YoY), while value-added industrial output increased by 3.8 per cent YoY.

Fixed-asset investment went up by 5.2 per cent YoY in the first 11 months of the year, with investment into high-tech industries accelerating, the data showed.

The country's surveyed urban unemployment rate stood at 5 per cent in November, 0.2 percentage points lower than the same period last year.

"The resilience of development has been continuously enhanced and the economic operation is generally stable," NBS said in a statement.

"Despite multiple pressures, the fundamentals of China's long-term economic development stood unchanged," said NBS spokesperson Fu Linghui at a press conference.

The value-added output for major companies in the manufacturing sector accelerated growth, while high-tech industries saw rapid growth, an official news agency reported.

As macro policy adjustment intensifies, policies to ensure supply and price stability take effect and measures to expand domestic demand gain momentum, expectations from firms will maintain generally stable, Fu said.

Looking forward, China's domestic demand still has huge potential for growth while unbalanced development in urban and rural regions leaves room for more investment, both of which will shore up the country's growth in the future, he said.

Source: fibre2fashion.com– Dec 18, 2021

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China State Reserve's 2021 cotton sales total 5.5 million bales: USDA

China suspended cotton sales from the State Reserve on December 1. The total sale of 5.5 million bales occurred in two separate periods from July to the end of November. From July 5 till September end, 2.9 million bales (630,000 tonnes) were sold, while in the October-November period, 2.6 million bales (572,400 tonnes) found buyers, according to the US department of agriculture (USDA).

Over 95 per cent of the cotton sold in the first period was from the 2011, 2012, and 2013 crops. All sales were domestic cotton, with just over 70 per cent being from the Xinjiang region.

In the second sales period, Xinjiang cotton accounted for 32 per cent of the sales, 61 per cent was from the rest of the country and imported cotton filled the remaining 7 per cent. Ten per cent of the cotton purchased was from the 2019 and 2020 crops and the rest was from earlier seasons.

The actual amount of cotton remaining in the State Reserve is unknown, but is estimated at between 8.7 and 9.8 million bales, likely the lowest since August 2019 and before China's massive build-up of reserve stocks starting in 2011, USDA said.

Roughly 2.2 million bales (475,000 tonnes) of domestic cotton are estimated to be in the reserve. The amount of imported cotton held is believed to be at least 6.5 million bales (1.4 million tonnes) with the possibility of another 1.1 million (240,000 tonnes) being held by the state trading or state-owned enterprises.

The 2021 sales program follows China's reserve rotation policy, which has virtually eliminated the reserve stocks of domestic cotton from the 2011-2013 crops (which at one point approached 60 million bales). Remaining stocks of domestic cotton are largely from the 2019 crop while stocks of imported cotton are mostly from the 2018-2020 crops.

It is anticipated that the State Reserve will again hold sales in 2022 and will also replenish reserves to maintain its stocks at the current level, USDA added.

Global production is down with a significantly smaller crop in Pakistan more than offsetting larger crops in Benin, Turkey and Uzbekistan. Use is mostly unchanged. Ending stocks are down more than 1 million bales on fewer supplies in India, Pakistan and China. Global trade is up slightly with higher imports for Pakistan and Vietnam more than offsetting lower projected volumes for China.

US production is up marginally to 18.3 million. Exports and use are unchanged for the second consecutive month, with ending stocks also unchanged.

Source: fibre2fashion.com– Dec 17, 2021

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UK, Australia sign trade deal in virtual ceremony

The United Kingdom recently signed a trade agreement with Australia, its first 'from scratch' since leaving the European Union (EU), creating new work and travel opportunities. The deal was 'agreed in principle' by Prime Minister Boris Johnson and his Australian counterpart Scott Morrison in London in June, and negotiators have now finalised all chapters of the agreement.

The final deal was signed in a virtual ceremony by UK international trade secretary Anne-Marie Trevelyan and will now be laid in the UK parliament for scrutiny. The deal is expected to unlock £10.4 billion of additional trade, boosting the UK economy and increasing wages across the country, while eliminating tariffs on most UK exports, an official release from the UK government said.

The agreement establishes clear and transparent rules that ensure fair treatment for UK investors, greater legal certainty to prohibit discriminatory treatment and reduces the risks associated with investment decisions. It provides UK investors with broader and deeper market access than Australia has ever guaranteed before, making it easier to invest across the economy while restricting limitations on business activity and reducing 'investor-unfriendly' performance requirements.

It gives UK and Australian firms guaranteed access to each other's government procurement markets and will allow young people to work and travel in Australia for up to three years at a time, removing previous visa conditions.

UK businesses and professionals will have guaranteed certainty of access, helping to make long-term business decisions around the movement of personnel, bidding for and accepting new contracts, and advertising their services in Australia.

The deal removes tariffs on UK exports, making it cheaper for Australian importers to sell iconic British products like cars, Scotch whisky and UK fashion.

Source: fibre2fashion.com– Dec 17, 2021

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USA: Cotton Maintains Bullish Support as Bears Begin to Lurk

Cotton continues to have a laundry list of fundamentals that support the bullish side of the price equation. There are bearish ones as well, although I am challenged to think of any. But the silent spring lingers.

The price deck just does not seem to have all 52 cards – and when I do count 52, a couple of them, once turned over, are jokers. Thus, short term, I remain steadfast in the Dollar Cotton Tent, at least until April. Yet, as I look down the road, I tend to get a little squeamish.

It reminds me of the day before a big game with Texas when Jackie Sherrill taught his Mississippi State team how a bull became a steer. His team won in a big upset, two times in a row. The national news talked about it for two years. The steer's photo ran in a paper for years.

My list of bullish points outweighs my bearish points. Yet, be very cautious! This bull market is very much beginning to take on the likeness of that steer. I would love to see December go to a dollar, but the odds of an 80-cent trade are very high. The supply demand imbalance can support higher prices. But without unexpected economic news or production difficulties in a major producing country, the longer term calls for lower prices.

Cotton price activity appears to sit on a teeter-totter – rocking first one way then the other, never finding any balance. It's up 200-300 points one day and down the next with no clear fundamental reason uncovered for the respective moves. The technical news is more positive than negative, but the projected price resistance levels have become lower than before, and the projected price support points have also become lower – the beginning of a trend change. The suggestion is that lower prices are in front of us.

