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INTERNATIONAL NEWS

EU-UK bilateral trade of textiles witness major drop: EURATEX

The imports and exports of textiles between the EU and UK have witnessed major drop, with significant losses on both sides. The situation is likely to worsen, as the full customs regime between UK and EU has entered into force on January 1. EURATEX has called for cooperation to remove the issues in the EU-UK Trade agreement that prevents smooth trade.

All the sectors have been already suffering a significant loss in the past year and textile has been no exception. Compared to the same period in 2020, between January and September the EU recorded dramatic fall in imports, the survey by EURATEX has revealed.

Further, the data has shown that the most impacted EU countries on the export side are Italy, Netherlands, Belgium and Germany while on the import side the most impacted countries are Germany, Ireland and France. Among the T&C sectors, clothing articles are facing the most severe drop in both imports and exports, corresponding to a total trade loss of more than €3.4 billion over the 9 months period. Despite these alarming figures, the UK continues to be the most important export market for EU textiles and clothing.

Concerning the impact on the UK textiles sector, in May 2021 the UK Fashion and Textile Association's (UKFT) surveyed 138 businesses, including leading UK fashion brands, UK textile manufacturers, wholesalers, fashion agencies, garment manufacturers and retailers.

The results of the survey have shown that 71 per cent currently rely on imports from the EU, 92 per cent are experiencing increased freight costs, 83 per cent are experiencing increased costs and bureaucracy for customs clearance, 53 per cent are experiencing cancelled orders as a result of how the EU-UK agreement is being implemented and 41 per cent had been hit by double duties.

The vast majority of the surveyed companies declared they are looking to pass the increased costs on to consumer in the next 6-12 months.

Since 1 January, full customs controls are being implemented. It means that export and import rules have become stricter: products should already have a valid declaration in place and have received customs clearance. Export from Britain to the EU must now have supplier declarations and the commodities codes changed.

EURATEX has called on the European Union and the United Kingdom to effectively cooperate to address, solve and remove the issues in the EU-UK Trade agreement that currently prevent smooth trade flows between the two sides of the channel. It is causing considerable losses for textile companies both in the EU as well as in the UK.

Source: fibre2fashion.com– Jan 17, 2022

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China's GDP increases by 8.1% in 2021

China's GDP was 114,367 billion yuan in 2021, an increase of 8.1 per cent over the previous year at constant prices with the average two-year growth of 5.1 per cent, according to preliminary estimates. By quarter, the GDP for the first quarter went up by 18.3 per cent year on year, up by 7.9 per cent for the second quarter, 4.9 per cent for the third quarter and 4 per cent for the fourth quarter.

By industries, the value added of the primary industry was 8,308.6 billion yuan, up by 7.1 per cent over the previous year, that of the secondary industry was 45,090.4 billion yuan, up by 8.2 per cent and that of the tertiary industry was 60,968.0 billion yuan, up by 8.2 per cent, the National Bureau of Statistics (NBS) of China, said in a media release.

The total value added of industrial enterprises above the designated size increased by 9.6 per cent over the previous year, an average two-year growth of 6.1 per cent. In 2021, the national industrial capacity utilisation rate reached 77.5 per cent, 3 percentage points higher than that of the previous year.

In the first eleven months, the total profits made by industrial enterprises above the designated size were 7,975 billion yuan, up by 38 per cent year on year with the average two-year growth of 18.9 per cent. The profit rate of the business revenue of industrial enterprises above the designated size was 6.98 per cent, up by 0.9 percentage points year on year.

In 2021, the total retail sales of consumer goods reached 44,082.3 billion yuan, up by 12.5 per cent over the previous year with the average two-year growth of 3.9 per cent. The national online retail sales reached 13,088.4 billion yuan, growing by 14.1 per cent over the previous year, as per the NBS.

In 2021, the total value of imports and exports of goods was 39,100.9 billion yuan, an increase of 21.4 per cent over the previous year. Specifically, the total value of exports was 21,734.8 billion yuan, up by 21.2 per cent; the total value of imports was 17,366.1 billion yuan, up by 21.5 per cent. The trade balance was 4,368.7 billion yuan in surplus.

Source: fibre2fashion.com– Jan 17, 2022

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US retailers see omicron denting sales, investors see short-term hit

At a recent conference, as US retail executives observed the omicron variant of the novel coronavirus denting sales and leaving stores and distribution centres understaffed, investors seemed to be shrugging off the bad news, perceiving it as a short-term challenge. For many retailers, the silver lining appears to be persistent consumer demand.

The latest surge in COVID-19 caseload in the United States, however, is expected to keep the retail industry on its toes in the near future, according to a global newswire.

Lululemon's sales in the November-January quarter will be less than earlier expectations due to shorter hours at some locations because of labour constraints. Lands' End had a difficult time hiring, while Abercrombie & Fitch cut its fiscal fourth-quarter revenue estimates due to lack of enough merchandise in stock.

