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INTERNATIONAL NEWS

China's recovery well advanced, but lacks balance; momentum slows: IMF

China's recovery is well advanced, but lacks balance, and momentum has slowed, reflecting the rapid withdrawal of fiscal support, lagging consumption amid recurrent COVID-19 outbreaks despite a successful vaccination campaign, and slowing real estate investment following policy efforts to reduce leverage in the property sector, according to the International Monetary Fund (IMF).

Regulatory measures targeting the technology sector, intended to enhance competition, consumer privacy and data governance, have increased policy uncertainty, the IMF Executive Board said in its staff report after concluding the Article IV consultation with China recently in Washington.

China's climate strategy has begun to take shape with the release of detailed action plans. Productivity growth is declining as decoupling pressures are increasing, while a stalling of key structural reforms and rebalancing are delaying the transition to 'high-quality'—balanced, inclusive and green—growth, the report said.

China's gross domestic product (GDP) growth is projected at 7.9 per cent in 2021 and 4.8 per cent in 2022, with the deceleration in 2022 partly reflecting the fading of base effects, while subdued private consumption and real estate investment are adding headwinds, it said.

As a result, significant slack in the economy is expected to remain in 2022 with core consumer price inflation projected to stay subdued and below the target of about 3 per cent. The current account surplus is expected to narrow in 2022 to 1.5 per cent of GDP from 1.8 per cent in 2021 as demand for pandemic-related exports normalises, an IMF press release said citing the report.

The significant tightening of macroeconomic policy support has added to the slowing growth momentum. Fiscal policy turned strongly contractionary at the beginning of 2021, reflecting policymakers' shifting focus away from supporting the recovery to deleveraging.

The withdrawal largely represented decreases in public investment, although some targeted fiscal support continued, including select tax and fee cuts for small firms. The augmented general government primary deficit is projected to have decreased from 19.4 per cent of GDP in 2020 to 15.4 per cent in 2021.

Monetary policy tightened moderately compared to 2020, as key money market rates increased relative to their pandemic lows, and overall credit growth slowed in 2021 despite the continuation of structural credit policies to steer bank credit to small firms.

Structural reforms, a requisite for China's transition to high-quality growth—which is balanced, inclusive and green—have progressed unevenly across core areas. While China's climate strategy has begun to take shape with the release of detailed action plans, there was little or no progress in key real-sector reforms, including in the area of state-owned enterprises and competitive neutrality between private and state-owned firms, the report added.

Source: fibre2fashion.com– Feb 05, 2022

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Cambodia's exports to China rise as FTA takes effect

Cambodian exports to China rose by 39 per cent to $1,510 million last year as both sides implemented their new free trade agreement (FTA). Figures from the Cambodian ministry of commerce showed the bilateral trade reached $11,144 million last year, a year-on-year (YoY) rise of 37.28 per cent. Imports from China were valued at $9,633 million, a 37 per cent YoY rise.

Ministry spokesman Penn Sovicheat said the bilateral trade is expected to increase due to the FTA.

The agreement, officially signed on October 12, 2020, brings the proportion of zero-tariff products in the goods trade between China and the Southeast Asian nation to more than 90 per cent for both countries.

The Cambodia-China FTA extends across a wide range of sectors, including trade, tourism, investment, transportation, and agriculture.

China will provide duty-free status to some 98 per cent of imports from Cambodia whereas Cambodia has agreed to exemptions of up to 90 per cent of its imports from China, according to a Cambodian newspaper report.

Through the FTA, Cambodia hopes to increase bilateral trade with China to $10 billion by 2023, up from $8 billion in 2020. This is a timely development for Cambodia as businesses continue to reel from the European Union's (EU) partial withdrawal of the Everything but Arms (EBA) status in 2020.

Lim Heng, vice president of the Cambodia Chamber of Commerce, said the agricultural products are a priority for exports to China, meaning that upgrading and enhancing the quality and reply to standard requirements are needed to be addressed.

Cambodia exports mostly agricultural products including milled rice, mangoes and cassava to China. Imports from China are primarily industrial products and raw materials for the garment industry and building materials.