Cotton fundamentals are generally bullish. Yet, major economic indicators are all but a basket case. The media reports the Consumer Price Index (CPI) as if it was a clear and defining economic indicator. They totally fail to mention the Producer Price Index (PPI), which truly is the principal and primary economic indicator of inflation in the U.S. The PPI – years ago known as the WPI-Wholesale Price Index – is the key inflation indicator and it currently dwarfs the CPI in real numbers, an indication that U.S. inflation is measurably higher than is reported. (The WPI never measured wholesale prices, and neither does the PPI. The PPI measures prices of goods when they first enter the production process.)

Think a moment of the retail automotive business. There are few, if any, cars to be had, prices are up, used car prices are up, employment is down, and salaries/commissions are down in line with sales. Thus, productivity is down, and prices are higher. The spiral digs deeper, leaving inflation to climb higher.

Cotton goods are caught up in this. Pima cotton has already been undercut by this. Pima prices have reached a zenith. Marketing year sales have fallen to the lowest level of the year, and demand has all but dried up. High prices have shut down textile processing of extra-long staple fiber.

The on-call sales ratio is still highly supportive of dollar cotton. Between now and the first 10 days in June, the known buying of futures contracts dwarfs the known selling of futures contracts by 10,391,500 bales. That's a lot of buying. But as the ratio of on-call sales versus on-call purchases has come down, so have prices – a normal phenomenon. The on-call position is market supportive, but it is not bullish beyond 115 cents. It is just bullish enough to keep old crop futures in the 102-110 cent range for now.

Export sales continue bullish, and export shipments remain bearish. Weekly sales for the week ending Dec. 9 were a net 286,400 bales – very strong. Major buyers were China (97,300 bales), Pakistan (52,500), Vietnam (36,300), Bangladesh (36,000), and Turkey (19,800). Pima sales were only 700 bales, indicating that U.S. Pima has priced itself out of the market.

Additionally, buyers for the 2022-23 marketing year were Bangladesh, Pakistan, Turkey, China, and Mexico. Too, Pakistan was a good buyer for immediate shipment and for 2022-23.

On a bullish note, it is likely that the Pakistani crop is going backwards. Two months ago, USDA increased the crop by 1.0 million bales. This month, USDA reversed its course and took that away. Pakistan continues to be a near-term and long-term buyer, suggesting its crop is yet even smaller than the USDA estimate. Pakistan is bullish for market prices.

Shipments to all countries were only 131,500 bales on the week and need to average about triple that each week the final 32 weeks of the marketing year to reach the USDA target. It is doable, and it has been done. However, if even just a little about the current export shipping woes is true – and it seems to be so – then the U.S. cannot come close to meeting that standard.

There is a bear hiding in plain sight. Yet, look for China, Pakistan, Bangladesh, and Turkey to continue to be good buyers.

Expect the market to hold on until mid-April. We will take another look then, but the inflation bug is beginning to sting the consumer.

Source: cottongrower.com– Dec 17, 2021

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What is Sustainable Cotton?

Sustainable products are a primary focus these days, and industries must do a better job in research and communication with customers.

The 79th plenary meeting of the International Cotton Advisory Committee dedicated a significant segment of time to discuss this important topic.

A recent discussion with Dr. Kater Hake, Vice President for Agricultural and Environmental research at Cotton Incorporated, provided good insights on the value of sustainability.

When asked "What is Sustainable Cotton," Hake answered, "Any sustainable product has to meet the needs of humans globally without sacrificing the wants of the future generation." The cotton industry, from fiber to fashion supply chain, is working hard towards this goal.

Cotton is tolerant to drought and salts and is grown in rainfall-deficient regions like West Texas and Africa. Growers are adopting many sustainable practices such as no or reduced till and reduced fertilizer inputs, while aligning sustainability with profitability, stated Hake.

I have articulated sustainability as a System with 3Es – Environmental, Energy, and Economical – in an article, "Sustainability in the Industry: Where Do We Go Next?"

Cotton provides jobs for many farmers in countries like India where a farmer may own one hectare or less. This helps with social sustainability, giving opportunities for farmers in developing regions of the world.

While there is no doubt that sustainable products come with a cost, that cost gets absorbed over a period and life cycle of the products. With cotton prices now riding above one dollar per pound and the highest rate of inflation in four decades in the United States, how such increased cost would be received by consumers is interesting to observe.

One solution to tackle the price issue with natural fibers is to increase global production to reduce the price, stated Professor Mohamed Negm, Chairman of the International Cotton Researchers' Association. Perhaps global cotton production should increase to 35 million metric tons/year from the current level of about 25 million tons/year, he added.

While the technical textiles sector is dominated by synthetics, there is growing interest and to go plastic-free.

“Sustainability can mean different things to different people, so there are a wide variety of sustainability claims made to get on this bandwagon, using terms like ‘natural’ and ‘free from and adding small percentages of cotton, hemp, wood-based fibers and others,” stated Dave Rousse, President of the Association of the Nonwoven Fabrics Industry. “There is a push for a plastic-free wipes substrate by 2025, and a lot of material science activity to achieve this.”

The climate change issue has heightened the need to go sustainable in all sectors. An immediate need is to engage in dialogue with all stakeholders, particularly with consumers, by improved communication strategies.

More importantly, immediate research investments need to be made by both private and public entities. Benefits to such investments are huge, stated Hake, by highlighting few developments that have happened in the cotton sector like increased fiber strength, which has led to a reduction in the weight of cotton garments and the amount of fiber needed to make durable products.

Plastic pollution in small water systems and large marine environments is attracting due attention, driving the sustainable development of biodegradable products.

Source: cottongrower.com– Dec 17, 2021

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China vows to respond after US enacts Xinjiang sanctions

China will take all necessary measures to safeguard its institutions and enterprises, a Foreign Ministry spokesman said Friday after the U.S. Senate passed a law barring imports from the Xinjiang region unless businesses can prove they were made without forced labor.