Urban Outfitters said shopper visits to its stores didn't pick up in December as anticipated. Its sales for the two-month period ended December 31 rose 14.6 per cent from 2019 levels. Digital sales climbed double digits, while in-store sales fell a low-double-digit percentage on a two-year basis, the company said.

American Eagle is projecting fourth-quarter sales to be up a mid-to-high teens percentage versus last year. It raised its expectations for 2023 revenue to $5.8 billion, from $5.5 billion, signaling a belief that the negative impact of the pandemic will only be temporary.

Source: fibre2fashion.com– Jan 18, 2022

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American Cotton Gets a Favorable Look by South Indian Textile Spinners

Cotton price situation is creating a lot of anxiety in the global textile sector. Particularly in India, which is a largest textile producing country, high cotton prices are being carefully watched, as it is having ripple effects across economy and employment. In an interesting twist to the cotton story, cotton from the High Plains of Texas is getting a favorable consideration by South Indian textile spinners.

Spinning industry is heavily concentrated in the southern state of Tamil Nadu and the textile industry is situated in Coimbatore, Erode and Thiruppur regions. Additionally, mills are situated in cotton growing areas in Virudhunagar districts. High prices coupled with lack of consistent quality have made spinning industries to look for alternatives to Indian cotton. Indian spinning associations have been pleading the government to waiver the import duty of 10% on cotton.

A telephone call this morning with Mr. Velmurugan Shanmugam, General Manager of Jayalakshmi Textiles, based in Aruppukkottai in South India revealed that they are seriously looking at cotton from High Plains of Texas in their raw material mix. It is my understanding that another large mill has also booked an order of about 1000 tons of U.S. cotton, again showing interest in imported cotton. According to Velmurugan, Jayalakshmi Textiles have booked 300 tons of High Plains cotton and the consignment is expected to arrive in Tuticorin port, which is near to their mills in 3-4 months. He hopes that by that time, government will make a favorable decision on the import duty on cotton.

Many textile spinners are also exploring imported cotton. Indian spinners like Jayalakshmi Textiles have been using small quantity of Giza cotton for high quality yarns of 100-120s Ne. Jayalakshmi Textiles spins fine count yarns catering to sheeting and saree materials.

While landed price including tax of imported may be slightly higher than the price of domestic cotton, mills in India are also paying attention to quality and its consistency. Indian cotton sector should pay attention to quality and delivery consistency and enable farmers to achieve high quality standards.

Source: cottongrower.com– Jan 17, 2022

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Better Cotton Conference to begin from June 22, 2022 in hybrid format

After two years of adapted online engagement due to the pandemic, Better Cotton has announced the dates for the next Better Cotton Conference which will begin from June 22, 2022. Hosted in a hybrid format—with both virtual and in-person options for joining—the two-day conference will be an opportunity to engage face-to-face again with the participants.

"As we consider the ongoing pandemic in our planning to allow safe and inclusive participation, details on our programme, registration, location and more will be shared soon. Transforming the cotton sector is not the work of one organisation alone. We expect you to join the Better Cotton community at this major event for stakeholders in the sustainable cotton sector," Better Cotton said in a press release.

The participants will be able to collaborate with global leaders and field-level experts, connect and network with a diverse community of changemakers along the cotton value chain and navigate issues at the forefront of sustainable cotton, such as climate change mitigation and regenerative agriculture.

Source: fibre2fashion.com– Jan 17, 2022

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Global unemployment to reach 207 million in 2022: International Labour Organisation

The International Labour Organisation has projected global unemployment at 207 million in 2022, almost 21 million more than 2019 while the total hours worked in 2022 to be almost 2% below their pre-pandemic level or a deficit of 52 million full-time equivalent jobs.

“This outlook represents a substantial deterioration since the projections made in June 2021 when the shortfall in working hours relative to the fourth quarter of 2019 was projected to narrow to less than 1% in 2022,” the ILO said in its latest report on World Employment and Social Outlook, released on Monday.

“Every new outbreak brings setbacks. Many gains in decent work made before the pandemic have been significantly impacted upon, and pre-existing decent work deficits are dampening the prospects of a sustainable recovery in many regions,” ILO said, adding that a return to pre-pandemic performance is likely to remain elusive for much of the world over the coming years.

According to the ILO, since the onset of the recovery, employment growth trends in low- and middle-income countries have remained significantly below those observed in richer economies, owing largely to the lower vaccination rates and tighter fiscal space in developing countries.

The impact has been particularly serious for developing nations that experienced higher levels of inequality, more divergent working conditions and weaker social protection systems even before the pandemic, ILO said.

“For all regions, projections to 2023 suggest that a full recovery will remain elusive. All regions face severe downside risks to their labour market recovery that stem from the ongoing impact of the pandemic,” it said.