Source: fibre2fashion.com– Feb 05, 2022

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Chinese firms see renewed modest falls in output, new orders in Jan

The recent uptick in COVID-19 cases in China and subsequent round of fresh restrictions weighed in on manufacturing performance in the country at the start of 2022, according to London-based information provider IHS Markit. Companies registered renewed falls in output and new orders during January, though in both cases rates of reduction were only modest.

Meanwhile, new export business in China fell at the quickest pace since May 2020, and supply chain delays worsened.

Average input prices rose at a slightly quicker, but modest rate. Prices charged meanwhile increased following a slight reduction in December, IHS Markit said in a press note.

Manufacturers were confident that output would increase over the next 12 months, often due to forecasts that market conditions will strengthen as the pandemic is brought under control.

The headline seasonally-adjusted Caixin China purchasing managers' index (PMI) compiled by IHS Markit fell from 50.9 in December to 49.1 in January. This signalled the second deterioration in overall business conditions in the past three months, though the rate of decline was only slight.

Caixin is a media group in China dedicated to providing financial and business news, data and information.

After rising in the prior two months, manufacturing production across China fell during January. Though modest, the rate of reduction was the quickest seen since last August, with a number of firms linking the fall to lower sales amid the recent uptick in COVID-19 cases both at home and overseas.

Total new orders fell modestly at the start of the year, with weaker external demand a key factor weighing on overall sales. Moreover, new export orders fell at a solid pace that was the quickest seen since May 2020.

Lower intakes of new work led to a renewed, albeit marginal fall in purchasing activity during January. Inventories at manufacturing companies also declined, with both stocks of inputs and finished items falling for the first time in three months.

The rise in COVID-19 cases and fresh restrictions to contain the virus contributed to a further deterioration in supplier performance. The rate at which average delivery times lengthened was the most marked for three months.

Although input prices rose at the fastest pace for three months, the rate of inflation was mild overall and much slower than that seen on average in 2021. Output prices rose at an identically mild pace, following a slight reduction in December.

Source: fibre2fashion.com– Feb 04, 2022

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Ocean Shipping Reform Act introduced in US Senate

The Ocean Shipping Reform Act (OSRA) of 2021, which was passed in the US House of Representatives by 364-60 in December last year, has now been introduced in the Senate, the other house. The bipartisan legislation is sponsored by Senators Amy Klobuchar (D-MN) and John Thune (R-SD) and would modernise the international maritime transportation system.

The bill revises provisions related to ocean shipping policies and is designed to support the growth and development of US exports and promote reciprocal trade in the common carriage of goods by water in the foreign commerce of the United States. Among other provisions, the bill sets forth requirements for operating a shipping exchange involving ocean transportation in the foreign commerce of the United States.

The bill requires ocean common carriers to report to the Federal Maritime Commission (FMC) each calendar quarter on total import and export tonnage and the total loaded and empty 20-foot equivalent units per vessel that makes port in the United States. It requires the FMC to publish and annually update all its findings of false certifications by ocean common carriers or marine terminal operators and all penalties assessed against such carriers or operators.

It also prohibits ocean common carriers and marine terminal operators from retaliating or discriminating against shippers because such shippers have patronised another carrier, or filed a complaint. Furthe, it provides authority for the FMC to issue an emergency order requiring ocean common carriers or marine terminal operators to share directly with relevant shippers, rail carriers, or motor carriers information relating to cargo throughput and availability.

The National Retail Federation, the world's largest retail trade association, in a statement said, "The sustained supply chain challenges, exacerbated by increased consumer demand during the coronavirus pandemic, have continued to impact the daily operations of retailers and the greater business community. For nearly two decades the Shipping Act has remained untouched, complicating supply chain disruption issues and adding to port congestion.

“Now more than ever, it is essential that we prioritise and invest in changes to support a modern-day transportation system. We appreciate the work of Senators Klobuchar and Thune to expedite this critical legislation and look forward to supporting its swift consideration in the Senate and conference with the House.”