The spokesman, Wang Wenbin, said the measure approved Thursday "indicates that the U.S. has no scruples about smearing China by every means."

"The relevant actions seriously undermine the principles of market economy and international economic and trade rules, and seriously damage the interests of Chinese institutions and enterprises," Wang told reporters at a daily briefing.

"China strongly deplores and rejects that and urges the U.S. to immediately correct its mistake. China will take all necessary measures to resolutely safeguard the legitimate rights and interests of Chinese institutions and enterprises," Wang said without elaborating.

The law is the latest U.S. penalty over China's alleged systemic and widespread abuse of ethnic and religious minorities in its far western region, especially Xinjiang's predominantly Muslim Uyghurs.

President Joe Biden is expected to sign the law after overcoming initial hesitation from the White House and what supporters said was opposition from corporations. He also announced new sanctions Thursday that target several Chinese biotech and surveillance companies, a leading drone manufacturer and government entities for their actions in Xinjiang.

Despite numerous independent investigations finding forced sterilization and large detention camps where many Uyghurs allegedly are compelled to work in factories, China has denounced all such claims as the "lie of the century."

It portrays them as part of an effort to stifle China's growth and damage its reputation. China at first denied the prison-like camps exist but later said they were voluntary centers for job training and de-radicalization. It now says all "students" have graduated.

“The U.S. government is trying to strangle the economy of Xinjiang through its industrial and supply chains under the false pretexts of ‘forced labor' and ‘violations of human rights,' the official Xinhua News Agency said Friday, citing a report by the Institute for Central Asia Studies under Lanzhou University in northwestern Gansu province.

The U.S. says raw cotton, gloves, tomato products, silicon, fishing gear and a range of solar energy components are among goods allegedly made with help from forced labor.

Xinjiang is a resource-rich mining region, important for both agricultural production and manufacturing. Detainees also are sometimes transferred from Xinjiang to work in factories elsewhere, making clothing and textiles, electronics, solar energy equipment and car parts, the U.S. says.

U.S. government agencies are required to expand monitoring for forced labor by China’s ethnic minorities. The new law establishes a presumption that goods from Xinjiang are made with forced labor, so businesses wanting to import goods from there must prove no involvement of forced labor, including by workers transferred from Xinjiang.

Factory work has long been associated with the camps, through which somewhere between 900,000 and 1.5 million Uygurs and other Chinese Muslims have passed, said Darren Byler, an assistant professor of international studies at Canada's Simon Fraser University who has studied and written extensively about the camps.

Workers considered troublesome may be given prison terms, sometimes in camps converted into penitentiaries, Byler said. After they leave, they are kept in line through constant surveillance and the threat of being sent back to the camps, he said.

Muslims sent to work in other parts of China are given no choice, are separated from their families and are accompanied by a Xinjiang Communist Party official and police officer, Byler said. Their activities are highly circumscribed and they are not allowed to practice Islam.

“They're living in really unfree conditions," Byler said.

The Commerce Department announced new penalties targeting China’s Academy of Military Medical Sciences and 11 research institutes that focus on using biotechnology to support the Chinese military.

The move bars American companies from selling goods and technologies to the entities without a license.

Separately, the Treasury Department announced it was placing DJI, the world's largest drone manufacturer, and seven other Chinese companies on an investment blacklist over their alleged involvement in biometric surveillance and tracking of Uyghurs.

The measure means Americans will be prohibited from buying or selling publicly traded securities connected with the companies.

DJI dominates the global market for small, low-altitude drones used by hobbyists, photographers and many businesses and governments.

The White House announced last week it would stage a diplomatic boycott of the upcoming Winter Olympics in Beijing, citing China's "egregious human rights abuses and atrocities in Xinjiang." U.S. athletes will compete but Biden will not send the usual contingent of dignitaries.

China vowed "resolute countermeasures" over the boycott, but has given no indication of how it plans to respond.

Rights groups note that prison labor has long been a part of the U.S. economy, with inmates producing goods and providing services such as call centers for what is typically reduced pay. Opponents say the system disproportionately profits off the labor of incarcerated Black Americans.

Source: chron.com – Dec 17, 2021

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Turkey's central bank cuts policy rate to 14%; lira slips further

Despite increasing inflation, the Monetary Policy Committee (MPC) of Central Bank of the Republic of Turkey has reduced the policy rate (one-week repo auction rate) from 15 per cent to 14 per cent. As a result of the cut in borrowing costs for the fourth consecutive month, lira fell to a record low and is currently trading at 16.19 per 1 US dollar.

Immediately after the decision was announced by the central bank, lira declined by over 5 per cent against the dollar; thus, falling by around 45 per cent since September this year.

The central bank's decision is in sync with President Recep Tayyip Erdogan's belief that lower interest rates curb inflation, and will boost investment, employment, and exports from the country.

"Central banks in advanced economies assess that the rise in inflation on the back of rising energy prices and imbalances between supply and demand may last longer than previously anticipated. Accordingly, while monetary policy communication of central banks in advanced economies varies with their diverse outlook for economic activity, labour market and inflation expectations, they continue their supportive monetary stances and asset purchase programmes," the Turkish central bank said in its statement on reducing bank rate.

Experts, however, expect that the decision is a step forward towards making lira to see its largest annual deprecation since 2001. To lessen the depreciation of the lira, over the last fortnight, the central bank intervened four times by selling dollars in the market. Last month, inflation in Turkey zoomed past 21 per cent, which is about four times more than the official target.

Meanwhile, in an effort to balance the impact of rising prices of everyday items, President Erdogan has announced a 50 per cent increase in the country's minimum wage, which now stands at 4,250 lira ($262) per month.

Source: fibre2fashion.com– Dec 17, 2021

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Pakistan: Discontinuation of gas to hit textile exports in a big way

Textile sector fears $5 billion lower exports consequent to the government decision to discontinue gas supply to the textile industry in Punjab, claims All Pakistan Textile Association Executive Director and Secretary-General Shahid Sattar.

Shahid Sattar told Business Recorder by telephone that the government decision would result not only in loss of exports but would also render a considerable number of workers in the sector jobless. He said that textile sector was confident of achieving over $21 billion textile exports this fiscal year but subsequent to gas supply issue, exports would not be more than $16 billion. Discontinuation of gas supply would negatively impact on GDP growth and render the workers jobless, he added.