“The pandemic is structurally altering the labour markets in such ways that a return to pre-crisis baselines may well be insufficient to make up for the damage caused by the pandemic,” it added.

Source: economictimes.com– Jan 17, 2022

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Australian wool prices surge in the opening week of 2022

The opening week at the Australian wool auctions of the 2022 New Year produced gains in values on all wool types and descriptions on offer. The market started on a firm to dearer footing and kept to that dearer pattern throughout selling, and closed at the highest point of the week. Whilst the Merino fleece led the upward charge, the skirting, crossbred and carding types all enjoyed positive gains as well.

The Eastern Market Indicator (EMI) shot 31ac higher to the 1389ac/clean kg level, which is a 2.3 per cent addition to the pre New Year wool prices. In USD terms the EMI accelerated way above the AUD levels as the forex rates (of all) currencies added export value. The USD EMI gained 47usc to 1013usc/clean kg and the Western Market Indicator (WMI) added 31ac to 1439ac/clean kg, the Australian Wool Innovation Limited (AWI) said in its commentary for sale week 28 of the current wool marketing season.

From the outset of selling, buyers were intent on inventory rebuilding following on from the three week break in sales. The local traders in particular were exuding confidence and this showed in the way they were absorbing relatively large volumes of wool at current and indeed, at the ensuing higher values that eventuated due to the week's auction competition.

"Support to the market was also evident from Chinese top-making and indent operators, but in most instances, those parties were simply out-muscled in bidding this week by local exporters. European top maker interest was strong upon the crossbred wool types, with a large majority of the better wools in that type sector heading that way," the AWI commentary added.

Merino fleece wools were all 35 to 70ac dearer, with the largest gains made on the sub 17.5 micron wools. Better lighter VM (vegetable matter) skirtings were well sought to be 40ac dearer, but all other lots in that category received 10/20ac rises. Crossbred wools and cardings were 15 to 30ac dearer with Euro interest (xbd) and local processor (card) dominant. Sales next week are scheduled for around 47,500 bales to be offered, with Melbourne featuring a three day sale series again.

Source: fibre2fashion.com– Jan 17, 2022

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Philippine garment-textile industry seeks govt support to protect jobs

The Clothing and Textile Industry Tripartite Council (CTITC) in the Philippines, an advisory and consultative body, recently urged the government to support companies that were repurposed to produce medical-grade personal protective equipment (PPE), stockpiling PPE and stop the import of substandard PPE to help recovery of jobs in the industry.

CTITC founding member Robert Young said the domestic garment and textile industry employs approximately 30,000 to 50,000 workers only due to pandemic displacement, according to a media report in the country.

Source: fibre2fashion.com– Jan 18, 2022

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Pakistan: Textile, clothing exports up by 26pc to $9.381b

Pakistan's textile and clothing exports have gone up by 26 per cent to $9.381 billion in first half (July to December) of the current fiscal year from $7.44 billion in the corresponding period of the year mainly due to the currency depreciation and a steady rise in global demand.

The data of Pakistan Bureau of Statistics (PBS) showed that exports of different sectors have shown growth in the first half of the ongoing financial year.

The textile and clothing exports, which are backbone of the overall exports, have recorded healthy growth due to the several factors. The massive depreciation in currency value, reduction in duty on raw materials and timely release of refunds and the payment of cash subsidies are the main reasons behind increase in exports.

Meanwhile, the country is receiving orders from international markets. However, the exporters believed that ongoing gas crisis in different parts of the country might create problems for meeting exports targets. The country is facing gas crisis in current months due to increase in its demand in the winter season.

The latest data of PBS showed that textile exports had helped in increasing overall exports of the country. The country's exports increased by 24.7 percent and remained $15.102 billion in the first half of current fiscal year compared to $12.110 billion during the same period of 2020-21

Data showed that ready-made garments exports jumped 22.93 percent during July-December, while the exports of knitwear edged up 35.21 percent. Bedwear exports grew 19.04 percent. Towel exports were up by 17.54 percent whereas those of cotton cloth rose by 21.35 percent.

Among primary commodities, cotton yarn exports surged 52.53 percent and those of yarn made from material other than cotton by 110.07 percent. The exports of made-up articles — excluding towels — rose by 11.36pc, while those of tents, canvas and tarpaulin dipped by 9.18 percentages during the period under review. The export of raw cotton has enhanced by 110pc the period under review.

The PBS data showed that Pakistan's food exports have also enhanced by 22.28 percent to $2.482 billion in the first half of the current fiscal year. In food group, exports of rice has gone up by 10.73 percent, fish & its preparations enhanced by 3.18 percent, fruits 11.13 percent, vegetable 14.3 percent, meat 1.05 percent and all other food items increased by 59.42 percent in July to December period of the ongoing fiscal year.