Source: fibre2fashion.com– Feb 04, 2022

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Bank of England increases bank rate to 0.5%

The Bank of England's Monetary Policy Committee (MPC) this week increased the Bank Rate by 0.25 percentage points, to 0.5 per cent. The Committee voted unanimously for the Bank of England to begin to reduce the stock of UK government bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets. The MPC sets monetary policy to meet the 2 per cent inflation target, and in a way that helps to sustain growth and employment.

The MPC also voted unanimously for the Bank of England to begin to reduce the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets and by a programme of corporate bond sales to be completed no earlier than towards the end of 2023 that should unwind fully the stock of corporate bond purchases.

Beyond the near term, UK GDP growth is expected to slow to subdued rates. The main reason for that is "the adverse impact of higher global energy and tradable goods prices on UK real aggregate income and spending. As a result, the unemployment rate is expected to rise to 5 per cent and excess supply builds to around 1 per cent by the end of the forecast period," the Bank of England said.

Meanwhile, the twelve-month CPI inflation rose from 5.1 per cent in November to 5.4 per cent in December, almost 1 percentage point higher than expected at the time of the November Report. "Inflation is expected to increase further in coming months, to close to 6 per cent in February and March, before peaking at around 7¼ per cent in April. This projected peak is around 2 percentage points higher than expected in the November Report," the bank said.

"The projected overshoot of inflation relative to the 2 per cent target mainly reflects global energy and tradable goods prices. The further rise in energy futures prices meant that Ofgem's utility price caps were expected to be substantially higher at the reset in April 2022. Core goods CPI inflation is also expected to rise further, due to the impact of global bottlenecks on tradable goods prices," it added.

Source: fibre2fashion.com– Feb 04, 2022

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Italy's textile machinery manufacturers optimistic about 2022 with order revival

The textile machinery sector in Italy is looking up as manufacturers order index increased 43 per cent in the fourth quarter of 2021, says ACIMIT, the Association of Italian Textile Machinery Manufacturers stats. In absolute terms, the association's order index stood at 127.9 points.

The association believes, most of this growth was spurred by both Italian and foreign markets. Orders from the domestic markets surged 83 per cent compared to October-December 2020, for an absolute value of 234.6. On the other hand, orders from international manufacturers increased 36 per cent, for an absolute index value equal to 116.4.

Scarcity of materials, rising costs hamper deliveries

The annual order index increased 95 per cent for an absolute value of 128 points. Orders from abroad increased 79 per cent while those from domestic market surged by 204 per cent compared to those recorded in 2020. Alessandro Zucchi, President, ACIMIT says, "The textile machinery sector in Italy is recovering with production returning to pre-COVID levels. Foreign demand is also robust in most markets.

The Italian Government's Transition 4.0 incentives are also benefitting the sector,". However, scarcity of components and raw materials due to supply chain interruption may hamper order deliveries. Rising energy costs are also a cause for concern.

ITMA 2022 to reaffirm Italy's leadership position

ACIMIT expects 2022 to be full of optimism for the textile machinery sector in Italy with ITMA 2023, the world's most important textile machinery exhibition, scheduled in Milan for June 2023.

Many Italian manufacturers have registered for the event, reveals Zucchi. The event will help relaunch Italian textile machinery sector, and reaffirm Italy's position in the market.

A private non-profit-making body, the Association of Italian Textile Machinery Manufacturers, ACIMIT is a private non-profit-making body that aims to promote the Italian textile machinery sector mainly abroad, by introducing new and innovative promotional campaigns. The association provides all kind of information of the manufacturers' activities and also organizes various promotional activities like exhibitions, technical seminars, missions in Italy and abroad, etc. in collaboration with the Italian Trade Commission.

Source: fashionatingworld.com– Feb 04, 2022

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Vietnam's textile-garment export to Australia grows by 42.23% in 2021

Vietnam-Australia trade turnover reached $12.4 billion in 2021 for the first time, a rise of nearly 50 per cent compared to 2020. Vietnam's export turnover to Australia topped $4.45 billion—up by 23 per cent—while its import was $7.95 billion, a year-on-year rise of 70 per cent. The textile-garment sector witnessed an export growth rate of 42.23 per cent.