He emphasized that the government's target to increase exports to $30 billion would not be possible in the wake of discontinuation of gas supply to the major contributor, textile sector, to exports.

To a question about negotiation with the government, Sattar said talks were being held with the government. It was high time the government reviewed priorities in order to remain on track or else all gains made would be lost and additional forex loans would be required to bridge the gap created by lower exports, he stated.

He said the industry was assured by Minister for Energy that gas supply to the textile sector would be made available at $9/MMBTU from $6.5/MMBTU. However, as per Ministry's Gas Load Management Plan presented to the Cabinet Committee on Energy presided over by Minister for Planning Asad Umar on December 2, 2021 gas to Captive Power Plants, whether co-generation or not, was to be subjected to load-shedding starting from December 15, 2021.

There will be no disruption in gas supply, SNGPL chief tells APTMA delegation

He claimed that textile units located in Punjab were affected as on the one hand their gas tariff was increased to $9/MMBTU while on the other hand they were facing load-shedding.

Pakistan's 70 percent textile industry is based in Punjab and the disconnection of gas will bring 80 percent of the industry almost to a standstill. The bulk of textile mills are co-generation and use gas to produce electricity and even if the additional electricity load could be accommodated, the mills cannot generate steam and hot water from electricity. The Power Distribution Companies are not in a position to supply additional power to the mills. The textile mills in Punjab were unable to operate at the moment, he said.

In a statement, the textile body asked the Prime Minister to restore power and gas supply to the textile industry. Chairman APTMA urged Prime Minister Imran Khan to intervene immediately to ensure supply of electricity and gas to textile units and warned that if the sector was pushed against the wall and their genuine concerns were not addressed, workers and their families would take to the roads.

"And if we are unable to deliver orders on time, orders once lost will be a permanent loss to Pakistan, and such a decision taken by foreign buyers is extremely difficult if not impossible to reverse," the letter argued.

In response to APTMA statement, Hammad Azhar took to twitter and stated that "process gas is being supplied uninterrupted to textile sector. Only gas that they were using for captive power plants has been curtailed. APTMA has taken a stay order on the tariff increase (due to rise in LNG prices) to USD $9/MMBtu from $6.5 MMBTU," he added.

Source: brecorder.com– Dec 18, 2021

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Pakistan: Textile, clothing exports jump 28pc to $7.8bn in 5MFY22

Textile and clothing exports grew 28 per cent year-on-year to $7.75 billion in the first five months (July to November) of this fiscal year, mainly on the back of a massive depreciation in the rupee's value and a steady rise in global demand.

The year-on-year growth in November was even higher at 35pc, data released by the Pakistan Bureau of Statistics showed on Friday.

The government has yet to announce the much-awaited textile and apparel policy pending for the last few years. Several drafts have been presented before the Economic Coordination Committee, but the policy has yet to be approved.

However, in the budget 2021-22, the government drastically reduced duty and taxes on the imports of several hundred raw materials to bring down the input cost of exportable products. Liquidity issues were also resolved to a considerable extent by a timely release of refunds and the payment of cash subsidies.

Data showed that ready-made garments exports jumped 23.4pc in value and 23.6pc in quantity during July-November, while the exports of knitwear edged up 36.6pc in value but dipped 14pc in quantity. Bedwear exports grew 23.6pc in value and 23.9pc in quantity.

Towel exports were up by 18pc in value and 9.4pc in quantity, whereas those of cotton cloth rose by 22.3pc in value and 16.2pc in quantity.

Among primary commodities, cotton yarn exports surged 65.5pc and those of yarn made from material other than cotton by 118.8pc. The exports of made-up articles — excluding towels — rose by 15pc, while those of tents, canvas and tarpaulin dipped by an equal percentage during the period under review. The export of raw cotton declined by 100pc, which means there were no exports of the commodity during the period.

The import of textile machinery jumped 97.9pc in July-November, reflecting expansion or modernisation in the textile industry.

To bridge the shortfall in the domestic sector, the industry imported 313,729 tonnes of raw cotton in July-November compared to 239,111 tonnes a year ago, an increase of 31.2pc.

Similarly, the import of synthetic fibre dropped 4.7pc as the industry imported 195,504 tonnes this year compared to 205,241 tonnes. The import of synthetic and artificial silk yarn fell 3.2pc to 164,834 tonnes from 170,313 tonnes in the year-ago period.

The import of worn clothing recorded a growth of 110.4pc to 428,419 tonnes from 203,648 tonnes last year.

During the five-month period, the country's overall exports posted a year-on-year growth of around 27pc to reach $12.36bn from $9.74bn in the same period last year.

Source: dawn.com– Dec 18, 2021

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NATIONAL NEWS

India-UK FTA negotiations likely to start next month: Goyal

Commerce Minister Piyush Goyal on Friday exuded confidence that negotiations for a free trade agreement between India and the UK would be launched next month and with Canada by March-April. He was speaking at the 94th Annual Convention of industry body Ficci here.

Goyal said he will be in Mumbai on Saturday and engaging with exporters and the retail industry to examine the benefits of the free trade pact with the UAE. “Along with that we are looking at other engagements with the UAE, which will be announced shortly, but we are still working to see whether we can have something like a large India Mart in Dubai where a huge number of stores can come up to display Indian products, a huge amount of warehousing can be picked up at affordable prices,” he added.

The minister said such a mart will help Indian exporters to increase their presence all across Africa, the Middle East and other parts of the world. He said India is in discussions with other countries and regions too for free trade pacts. “So, we are looking at new ideas along with the FTA with the UAE. We are also simultaneously in discussion with Australia…UK, we launch possibly next month. Canada we may launch by about March or April,” he said.

Goyal, who also holds the textiles portfolio, said a “trillion-dollar opportunity” is waiting for the textiles industry, which is the largest job-creating sector in the country after farming.

The proposed FTA between India and UK is expected to unlock extraordinary business opportunities and generate jobs.

Goyal said most of the industries in the country are doing reasonably well, but still, there are few sectors that are under stress. He also said a USD 400 billion of merchandise exports in the current fiscal looks to be a reality.