According to the PBS data, export of carpets, rugs & mats has increased by 14.16 percent, sports goods exports up by 26.2 percent, leather tanned by 33.27 percent, footwear 12.37 percent and surgical goods & medical instrument exports declined by 3.17 percent.

Source: nation.com.pk– Jan 18, 2022

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Pakistan: Textile sector demands ban on yarn export

Stakeholders of the textile sector have asked the government to announce an immediate ban on the export of cotton yarn or fix export quota to limit its shipments in the face of the commodity's shortage in the domestic market.

In a statement on Monday, Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Central Chairman Shahzad Azam Khan called on the government to eliminate all types of duties and taxes on the import of industrial raw material, which was not manufactured in the country.

"If the government is unable to slap a complete ban on the export of yarn to control its shortage, it can restrict exports by fixing a quota similar to the one announced in 2010 under SRO 119(I)," he suggested.

"The textile industry will be forced to shut several units if the government fails to resolve its issues on a priority basis and millions of workers will be rendered jobless in such an event."

Appreciating the government for clearing tax refunds of billions of rupees, he requested it to ensure the availability of raw material at reasonable rates to improve exports and avoid the imposition of taxes through the mini-budget.

He pointed out that value-added textile exports had recorded a phenomenal growth last year due to the incentives given by the government.

Source: tribune.com.pk– Jan 18, 2022

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NATIONAL NEWS

PM delivers 'State of the World' special address at the World Economic Forum's Davos Agenda

The Prime Minister, Shri Narendra Modi delivered 'State of the World' special address at the World Economic Forum's Davos Agenda today via video conferencing.

The Prime Minister said that India is tackling another wave of the pandemic with caution and confidence and moving ahead in the economic sphere with many hopeful results. He said that India as a strong democracy, has given a bouquet of hope to the mankind which comprises of Indian's unwavering faith in democracy, technology that is empowering 21st century and talent and temperament of Indians.

The Prime Minister said that during Corona time, India saved many lives by exporting essential medicines and vaccines by following its vision of 'One Earth, One Health'. India is world's third largest pharmaceutical producer and is considered 'pharmacy to the world', he added.

The Prime Minister said that today, India is providing record number of software engineers. More than 50 lakh software developers are working in India. He informed that India has third largest number of unicorns today.

More than 10 thousand start-ups have registered during the last six months. He also talked about the India's huge, safe and successful digital payments platform and informed that in the last month itself more than 4.4 billion transections took place through Unified Payments Interface.

The Prime Minister talked about the measures of enhancing Ease of Doing Business and reduction of the government interference. He mentioned simplification of corporate tax rates and making them the most competitive in the world.

India has deregulated areas like Drones, Space, Geo-spatial mapping and has brought reforms in the outdated telecom regulation related with the IT and BPO sectors. "We did away with more than 25 thousand compliances in the year gone by", he added.

Indicating India's growing attractiveness as a partner, the Prime Minister said that India is committed to become world's reliable partner in global supply-chains and is making way for free trade agreements with many countries. India's capabilities in innovation, technology adaptation and entrepreneurship spirit makes India an ideal global partner. "This why, this is the best time to invest in India", he said.

He mentioned Indian Youth achieving new height of entrepreneurship. He said that as compared to mere 100 start-ups in 2014, India has more than 60 thousand start-ups today. Out of which 80 are unicorns and more than 40 unicorns emerged in 2021 itself.

Underlining India's confident approach, the Prime Minister highlighted that when the world was focussing on interventions like quantitative easing during the Corona period, India was strengthening the reforms. He listed strides in physical and digital infrastructure like optical fibre in 6 lakh villages, 1.3 trillion dollars investment in connectivity related infrastructure, goal of generation of 80 billion dollars through asset monetization and Gatishakti National Master Plan to bring all the stakeholder on the single platform to infuse new dynamism to the seamless connectivity of goods, people and services.

Shri Modi told the forum that not only India is focussing on easing the processes in its quest for self-reliance, it is also incentivizing investment and production. Most clear manifestation of that is 26 billion dollar worth of Production Linked Incentive schemes in 14 sectors, he said. He stressed that India is making policies keeping in mind the goals of next 25 years. In this time period, the country has kept the goals of high growth and saturation of welfare and wellness. This period of growth will be green, clean, sustainable as well as reliable, the Prime Minister emphasized.

The Prime Minister focused on the ecological cost of today's life style and policies. He pointed towards the challenges that our life-style causes for climate. "'Throw away' culture and consumerism has deepened the climate challenge. It is imperative to rapidly move from today's 'take-make-use-dispose' economy to a circular economy", he stressed. Referring to the Mission LIFE, that he gave at the CoP26 conference, the Prime Minister said that making LIFE into a mass movement can be a strong foundation for P-3 i.e 'Pro Planet People'.