With this, Vietnam becomes Australia’s 12th biggest trading partner and Australia is Vietnam's 10th biggest.

Despite the impact of the COVID-19 pandemic, most exports to Australia achieved impressive growth, according to the Vietnam Trade Office in Australia.

Export of leather and footwear, machinery and equipment spare parts also continued to increase remarkably, according to a news agency.

Source: fibre2fashion.com– Feb 05, 2022

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RCEP takes effect for S Korea, expected to diversify trade portfolio

South Korea's trade, industry and energy ministry recently said the Regional Comprehensive Economic Partnership (RCEP), which took effect for the country on February 1, is expected to help diversify its trade portfolio. The combined amount of South Korea's exports to the RCEP participants was $254.3 billion in 2020, taking up around half of the country's total outbound shipments.

"It is expected to help our companies' advance into overseas markets, as it expands the market for our key export items," a news agency quoted the ministry as saying.

In November 2020, South Korea signed RCEP with 14 other countries, 10 member nations of the Association of Southeast Asian Nations (ASEAN), China, Japan, Australia and New Zealand. The country's National Assembly ratified the pact in December last year.

Source: fibre2fashion.com– Feb 05, 2022

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Swedish brand H&M expects sales to be up 20% in 2022

H&M is expecting sales in local currencies for 2022 to increase by 20 per cent compared with the same period last year. The period was negatively affected by the latest wave of the pandemic and its consequences in many of the group's larger markets. By 2030, the H&M group is likely to double its sales while at the same time half its carbon footprint.

In 2021, the H&M group's net sales in local currencies went up by 12 per cent. Converted into SEK the group's net sales increased by 6 per cent to SEK 198,967 million (187,031). Gross profit climbed to SEK 105,006 million (93,544) for the reported period. This corresponds to a gross margin of 52.8 per cent (50.0).

The H&M group's net sales in local currencies increased by 11 per cent in the fourth quarter 2021. Converted into SEK net sales grew by 8 per cent to SEK 56,813 million (52,549). Gross profit rose by 14 per cent to SEK 31,341 million (27,375). This corresponds to a gross margin of 55.2 per cent (52.1).

"We ended the year strongly, with sales back at the same level as before the pandemic and with profitability better than it has been for several years. Now that we are back to a more normalised situation with a strong financial position and good profitability, we can fully focus on growth again,"said Helena Helmersson, CEO.

The H&M group's strong cash flow and financial position will be crucial for the ability to invest in sustainable growth. In 2022, H&M will double the level of investment. Alongside initiatives linked to each growth area H&M will invest further in infrastructure such as tech and the supply chain, but also in renewable energy and sustainable materials, H&M said in a press release.

"Through our investment arm Co:lab we now have around 20 investments in new companies that are important for the H&M group's growth strategy. In a short time these investments have created significant value both financially and in the existing operations, for example by improving the customer experience and enabling innovation in sustainable materials. In an industry in rapid transition exciting opportunities arise, and we are constantly evaluating investments and acquisitions that could contribute to the H&M group's continued sustainable growth," explained Helmersson.

"While we respect the ongoing challenges brought by the pandemic, we have demonstrated our ability to quickly adapt and seize opportunities that arise. Customer focus, quick action and flexibility have been key in managing the pandemic and will be just as important going forward.

Customers must always feel confident that with us they will be able to find the best combination of fashion, price, quality and sustainability. With continued satisfied customers and strong relations with all our partners, we are optimistic about the opportunities for long-term and sustainable growth for the H&M group," concluded Helmersson.

Source: fibre2fashion.com– Feb 05, 2022

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Bangladesh: Strengthening garment industry vital for LDC graduation: Report

Asian countries graduating from the category of least developed countries (LDCs) need to take measures to bolster their textile and clothing sector, particularly in response to the economic impact of Covid-19, said a report prepared by the World Trade Organization (WTO) and three UN bodies.