Source: financialexpress.com- Dec 17, 2021

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India to set up large ‘India Mart’ in Dubai with numerous stores, says Goyal

In talks with six partners on FTA

India is looking at several engagements with the UAE, including setting up an ‘India Mart’ in Dubai, in addition to the on-going negotiations for a free trade agreement with the country, Commerce and Industry Minister, Piyush Goyal said.

“(Today), I will be in Mumbai engaging with exporters and Indian retail industry to examine what are the benefits the UAE FTA can give us. We are also looking at other engagements with the UAE, like a large India Mart in Dubai where huge number of stores can come up to display Indian products,” Goyal said speaking at the annual convention of industry body FICCI on Friday.

The Minister expressed hope that Indian businesses will be able to pick-up affordable warehousing and the UAE can then serve as a base to enable them to spread across Africa, Middle East and other parts of the world.

FTAs

New Delhi is working on six FTAs at the moment with partners such as Australia, the UK, the EU and Canada, and one or two more may get added in the next few days, Goyal said. “The FTAs will give India a huge leg-up, both in international trade and help improve quality of products also within the country,” the Minister said.

Goyal said that India was set to reach the annual goods export target of $400 billion in the current fiscal which would entail a 40 per cent increase in exports compared to 2020-21. Services exports in the on-going fiscal are also expected to rise 40 per cent, he said.

Source: thehindubusinessline.com- Dec 17, 2021

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PLI SCHEMES

Keeping in view India's vision of becoming 'Atmanirbhar' and to enhance India's Manufacturing capabilities and Exports, an outlay of INR 1.97 lakh crore (over US$ 26 billion) has been announced in Union Budget 2021-22 for PLI schemes for 13 key sectors of manufacturing starting from fiscal year (FY) 2021-22.

The 13 key sectors include already existing 3 sectors namely (i) Mobile Manufacturing and Specified Electronic Components, (ii) Critical Key Starting materials/Drug Intermediaries & Active Pharmaceutical Ingredients, (iii) Manufacturing of Medical Devices and 10 new key sectors which have been approved by the Union Cabinet in November 2020. These 10 key sectors are:

(i) Automobiles and Auto Components, (ii) Pharmaceuticals Drugs, (iii) Specialty Steel, (iv) Telecom & Networking Products, (v) Electronic/Technology Products, (vi) White Goods (ACs and LEDs), (vii) Food Products, (viii) Textile Products: MMF segment and technical textiles, (ix) High efficiency solar PV modules, and (x) Advanced Chemistry Cell (ACC) Battery.

PLI Scheme for an additional sector, Drones and Drone Components, has also been approved by the Union Cabinet in September 2021. The PLI schemes are being implemented by the concerned Ministries/ Departments.

With the announcement of PLI Schemes, significant creation of production, employment, and economic growth is expected over the next 5 years and more.

The schemes have been specifically designed to attract investments in sectors of core competency and cutting edge technology; ensure efficiency and bring economies of size and scale in the manufacturing sector and make Indian manufacturers globally competitive so that they can integrate with global value chains.

All the approved sectors identified under PLI Schemes follow the broad framework of new and emerging technologies where India can leapfrog, overall economic gain accruing to the economy and export potential of the sectors.

These sectors were recommended by NITI Aayog after detailed deliberations with concerned Ministries/ Departments followed by approval of the Union Cabinet. Any new sector for PLI will require fresh approval of the Cabinet. As of now, there is no proposal by NITI Aayog to expand scheme to other sectors.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri SomParkash, in a written reply in the Rajya Sabha today.

Source: pib.gov.in- Dec 17, 2021

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India to become fastest growing economy in FY22: Amit Shah

Will not be surprised if India sees double digit growth, he says

Union Home Minister Amit Shah, on Friday, said the Indian economy is likely to become the fastest growing economy in the current fiscal. He also emphasised on the need for companies to ramp-up funding in the Research and Development space.

Addressing the inaugural session of the 94th annual convention and AGM of the industry chamber, FICCI, he said, “We are reaching the pre-Covid levels.

July to September GDP number has been at 8.4 per cent and I think in the year 2021-22, India is likely to become the fastest growing economy in the world. I will not be surprised if we touch double digit growth.”

He added that of the 22 parameters of the economy, India has exceeded in 19 parameters and this shows that the country has come out strong. He said both the manufacturing and service sector indices have reached their pre-Covid levels.

“With the announcements of various packages and relief, our inflation is in the range of 4-6 percent as set by the government,” he added.

Source: thehindubusinessline.com- Dec 17, 2021

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“Think Big”, Shri Piyush Goyal tells Indian Industry

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri PiyushGoyal today urged Indian industry to think big and set accelerated and aggressive targets, with a vision to achieve transformative changes by 2047 when India would be celebrating hundred years of independence.

He was delivering the keynote address at the 94th Annual Convention of the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi today. The Minister conveyed his appreciation to FICCI for making the Indian pavilion at the Dubai Expo a reality in the face of immense challenges and uncertainties caused by the pandemic. It may be noted that the Indian pavilion has been one of the most visited and appreciated pavilions at the Dubai Expo.

The Minister expressed hope that the Dubai experiment would be replicated at the PragatiMaidan, so that people from all over the nation, especially students and youngsters get an opportunity to visit, explore and take pride in our progress and achievements. Dwelling upon the challenges faced by Indian industry during the pandemic, Shri Goyal said that it had recovered remarkably well and is poised for faster growth. Underscoring the growth achieved in services export, the Minister also said that $400 billion worth of merchandise export could very well become a reality.

The Minister said that the lessons learnt from the crisis has been that if the government and industry work in tandem and get all our Missions on board, achievements will be made and added that if we aspire to reach a trillion dollars of services and merchandise export each by around 2030, we will achieve that too.

The Minister said that the government did not believe in making incremental changes, but has worked to saturate every possibility in each project that has been taken up, be it cleanliness and sanitation or cooking gas connection or electricity or healthcare.

Healthcare, he said, is being taken up in a mission mode with the vision of providing access to quality, affordable healthcare to all, in an organized manner through technological support.