LIFE i.e. ‘Lifestyle for Environment’, is a vision of resilient and sustainable lifestyle that will come handy in dealing with the climate crisis and other unpredictable challenges of the future. Shri Modi also told the forum about India’s impressive record in achieving the climate target well in advance of the target dates.

The Prime Minister emphasized the need to adopt as per the changing realities of the world order. He said that the global family is facing fresh challenges in the changing world order and called for collective and synchronized action from every country and global agency. He cited supply chain disruptions, inflation and climate change as key examples. He also gave example of cryptocurrency where related technologies and their challenges do not lend themselves to the decisions of any single country. He called to be on one page on this.

He asked whether the multilateral organizations are in a position to tackle the challenges of the world order in a changed scenario, as the world has changed from the time when these organization came into being. “That is why it is imperative that every democratic nation should push for reforms of these bodies so that they can come up to the task dealing with the challenges of the present and the future”, he concluded.

Source: pib.gov.in– Jan 17, 2022

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Exports of USD 650 Billion within the current financial year achievable: Shri Piyush Goyal

The Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today said it is possible to achieve exports of USD 650 Billion within the current financial year. Chairing a Review Meeting of all major Export Promotion Councils (EPCs), Shri Goyal said the $400 Bn target of Merchandise exports is within sight and the Services sector should strive for $250 Bn exports.

Expressing his satisfaction that India achieved $300 Bn Merchandise exports in the first nine months of the current FY (April-Dec, 2022), Shri Goyal assured the EPCs that his Ministry will do whatever it takes in handholding the EPCs and resolving their issues to attain even higher export targets in the next FY.

Shri Goyal said we can set a much higher goods exports target in the current last quarter of this FY. “In December alone we touched $37 Bn goods exports despite the Omicron fear factor weighing high. This month, in 15 days till January 15th, we have reached $16 Bn.”

Shri Goyal said the Prime Minister Shri Narendra Modi has himself set the pace by setting “transformational results” and not “incremental growth”.

The Commerce & Industry Minister urged the EPCs and entrepreneurs to avail of the Government’s initiatives towards Ease of Doing Business such as obtaining clearances through the National Single Window System. He assured the Industry representatives to pursue their demands during the various FTA negotiations.

Speaking of the government’s efforts to improve the ease of living and the ease of doing business, Shri Goyal said that more than 25,000 compliances have been reduced.

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.

Source: pib.gov.in– Jan 17, 2022

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Ministry of Textiles clears 20 Strategic Projects in the areas of Specialty Fibres and Geotextiles under the Flagship Programme National Technical Textiles Mission (NTTM)

Ministry of Textiles today cleared 20 strategic research projects worth INR 30 crores in the areas of Specialty fibres and Geotextiles under the chairmanship of Union Minister of Textiles, Shri Piyush Goyal. These strategic research projects fall under the Flagship Programme 'National Technical Textiles Mission.'

Amongst the 20 Research projects, 16 projects of Specialty fibres were cleared including 5 projects in Healthcare, 4 projects in Industrial and Protective, 3 projects in Energy Storage, 3 projects in Textile waste recycling, & 1 in Agriculture and 4 projects in Geotextiles (Infrastructure) were cleared.

Various leading Indian Institutes, Centres of Excellence and Government Organizations participated including IITs, DRDO, BTRA, among others in the session which cleared projects strategic for the development of Indian economy and a step in the direction of Atmanirbhar Bharat, especially in the Healthcare, Industrial and Protective, Energy Storage, Textile Waste Recycling, Agriculture and Infrastructure.

While addressing the esteemed group of Scientists and Technical Technologists, Shri Piyush Goyal said, "Industry and Academia connect is essential for the growth of research and development in the application areas of Technical Textiles in India. Building convergence with Academicians, Scientists and Researchers is the need of the hour."

Shri Piyush Goyal also highlighted that the focus should be on the Internationally high value added products and building a structure of brainstorming around problem statements. In addition, Inter-ministerial synergy is required for attracting mega research projects in the country.

Previously, 11 research projects worth INR 78.60 Crores were cleared by the Ministry of Textiles on 26th March 2021.

Source: pib.gov.in– Jan 17, 2022

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Explained: Why India is trying to seal a free trade agreement with UK

India and the United Kingdom have launched formal Free Trade Agreement (FTA) negotiations on Thursday, with the aim of concluding an early harvest trade agreement over the next few months.

Both countries, according to Commerce Minister Piyush Goyal, have agreed to avoid “sensitive issues” in the negotiations. Commerce Secretary BVR Subrahmanyam said the interim (early harvest agreement) aims to achieve up to 65 per cent of coverage for goods and up to 40 per cent coverage for services. By the time the final agreement is inked, the coverage for goods is expected to go up to “90 plus percentage” of goods, he added.

India is also negotiating a similar early harvest agreement with Australia, which is supposed to set the stage for a long-pending Comprehensive Economic Cooperation Agreement that both countries have been pursuing for nearly a decade. While the commencement of negotiations does mark a step forward in the otherwise rigid stance adopted by the NDA Government when it comes to trade liberalisation, experts point to impediments and the potential for legal challenges going ahead.