The report titled "The Textile and Clothing Sector in Asian Graduating Least Developed Countries: Challenges and Ways Forward," published on 1 February, focuses on countries such as Bangladesh, Laos and Nepal, where the textile and clothing sector is a major industry and will be significantly impacted by LDC graduation.

"This timely study highlights the distinct patterns of insertion of graduating LDCs into the textile and clothing global value chains and discusses how LDC graduation may affect related outcomes," said Rolf Traeger, chief of the LDC section at United Nations Conference on Trade and Development (UNCTAD).

"Given the level of competitiveness of the garment industry, the prospect of losing preferential market access makes the imperatives of diversification and development of productive capacities critical as ever for graduating LDCs. Hence the importance of their implementing effective industrial policies," he added.

Support measures benefit sector

LDC support measures offered by international development and trade partners have benefitted the textile and clothing sector. Adjustments to these measures are part of the graduation process and will need to be managed to ensure a smooth transition for the countries overall, the report said.

"The exports of textiles and clothing of graduating LDCs have largely been driven by LDC trade preferences. Examining the impacts of graduation for this sector is crucial for these countries to adapt to the new trading conditions. This collaboration is a unique effort of UN agencies and WTO to shed light on ways to fully realise the potential of this sector," said Taufiqur Rahman, head of the LDC unit at the WTO.

Combined textile and clothing exports from LDCs in Asia account for 8% of the global total, which contracted in 2020 due to the pandemic. The sector is an important source of employment, especially for women.

LDC graduation offers opportunity

The report notes that the LDC graduation presents an opportunity for the countries to develop strategies that can position the sector higher up the global value chain.

Manufacturers consulted for the report said they expected graduation to impact their export performance. In addition to facing higher tariffs, most garment manufacturers rely heavily on imported textiles and will struggle to meet more restrictive rules of origin criteria after graduation.

Many said they do not have a response plan yet for LDC graduation and are focusing on addressing the impact of the pandemic.

"This timely report sets out important preparatory measures to protect and strengthen the textile and clothing sector, the lifeblood of many LDCs in Asia, during and after graduation," said Roland Mollerus, secretary of the Committee for Development Policy.

"It provides some country-specific insights and serves as a valuable resource for countries and development partners to work together to chart a steady course for a smooth transition from LDC status and to reach critical targets in the final Decade of Action for the 2030 Agenda," he added.
How graduation will affect sourcing

Many major clothing brands and retailers consulted for the report believe that LDC graduation will only modestly affect their sourcing and are planning to expand sourcing from graduating LDCs over the next three to five years.

Workplace safety, working conditions, environmental compliance, innovation and speed to market are increasingly becoming major factors for brands in their long-term sourcing.

"We have consulted many brands and retailers on their future sourcing plans and how it affects graduating LDCs. What we have found is that major buyers are consolidating their sourcing portfolio and, increasingly, they are seeking to source from larger, often multinational apparel manufacturers," said Matthias Knappe, programme manager of Fibres, Textiles And Clothing at the International Trade Centre (ITC).

"This poses a challenge to many apparel-producing SMEs in LDCs. Together with our partners, we hope to provide support for these small businesses, boost their competitiveness, and overcome this challenge," he said.

The report was produced by the WTO, the UN Department of Economic and Social Affairs, ITC and UNCTAD, bringing together different areas of expertise on LDC graduation and the textile and clothing sector.

Source: tbsnews.net – Feb 04, 2022

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Bangladesh needs to increase local cotton output

Bangladesh Cotton Association President Muhammad Ayub talks with The Business Standard's Reyad Hossain about the challenges and the possibilities of sourcing cotton as the fibre is an essential raw material for textile and garments productions. He also explains the factors behind the recent cotton price hike and its impacts on the clothing industry.

What is the current situation of the local cotton market?

In the last 15-20 years, a secondary market for cotton has developed locally. Imported and locally produced cotton have contributed to this development. Many importers are meeting the demand of a significant number of spinning mills by bringing in cotton from abroad. As far as I know, the local cotton market is making a significant contribution to the yarn production of many mills and is also playing a positive role in the expansion of textile industry.