Speaking of the government's efforts to improve the ease of living and the ease of doing business, Shri Goyal said that 22,000 compliances were reduced or eliminated in a year and added that brainstorming was being done to achieve more.

The Minister said that the world looked upon India as a trusted partner, especially because of the resilience we displayed during the pandemic by meeting all our international commitments made by business and industry. All through COVID period, Indian industry has demonstrated its unique ability to accept challenges and has been appreciated world over, he said.

Quoting the Prime Minister, Shri Goyal said that even if we have billion problems, we have billion minds to find solutions to those problems. He said that the kind of governance model India was trying to propagate and promote is focussed on highest levels of integrity, on minimum government, maximum governance, on ease of life, on ease of doing business etc.

The Minister assured that the government is willing to listen to new ideas, engage with industry at every level and work as an enabler, facilitator and partner. Outlining the steps taken by Commerce and Industry Ministry to promote business and industry, from crucial policy decisions to PLI schemes to the recent large package announced for semi-conductor industry, Shri PiyushGoyal said that new opportunities were being explored vigorously.

Referring to the FTAs that are under works, the Minister said that FTAs with UAE, Canada, UK are soon to happen and FTA with EU and Israel have already been launched. He added that GCC countries had also expressed interest in beginning negotiations with India on that front. Shri Goyal said that along with an FTA with UAE, other avenues such as the setting up of an India Mart in Dubai consisting of stores, warehouses at affordable prices were also being explored.

Highlighting the huge opportunity for Indian textiles in the world market, especially technical textiles and manmade fabric, Shri Goyal urged the stakeholders of the textile industry to set big targets. He urged business and industry to be unrestricted by the past, break the barriers of traditional thinking and go ahead with confidence.

Source: pib.gov.in- Dec 17, 2021

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Exporters' body seeks double tax deduction for overseas marketing activities

In order to support overseas marketing efforts, exporters have asked the Finance Ministry to introduce a double tax deduction scheme that will allow them to deduct twice the expenses incurred for approved overseas market activities against their taxable income.

Exporters body FIEO, in its pre-Budget consultation meeting with Finance Minister Nirmala Sitharaman on Friday, also sought fiscal benefits for container manufacturing in the country to overcome the acute shortage of containers in the country. The Union Budget for 2022-23 is likely to be announced on February 1, 2022.

The overseas marketing activities for which the double tax deduction may be provided could include market preparation, market exploration, market promotion and market presence. "A ceiling of $500,000 may be put under the scheme so that the investment and tax deduction are limited," the exporters' body said. The suggested scheme is line with a similar facility provided by Singapore to its SME units.

Container shortage

FIEO stressed on the problems faced by exporters due to the shortage of containers owing to high dependence on imported containers. "Container manufacturing requires a special kind of steel which provides a competitive edge to China which manufactures over 80 per cent of global containers.

We need to encourage domestic manufacturing of the containers by providing fiscal benefits to container manufacturing in the country which is required all the more as we are looking at $1 trillion exports in the next five years," FIEO stated.

The exporters' body also pointed out the need to encourage large Indian entities to build an Indian shipping line of global repute. Indian businesses remitted around $65 billion as transport services in 2020 and in 2021; the figure is likely to cross $100 billion, FIEO said.

Source: thehindubusinessline.com- Dec 17, 2021

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Cotton market arrivals down 15% till Nov-end as farmers hold back produce

Cotton growers are seen holding back their produce in anticipation of higher prices. This is reflected in the market arrivals of cotton, which are down by about 15 per cent till November end over the same period last year.

In its latest estimates, the Cotton Association of India (CAI), the apex trade body, has pegged the market arrivals till November end at 77.76 lakh bales of 170 kgs each as compared to the same period last year's 91.57 lakh bales.

Atul S Ganatra, President, CAI told BusinessLine that apart from farmers holding back their produce expecting higher prices, the unseasonal rains during October and November that impacted the pickings has also affected the market arrivals.

For the cotton marketing season 2021-22 starting October 1, CAI has pegged the crop size at 360.13 lakh bales, higher than the previous year's 353 lakh bales.

CAI sees domestic demand flat at last year's level of 335 lakh bales.

In its monthly balance sheet for November 2021, the CAI has estimated total supply at 154.76 lakh bales of 170 kgs, lower than the same period last year's 201.07 lakh bales.

The supply as of November-end this year consisted of the market arrivals of 77.76 lakh bales (91.57 lakh bales in the same period last year), imports of 2 lakh bales (2 lakh bales) and opening stocks as of October 1, 2021 at 75 lakh bales (107 lakh bales as of October 1, 2020).

CAI said the consumption during October-November this year stood lower at 55.83 lakh bales (57.50 lakh bales) while exports during the period were also down at 7 lakh bales (12 lakh bales). The November end stocks estimated by CAI stood lower at 91.93 lakh bales (131.57 lakh bales). Stocks held by mills in their godown is estimated at 56 lakh bales (40 lakh bales). On average, mills hold 60-day stocks in their godowns, CAI said.

The Cotton Corporation of India, Maharashtra Federation, multinational companies, ginners, traders and exchanges are estimated to have a total stock of about 35.93 lakh bales (97.29 lakh bales) as of November end.

Total stock held by spinning mills and stockists including the stock of cotton sold but not lifted as of November 30 works out to 91.93 lakh bales (131.57 lakh bales), CAI said.

Source: thehindubusinessline.com- Dec 17, 2021

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India's forex reserves decline $77 million to $635.828 billion

Declining for the third consecutive week, India's forex reserves dipped by USD 77 million to reach USD 635.828 billion for the week ended December 10, RBI data showed on Friday.

In the previous week, the reserves had slid by USD 1.783 billion to USD 635.905 billion.

In the reporting week ended December 10, the dip in the forex kitty was on account of a decline in foreign currency assets (FCA), a major component of the overall reserves.

FCA dropped by USD 321 million to USD 572.86 billion, as per the data.

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

Value of the gold reserves rose by USD 291 million by to USD 38.709 billion in the reporting week.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) were down by USD 37 million to USD 19.089 billion.

The country's reserve position with the IMF also increased by USD 10 million to USD 5.17 billion, the data showed.