What are early harvest pacts?

Early harvest agreements are used to open up bilateral trade between two countries on a restricted list of goods and services, primarily as a frontrunner to clinching a more comprehensive FTA. The problem, though, is that these early harvest schemes potentially target the low-hanging fruits, leaving the tougher goods and services for later. This strategy can lead to significant delays in wrapping up the mode broad-based FTAs, which could potentially lead to impediments.

India had concluded an early harvest agreement with Thailand in 2004 but has not been able to conclude a comprehensive FTA with the country. India also has a trade agreement with Sri Lanka dealing with goods but was not able to conclude an agreement on services and investments.

Early harvest agreements that do not graduate into full-scale FTAs are exposed to legal challenges from other countries that are members of the World Trade Organisation (WTO), an organisation that was formed on the premise that member countries should not discriminate between their trading partners. The exception to the rule are full-scale FTAs, subject to some conditions. One rider, incorporated in Article XXIV.8(b) of GATT, stipulates that a deal should aim to eliminate customs duties and other trade barriers on "substantially all the trade" between the WTO member countries that are signatories to an FTA.

"For the purposes of this Agreement… a free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce… are eliminated on substantially all the trade between the constituent territories in products originating in such territories", the Article specifically states.

Experts noted that it is often beneficial to negotiate the entire deal together, as an early harvest deal may reduce the incentive for one side to work towards a full FTA. Biswajit Dhar, professor at Jawaharlal Nehru University, said: "These agreements are not just about goods and services but also issues like investment. If you are trying to weigh the costs and benefits, it is always better to have the larger picture in front of you."

He noted that in the case of the early harvest agreement inked with Thailand, automobile industry associations had complained that relaxations extended to Bangkok in the early harvest had reduced the incentive for Thailand to work towards a full FTA. Dhar, however, noted that early harvest agreements may serve the function of keeping trading partners interested as they promise some benefits without long delays, as India had become known for long-drawn negotiations for FTAs.

Pradeep Mehta, Secretary General of CUTS International, said the government's emphasis on interim agreements may be tactical so that a deal may be achieved with minimum commitments and would allow for contentious issues to be resolved later.

What is the status of the trade pacts under negotiation?

India now has in place 10 FTAs and six PTAs (preferential trade agreements). In addition, India is negotiating 16 new and expanding seven existing agreements, including with trading partners such as Canada, the EU, the US, alongside Australia and the UK.

Government officials maintain that "a majority" of FTAs under negotiations are "comprehensive" and cover goods, services, investment, IPR, etc". Non-Tariff Measures, regulatory procedures and trade facilitation are part of such negotiations. Unlike with the UK and Australia, there are indications that the proposed trade deal with the EU — restarted after a gap of six years as the two sides earlier pulled out citing disagreements over tariff rules covering the auto sector and the free-movement rights for professionals — is not aiming at an early harvest and is instead looking at a full-scale comprehensive FTA.

Meanwhile, India is also simultaneously carrying out a review of the existing FTAs with South Korea, Japan and ASEAN on the ground of India's rising trade deficit with these trading partners. Experts noted that New Delhi may seek conditions in such FTA that trading partners import more from India.

Source: indianexpress.com– Jan 15, 2022

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Govt to incentivise investments across textile value chain in upcoming Budget: ICRA

ICRA expects the government to maintain its focus on incentivising investments across the textile value chain in the upcoming Budget, to achieve its aspirational target of a 3x growth in India's textile exports to USD 100 billion in five years.

The rating agency said that India is currently on the cusp of a potential growth cycle in the global textile market. Besides the US-China trade war issues, the China Plus One sourcing policy being endorsed by several large consuming regions across the globe, to reduce risk in events like the Covid-19 pandemic, and increasing concerns on the use of Xinjiang cotton are fuelling this opportunity.

As China is currently the leader in the global textile market and is likely to shed some share in the near to medium term, India remains one of the potential beneficiaries of this shift. Nevertheless, challenges remain intense in the form of competition from other low-cost/more efficient peer nations, the evolving free trade agreement landscape with some peers already enjoying duty-free access to some of the major markets, as well as domestic issues such as infrastructure bottlenecks.

It added "Greater emphasis is likely on the man-made fibre (MMF) value chain, apparel and technical textile segments, which offer immense growth opportunities in the global trade, and where India has been lagging so far.

In line with its thrust on Make in India for the world, the government has adopted several policy initiatives including the announcement of the PLI scheme, extension of the Rebate of State and Central Taxes and Levies (RoSCTL) Scheme for apparel and made-ups for three years, announcement of the Remission of Duties and Taxes on Exported Products (RoDTEP) rates for the other textile segments and notification of seven textile parks under the PM-MITRA Scheme, during the past one year.