About 98% of Bangladesh's cotton consumption is dependent on import. What is the potential for increasing cotton production locally?

It is true that cotton is the main raw material of textile industry. This industry has expanded on import-dependent raw materials which I think is a sensitive issue. We do not have the required amount of agricultural land for producing cotton. The lion's share of agricultural land in the country is being used for producing food grain. Bangladesh Cotton Association has been demanding for a long time that the government increases cotton production locally.

In this case, we have been urging the authorities concerned to grow cotton on the land used for tobacco production. Locally produced cotton can save $3 per kg at the current market price. Besides, much of the government's revenue from tobacco production is spent on treating tobacco-related diseases. So we hope the government will take necessary steps in this regard.

Demand for man-made fibre is higher than that for cotton across the world, but the garment exports in Bangladesh is still dependent on cotton. Will the demands for man-made fibre increase and for cotton decrease in Bangladesh?

The demand for man-made fibre in Bangladesh has already started increasing and it will definitely increase further. Unusual fluctuations in cotton prices in the international market are worrying garment owners. If such ups and downs continue, the nature of Bangladesh's garment industry is bound to change.

What are the current challenges in cotton import? What kind of steps can be taken to overcome those?

Sourcing cotton is a challenging job for spinning mills in Bangladesh. Reviewing the import figures of the last 20 years, we can see that each country's share in the cotton market was different in different times. Cotton imported from Central Asia had a profound effect earlier, but currently, it has changed and Indian cotton is being imported the most.

At the same time, cotton is being imported in large quantities from different West African countries to Bangladesh. It is also being imported from Australia, Brazil and the United States. We need cotton no matter where it comes from. All necessary steps, including trade diplomacy, must be taken to import cotton.

What is the reason behind the hike in cotton prices in recent months? What is your prediction about cotton production and supply system? Will the price go down?

According to the data provided by the International Cotton Advisory Committee, global cotton production increased by 9% in 2020-21, while its consumption increased by 20%. Moreover, freight rate increased 3-4 times when international trade reopened after almost coming to a halt due to the Covid-19 pandemic. All these factors contributed to the increase in cotton price in the international market. As far as we can guess, it is very unlikely that the price of cotton will return to the pre-pandemic level.

We need to focus on global cotton production, use, etc. In this regard, Bangladesh Cotton Association, Bangladesh Textile Mills Association, Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association and the ministries of textiles, commerce, agriculture and foreign affairs should form a high-powered committee together. Such a committee will be able to act as a coordinating body on all these issues.

Do you think there is a mechanism to stabilise the cotton market?

Cotton is an agricultural product. Its production and quality depends on favourable weather. It has been observed many times that the crop is damaged by excessive rainfall and drought. So no mechanism will work in this regard. The price of cotton will be determined in the international market in the future – just like it was done in the past – in terms of production and demand. I think there is no way of saying anything in advance about this.

Supply chain disruptions and logistical constraints are widely discussed as reasons for increasing the cotton price. What can the Bangladesh government or the concerned parties in the international arena do in this regard?

I think the current container backlog and ship congestion will not last long. It is bound to return to normal. All the stakeholders and the concerned ministries can take various steps in this regard, keeping in view the demand for cotton in our country. For example, roads and railways can be considered as means of import alongside the shipping routes.

Efforts can be made to ensure the supply of cotton through diplomatic contacts and trade cooperation agreements with various cotton producing countries. It is very important for us to do this.

Source: tbsnews.net– Feb 04, 2022

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Pakistan: 'Textiles exports can cross $20bn this year'

Hanif Lakhany, VP FPCCI has paid glowing tributes to the textile industry of country for their contributions to the exports, massive employment generation and resilience in the face of persistent cost of doing business challenges & ease of doing business disadvantages; including, ever-increasing electricity prices; dwindling domestic cotton production; doubling of the cost of raw material, i.e. cotton; prolonged & repetitive gas outages and harassment at the hands of tax and other authorities.