Source: financialexpress.com- Dec 17, 2021

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MEASURES UNDERTAKEN TO BOOST MANUFACTURING SECTOR IN INDIA

The Government has undertaken the following major reforms/measures to boost manufacturing sector in the country and to make India a favoured manufacturing and investment destination:

1. Production-Linked Incentive (PLI) Scheme in 14 key sectors, under the aegis of Aatma Nirbhar Bharat for enhancing India's manufacturing capabilities and exports;
2. PM Gati Shakti- National Master Plan (NMP) was launched by Hon'ble Prime Minister on 13th October, 2021.It is an integrated GIS based plan depicting the economic zones and the multimodal connectivity infrastructure with an objective to holistically integrate the interventions of various Ministries / Departments and address missing gaps to ensure seamless movement of people, goods & services.
3. In order to facilitate and promote investment, Government has set up Empowered Group of Secretaries (EGoS) and Project Development Cells (PDCs) in the Ministries/Departments.
4. National Single Window System involving clearances by Ministries /Departments and States Governments to provide end-to-end facilitation support. This national portal integrates the existing clearance systems of the various Ministries/ Departments of Govt. of India and State Governments without disruption to the existing IT portals of Ministries/ Departments.
5. DPIIT is also working to reduce compliance burden on citizen and business and the aim of this exercise is to simplify, decriminalize & remove redundant laws.
6. For Creating world class infrastructure through developing nodes, Government of India is developing various Industrial Corridor Projects as part of National Industrial Corridor programme which is aimed at development of futuristic industrial cities in India which can compete with the best manufacturing and investment destinations in the world. The program is aimed at providing multi modal connectivity with complete "plug and play" infrastructure till the plot level along with building resilient and sustainable future ready cities.
7. Start-up India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities.

8. DPIIT has developed an India Industrial Land Bank (earlier known as Industrial Information System) which provides a GIS-enabled database of industrial areas including clusters, parks, nodes, zones, etc. across the country to help investors identify their preferred location for investment.
9. Implementation of Industrial development schemes for North-East States, Himachal Pradesh, Uttarakhand and Union Territory of Jammu & Kashmir to boost industrialization in the industrially backward and hilly States.
10. DPIIT is working closely on 24 Sub-sectors which have been chosen keeping in mind the Indian industries strengths and competitive edge, need for import substitution, potential for export and increased employability. These 24 subsectors are – furniture, air- conditioners, leather and footwear, ready to eat, fisheries, agri-produce, auto components, aluminium, electronics, agrochemicals, steel, textiles, EV components and integrated circuits, ethanol, ceramics, set top boxes, robotics, televisions, close circuit cameras, toys, drones, medical devices, sporting goods, gym equipment. Efforts are on to boost the growth of the sub-sectors in a holistic and coordinated manner.
11. Further, to promote Foreign Direct Investment (FDI), the Government has put in place an investor-friendly policy, wherein most sectors/activities are open for 100% FDI under the Automatic route. The policy on FDI is reviewed on an ongoing basis, to ensure that India remains attractive & investor friendly destination. Government has recently undertaken a number of reforms across sectors. In the last one year alone, reforms in the FDI Policy have been undertaken in sectors such as Insurance, Defence, Petroleum & Natural Gas, Telecom, etc. Subject to provisions of the FDI policy, foreign investment in 'manufacturing' sector is under automatic route. Manufacturing activities may be either self-manufacturing by the investee entity or contract manufacturing in India through a legally tenable contract, whether on Principal to Principal or Principal to Agent basis. Further, a manufacturer is permitted to sell its products manufactured in India through wholesale and/or retail, including through e-commerce, without Government approval.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Rajya Sabha today.

Source: pib.gov.in- Dec 17, 2021

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OBJECTIVES OF SETTING UP SEZs

The main objectives of the Special Economic Zone (SEZ) Scheme as stipulated in Section 5 of SEZs Act, 2005 include generation of additional economic activity, promotion of exports of goods and services, promotion of investment from domestic and foreign sources, creation of employment opportunities and development of infrastructure facilities.

The SEZs are spread across the country. As such, the details of export, employment and investment relating to operational SEZs during the last 5 years are as under:

Year	Export (Rs. Crores)	Employment* (in persons)	Investment* (Rs. Crores)
2016-2017	5,23,637	17,31,641	4,23,189
2017-2018	5,81,033	19,77,216	4,74,917
2018-2019	7,01,179	20,61,055	5,07,644
2019-2020	7,96,669	22,38,305	5,71,735
2020-2021	7,59,524	23,58,136	6,17,499

* Calculated on cumulative basis.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Rajya Sabha today.

Source: pib.gov.in- Dec 17, 2021

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Technology Upgradation Fund Scheme for modernization and technology upgradation of the Textile industry

Ministry of Textiles had initiated a major intervention namely, Technology Upgradation Fund Scheme (TUFS) in 1999 as a credit linked subsidy scheme intended for modernization and technology upgradation of the textile industry in the country.

The scheme has been implemented in various versions and the ongoing version of Amended TUFS (ATUFS) to be implemented upto March, 2022 was launched in 2016 with upper ceiling of subsidy for individual entity (Rs.30 crore for Garmenting, Technical Textiles and Rs.20 crore for other segments), to ensure better targeting of MSME units.

In addition, schemes such as National Technical Textile Mission (NTTM), Powertex India, Integrated Processing Development Scheme (IPDS), Scheme for Integrated Textile Parks (SITP), Scheme for Incubation in Apparel manufacturing (SIAM), Pradhan Mantri Mega Integrated Textile Region & Apparel Park (PM-MITRA), sectoral schemes for traditional sectors viz. silk, jute, handloom and handicraft etc. have been launched to support the textile industry to achieve technology advancement, innovation and modern infrastructure.

The initiatives of the Government has helped in increasing textile manufacturing by building the modern manufacturing infrastructure, upgradation of technology, fostering innovation, enhancing skills and traditional strengths in the textile sector including small businesses.

This information was given by the Minister of State for Textiles Smt. Darshana Jardosh in a written reply in the Rajya Sabha today.