While the policy initiatives are all steps in the right direction, effective implementation remains crucial, for which adequate provisioning in the Budget is necessary."

Further, with the implementation period of the ATUFS getting over in March 2022, the extension of the same or the announcement of a new scheme, particularly for the downstream segments and/or for captive renewable power capacities, could encourage investments and enable the companies to reduce their carbon footprint while being more cost-efficient"

Source: economictimes.com– Jan 17, 2022

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Budget 2022-23: Centre considering restoration of duty free import entitlement scheme for labour-intensive exports

The Finance Ministry is considering restoration of the duty free import entitlement scheme for exporters of labour intensive goods such as handloom, leather, sports goods and toys in the Union Budget 2022-23, sources have said.

The scheme — which allows duty free import entitlement on select inputs for specified sectors with a limit that ranges from 1–5 per cent of the value of exports carried out during the previous fiscal — was discontinued last year.

"The Commerce Ministry has proposed to the Finance Ministry to consider re-introduction of the duty free import entitlement scheme that was withdrawn last year. Exporters, too, have discussed the proposal with officials from the Department of Revenue and there is a possibility that this may be restored in the Budget for 2022-23," the source said.

Expanding employment

Special focus sectors including handlooms, handicraft, leather & footwear, marine, sports goods and toys, were initially extended duty free entitlements (restricted to basic customs duty since 2017) for specific inputs under the Foreign Trade Policy (2015-20), with a wider objective of expanding employment opportunities.

"These entitlements contributed in lowering the manufacturing costs of the beneficiary sectors and increased their competitiveness in the global market," the source said.

Handloom and made ups were extended duty free import entitlement for specified inputs up to 5 per cent value of exports during previous financial year while hand knotted carpet samples and handicrafts were extended entitlements of up to 1 per cent and 5 per cent, respectively.

Exporters of leather and footwear and toys were extended duty free import entitlement of inputs up to 3 per cent each while the marine sector was extended an entitlement of up to 1 per cent of export value.

'Counter competition'

"It has been pointed out to the Finance Ministry by the Commerce Ministry and exporters that restoring the duty free import entitlement scheme will not cause a big dent in available finances as it may involve an outlay of around ₹100 crore annually. The benefits, however, will be big as it would help exporters counter competition in the global market from low-cost economies such as Bangladesh, Vietnam and Cambodia," the source said.

The Commerce & Industry Ministry has set an ambitious export target of $400 billion for 2021-22 against exports worth $291 billion attained last financial year. Export performance, so far, has show great resilience in the current fiscal with total exports in April-December 2021 valued at $301.38 billion registering a growth of 49.66 per cent over exports in the comparable period last year.

Source: thehindubusinessline.com– Jan 17, 2022

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In the works: National e-commerce policy to script arm's-length rulebook

A national e-commerce policy, which has been in the works for close to three years, will direct e-tailers to be ‘fair’ and ‘non-discriminatory’ while providing cashbacks or reward offers to consumers, people aware of the matter told Business Standard.

The policy — applicable to all digital and electronic platforms engaged in buying and selling of goods and services, including television shopping channels, web pages, and social media — will also ensure that marketplace firms don’t influence prices of products listed on their platforms, following arm’s length principle.

E-commerce companies will also have to appoint officers to ensure compliance with domestic laws and address all complaints in a fair and a time-bound manner, officials said.

The Department for Promotion of Industry and Internal Trade (DPIIT) has circulated the latest draft policy to other government departments and ministries for consultation. Earlier, at least two drafts prepared by the DPIIT could not become policy after some government departments opposed certain clauses.

Officials indicated that no marketplace can have any control over the products sold on the platform. Also, such firms cannot directly or indirectly sell their products to vendors registered on their platform. They also cannot mandate a vendor to sell products exclusively on their platform.

The proposed policy is yet another attempt by the government to regulate India’s growing e-commerce sector, make marketplaces more accountable and provide a level playing field for traditional offline traders. Domestic traders’ bodies have been protesting against deep discounts by foreign-funded e-tailers. They have also raised a red flag against preferential treatment towards some sellers and indirectly following the inventory model of e-commerce.

Last June, the consumer affairs ministry had proposed another set of guidelines for e-tailers including ban on flash sales or sale of goods at significantly reduced prices.

The guidelines also gave preference to locally-produced goods. Industry representatives and government departments were critical of the guidelines, arguing that investor sentiment would be hurt.

The consumer affairs ministry is preparing a revised and perhaps a more lenient draft.

E-tailers will also have to provide complete information of products, including its description, delivery, prices; expiry, refund, exchange, warranty, country of origin at a pre-purchase stage so that buyers are able to make an informed purchase decision.

Sellers on the e-commerce platforms will also have to mention their physical address and ensure that product pricing is fair and non-discriminatory. The government will have the authority to ask any e-commerce company to produce information that may be required for development of the sector, according to the policy that's being finalised.