Sultan Rehman, FPCCI's Coordinator for Head Office, said that exploration of new markets can benefit the textile manufacturers and exporters significantly; specifically mentioning African & CIS countries.

He opined that fabric exports should principally be banned; and, only value-added textiles should be allowed to be exported.

Sultan Rehman added that value-addition in textile exports can decisively improve Pakistan's foreign exchange reserves and stabilize rupee-dollar parity through fetching higher prices for Pakistani textile products in the international markets.

Mudassir Raza, Director Textiles, Ministry of Commerce, said that his ministry is striving to promote value-addition in the textiles through skill development and helping exporters find new markets.

Pakistan needs to increase its share in the international textile business as textiles have the potential to bridge Pakistan's ever-yawning trade deficit. He added that currently Pakistan's share in international textile market is merely 1.8 percent.

Haroon Shamsi, a prominent towel manufacturer & exporter said that we have to have a closer look at the textiles export numbers as the numbers have increased mainly on the back of increase in the price of cotton internationally and actual increase in the volumes of textiles exports may not be more than 15-20 percent unfortunately.

Hanif Lakhany said that the price of cotton has increased from 60 cents to 1.2 dollars and that raw material alone accounts for 60% of our total production costs.

He also emphasized that we must work on two fronts: (i) restore domestic cotton production at least to the previous levels through fixing a support price for cotton like other crops (ii) diversify the raw material sources through incorporating all major synthetic fibres being used the world over – and, it will require massive subsidized funding for the procurement of new machinery and plants on the lines of TERF Scheme of SBP.

Source: brecorder.com– Feb 05, 2022

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NATIONAL NEWS

Government takes several steps to boost Indian exports

The Government has taken the following measures since 2014 to boost the India's export:

1. A new Foreign Trade Policy (FTP) 2015-20 was launched on 1st April 2015. The policy, inter alia, rationalised the earlier export promotion schemes and introduced two new schemes, namely Merchandise Exports from India Scheme (MEIS) for improving export of goods and 'Services Exports from India Scheme (SEIS)' for increasing exports of services. Duty credit scrips issued under these schemes were made fully transferable.
2. The mid-term review (2017) of the Foreign Trade Policy (2015-20) was carried out and corrective measures were undertaken.
3. Foreign Trade Policy (2015-20) extended by one year i.e. upto 31-3-2022 due to the COVID-19 pandemic situation.
4. A new Logistics Division was created in the Department of Commerce for integrated development of the logistics sector.
5. Interest Equalization Scheme on pre and post shipment rupee export credit was introduced from 1.4.2015 to provide cheaper credit to exporters.
6. The Government started implementing a NiryatBandhu Scheme with an objective to reach out to the new and potential exporters including exporters from Micro, Small & Medium Enterprises (MSMEs) and mentor them through orientation programmes, counselling sessions, individual facilitation, etc., on various aspects of foreign trade for enabling them to get into international trade and boost exports from India.
7. Assistance provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.
8. A comprehensive "Agriculture Export Policy" was launched on 6th December, 2018 to provide an impetus to agricultural exports.
9. A Central Sector Scheme, 'Transport and Marketing Assistance for Specified Agriculture Products' was launched for providing assistance for the international component of freight to mitigate the freight disadvantage for the export of agriculture products.

10. Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and Rebate of State and Central Levies and Taxes (RoSCTL) Scheme have been implemented with effect from 01.01.2021.
11. Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.
12. 12 Champion Services Sectors have been identified for promoting and diversifying services exports by pursuing specific action plans.
13. Districts as Export Hubs has been launched by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/manufacturers to generate employment in the district.
14. Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.
15. Package has been announced in light of the COVID pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports.

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– Feb 04, 2022

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Indian exports to China witness growth

The exports from India to China have increased from USD 13.33 billion in 2016-17 to USD 21.19 billion in 2020-21, exhibiting growth. The trade with China was USD 87.07 billion in 2018-19, which registered a decline in 2019-20 to USD 81.87 billion, and was USD 86.40 billion in 2020-21.