Source: pib.gov.in- Dec 17, 2021

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STATUS OF FREE TRADE AGREEMENTS

India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA) is the only Free Trade Agreement (FTA) that India has entered into in the last 5 years.

It was signed on 22.02.2021 and implemented w.e.f. 01.04.2021. Mauritius is located in the continent of Africa.

The continent-wise details of FTAs that India is currently negotiating are as follows:

Sl.	Continent	Countries/Regions	Name of the Agreement
1	Asia	UAE	India-UAE CEPA
2	Asia	Israel	India – Israel Free Trade Agreement (FTA)
3	Asia/Europe	Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia	India-Eurasian Economic Union (EAEU) Free Trade Agreement (FTA)
4	Europe	United Kingdom	India-UK Enhanced Trade Partnership (ETP)
5	Europe	European Union	India - EU Broad Based Trade and Investment Agreement (BTIA)
6	North America	Canada	India – Canada Comprehensive Economic Partnership Agreement
7	Australia	Australia	India - Australia Comprehensive Economic Cooperation Agreement (CECA)
8	Africa	South Africa, Botswana, Lesotho, Swaziland and Namibia	India - SACU PTA

It is a continuous endeavour to conclude the negotiations at the earliest. However, deadline for completion of an FTA negotiation cannot be predicted as an agreement is reached only when all negotiating countries are satisfied with the outcome.

A chapter on Trade in Services is included in most of the trade agreements of India.

This chapter includes an Annexure/Chapter on Movement of Natural Persons which provides disciplines on facilitating and streamlining the procedures for the temporary entry and stay of service suppliers.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Rajya Sabha today.

Source: pib.gov.in- Dec 17, 2021

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Common Effluent Treatment Plant to contain environmental pollution

The Government is implementing the Integrated Processing Development Scheme (IPDS) for enabling the textile processing sector to set up new and upgrade existing Common Effluent Treatment Plants (CETPs) to contain environmental pollution and become compliant with the norms for waste water & effluent treatment.

Government of India grant is provided within the overall ceiling of 50% of the project cost not exceeding Rs.75 crore for CETPs with Zero Liquid Discharge (ZLD) and Marine discharge and Rs.10 crore for riverine and conventional treatment. Setting up of CETP is also covered in projects under Scheme for Integrated Textile Parks (SITP) being implemented by this Ministry.

So far, Government has sanctioned 7 projects under IPDS, of which four projects are in Rajasthan, two projects in Tamil Nadu and one project in Gujarat.

This information was given by the Minister of State for Textiles Smt. Darshana Jardosh in a written reply in the Rajya Sabha today.

Source: pib.gov.in- Dec 17, 2021

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CAI pegs November cotton arrivals at 77 lakh bales

Trade body Cotton Association of India (CAI) has estimated cotton arrival for the month of November at 77 lakh bales.

CAI has released the November month arrivals and the monthly cotton balance sheet.

In its monthly balance sheet for November 2021, the CAI has estimated total cotton supply at 154.76 lakh bales of 170 kgs. each, which consists of the arrivals of 77.76 lakh bales of 170 kgs. each, imports of 2 lakh bales of 170 kgs. each during the month of November 2021 and Opening Stock of 75 lakh bales of 170 kgs. each at the beginning of the season on 1st October 2021.

Further, the CAI has estimated cotton consumption for the months of October and November 2021 at 55.83 lakh bales of 170 kgs. each while export shipment of cotton during the months of October and November 2021 is estimated at 7.00 lakh bales of 170 kgs. each.

"Stock at the end of November 2021 is estimated at 91.93 lakh bales of 170 kgs. each. The cotton stock held by mills in their godown on 30th November 2021 is estimated at 56.00 lakh bales of 170 kgs. each. The mills have on an average 60days stock in their godown," said CAI in a statement.

The CCI, Maharashtra Federation, MNCs, Ginners, Traders and Exchanges are estimated to have a total stock of about 35.93 lakh bales of 170 kgs. each as on 30th November 2021.

"Thus, the total stock held by spinning mills and stockists including the stock of cotton sold but not lifted on 30th November 2021 with CCI and Maharashtra Federation as estimated by the CAI works out to 91.93 lakh bales of 170 kgs. each," the statement said

The CAI has estimated cotton crop for the entire cotton season 2021-22 beginning from 1st October 2021 at 360.13 lakh bales of 170 kgs. each.

Source: economictimes.com- Dec 17, 2021

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Sangam India to invest ₹1,521 cr in Rajasthan over 2 years

The company will set up multiple manufacturing units with focus on spinning, weaving, garments, knitting and processing

Sangam India, a producer of polyester viscose (PV) dyed yarn and seamless apparel, has signed a Memorandum of Understanding (MoU) with Rajasthan government to invest ₹1,521 crore in its newly formed wholly-owned subsidiary Sangam Venture.

The company will set up multiple manufacturing units with a focus on spinning, weaving, garments, knitting and processing on over 100 acres at Bhilwara in Rajasthan.

SN Modani, Managing Director, Sangam India said the textile sector needs a major impetus, especially after the turbulent times faced by the industry during the Covid pandemic.

With this MoU, Sangam India is charting out an aggressive expansion strategy over the course of the next two years, starting with launching multiple manufacturing projects in Bhilwara, which would generate employment for over 10,000 people, he added.

This fresh investment would be funded through a combination of internal accruals, raising fresh equity and debt via financial institutions, Modani said. Sangam India had recently announced an expansion plan of ₹137 crore to increase the existing capacity of their cotton yarn business by 47 per cent and knitted fabric business by 28 per cent.

The company's revenue has more than doubled to ₹635 crore in the September quarter this fiscal against ₹311 crore logged in same quarter last year. The company had also raised ₹103 crore by issuing up to 57 lakh warrants convertible into equity shares to the promoters group and Madhuri Madhusudan Kela.

The company can produce 35 million meters of PV fabric and 48 million meters of denim fabric annually. It has over 2.80 lakh spindles and 4,000 rotors. The Group has also introduced a seamless garment manufacturing facility with 54 seamless knitting machines that can produce 5 million pieces per annum.

Source: thehindubusinessline.com- Dec 17, 2021

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