Source: business-standard.com– Jan 18, 2022

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India's overall economic activity remains strong despite third wave: RBI

India's overall economic activity remains strong despite facing headwinds from a rapid surge in Omicron infections, the Reserve Bank of India (RBI) said in its bulletin.

"Nonetheless, amidst upbeat consumer and business confidence and an uptick in bank credit, aggregate demand conditions stay resilient, while on the supply front, rabi sowing has exceeded last year's level and the normal acreage.," RBI said.

RBI bulletin said that most countries witnessed a gradual uptick in consumer confidence after the major slump encountered when the Covid-19 pandemic first hit their shores, though it is yet to return to pre-pandemic levels in most countries.

The recent trends in FDI flows at the global level and across regions/countries suggest that India has generally attracted higher FDI flows and continued to remain among the top attractive destinations for international investors, RBI said.

Source: freepressjournal.in– Jan 17, 2022

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Container shortage forces exporters to shift to break bulk

The unprecedented shortage of sea containers for over a year now has forced some of the exporters to go back to the traditional way of sending cargo – by break bulk in large bulk ships instead of boxes in container ships.

Cargoes like rice, maize, chilly, soya bean meal, jute, cement in bags and steel products are now shipped in break bulk from ports like Kandla, Kakinada and Krishnapatinam to many African countries, including Ghana and Togo.

Rapid containerisation over the last three decades diverted these cargo towards containers. However, it's reverse now, due to the container shortage, which started in China in the second half of 2020 and spread globally.

"The shift could be temporary but we don't know how long the container shortage will continue," says M Madan Prakash, a large agri product exporter in Chennai. "To export a tonne of cargo by container to Africa is now around $120 while it is $90 in break bulk. It used to be the reverse two years ago," he said.

Containerised cargoes

Ishwar Achanta, President, Federation of Association of Stevedores and Member, National Shipping Board, says that the unprecedented spike in container freight rates is causing a movement of containerised cargoes to the break bulk mode.

"As this requires expert stevedoring services, our members are adequately geared to handle such cargoes. While we do understand that this could be temporary, industry must not forget that most containerised cargoes were traditionally handled by stevedores and there is a sense of deja vu, returning home so to speak," he says.

Interestingly, Anupriya Patel, Union Minister of State for Commerce and Industry, recently in a reply to a query by a Rajya Sabha member on container shortage, had told a task force is taking action on pressing additional shipping/container capacity into service. It is also looking out possible ways to promote the use of bulk/break bulk movement by exporters as compared to containerised movement wherever feasible.

G Raghu Sankar, Executive Director, International Clearing & Shipping Agency, says that break bulk movement is a good option though feasibility is a challenge. Unlike containers, break bulk shipments may need minimum volume to attract vessels to Indian ports, over and above handling efficiency. Large exporters/importers can consider break bulk as an alternative and it is also possible that the present shortage/crisis may ease down if not fully partially by first quarter of 2022, he says.

Ennarasu Karunesan, Founder & CEO, UMK Group, a Chennai-based logistics consultancy firm, said that containerisation's benefits include zero pilferage and faster delivery. The shift to break-bulk will only be a temporary. Break bulk movement is unsustainable in the long run.

The benefits of containers are huge. To load around 15,000 tonne of break bulk cargo takes nearly ten days in a normal conventional operation. However, to stuff 15,000 tonne into 1,000 containers can be done in less than 12 hours, he said.

Source: thehindubusinessline.com– Jan 17, 2022

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Daily e-way bill generation declines 5.4%

Daily e-way bill generation under the goods and services tax (GST) system stood at 21.1 lakh for the week ended January 16, 5.4% lower than in the previous week, reflecting a moderation in goods dispatches.

E-way bill generations stood at 3.32 crore in the first 16 days of January with a daily average of 20.7 lakh. The daily e-way bill generation rose 13% on month to 23.1 lakh in December compared with 20.38 lakh in November.

With Covid cases surging after the spread of the Omicron variant and restrictions imposed in many parts of the country, the shipments got impacted in January.

E-way bill generation was 7.16 crore for December, the second-highest monthly data since the online system was rolled out on April 1, 2018, reflecting an uptick in demand during the year-end.

October e-way bills at 7.35 crore were the highest monthly number thanks to a spurt in goods dispatches for stocking ahead of the festival season by shopkeepers and traders. E-way bills fell to a five-month low in November as demand moderated after the festivities.

Higher e-way bills generation gets reflected in higher GST revenues. Gross GST collections came in at about `1.3 lakh crore in December (November transactions) despite a 17% on month reduction in e-way bills generated in November due to improved tax compliance and better tax administration. The January (December transactions) GST collections will likely exceed December collections by a decent margin.

Source: financialexpress.com– Jan 18, 2022

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