The merchandise trade data of India's exports to and imports from China, total trade and trade deficit, for the period FY 2017-18 to FY 2021-22, is as under:

(Values in USD billion)

YEAR	2017-18	2018-19	2019-20	2020-21
Import	76.38	70.32	65.26	65.21
Export	13.33	16.75	16.61	21.19
Total trade	89.71	87.07	81.87	86.40
Trade deficit	63.05	53.57	48.65	44.02

The Government of India has made sustained efforts to achieve a more balanced trade with China, including bilateral engagements to address the non-tariff barriers on Indian exports to China. The Government has also taken measures in form of trade remedies (Anti-dumping, countervailing duty etc.) against unfair trade practices and formulated technical regulations and also issued quality control orders to check substandard imports. Efforts have also been made to source critical supplies from alternate sources and sensitize the concerned ministries/departments to ramp up domestic capacities.

The Government has also launched schemes such as Production Linked Incentive Schemes (PLIs) to promote domestic manufacturing capacities in critical sectors such as Key Starting Materials(KSMs)/Drug Intermediates(DIs), Active Pharmaceutical Ingredients(APIs), domestic manufacturing of Medical devices, and for Pharmaceuticals apart from electronic components & mobiles, white goods (ACs and LEDs), Specialty Steel, Food Processing industry, High efficiency Solar PV modules, Drones and Drone Components etc. These schemes will promote domestic manufacturing capacities and attract investment and reduce dependency on imports from China.

Government of India follows a multi-pronged strategy to promote trade in services, which involves negotiating meaningful market access through multilateral, regional and bilateral trade agreements, trade promotion through participation in and organization of international fairs/exhibitions and addressing domestic sectoral challenges and difficulties which are identified through periodic consultations with the stakeholders. Moreover, efforts are made to engage with the nodal Ministries/Departments to pursue a domestic reform agenda to make the services sector competitive globally.

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– Feb 04, 2022

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Government takes several initiatives to enhance collaboration between small business and e-commerce platforms

Government has taken several initiatives to enhance collaboration between small business and e-commerce platforms.

Central Board of Indirect Taxes and Customs (CBIC), Department of Revenue has exempted sellers of specified handicraft goods made by craftsmen from obtaining compulsory registration under GST Act, thus enabling collaboration between small businesses and e-commerce platforms.

Department for Promotion of Industry & Internal Trade (DPIIT) has actively engaged with various large e-commerce platforms to onboard artisans and handicraftsmen, including those engaged in manufacture of Geographical Indication (GI) goods and toys. Further, under the One District – One Product (ODOP) initiative, drives have been conducted across various States, facilitating on-boarding of sellers of identified products on e-Commerce platforms to provide greater visibility for small businesses from rural sector.

Ministry of Micro, Small & Medium Enterprises (MSME) has taken multiple initiatives for enhancing participation of small business in e-commerce which include:

- Procurement and Marketing Support (PMS) Scheme: Under this Scheme, the sub-component of “Adoption of e-Commerce by Micro Enterprises” has been introduced. This new component includes providing financial assistance for selling products or services by Micro Enterprises (up to 10 new products) through e-commerce portals.
- Portals of National Small Industries Corporation (NSIC): NSIC is operating MSME Global Mart portal. This is a non-transactional B2B Portal which facilitates e-Marketing support to MSME's. The portal provides information of business, technology and finance and also exhibits the core competence of Indian SMEs.
- E-commerce portal of Khadi and Village Industries Commission (KVIC): KVIC has developed an online portal https://www.kviconline.gov.in for selling Khadi products added by Khadi Gramodyog Bhavan, New Delhi.

- Ministry of Tribal Affairs has launched an e-market place www.tribesindia.com portal through Tribal Cooperative Marketing Development Federation of India Limited (TRIFED). It has forged tie ups with various leading e-Commerce platforms and is on-boarding tribal artisans with their products for online sales.

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.

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No harm in allowing private players to use Gati Shakti platform: DPIIT Secretary

We have already created over 300 layers of data and these have been put on the GIS platform, says Anurag Jain

Decision making sometimes takes long as all views have to be taken into consideration, says Department for Promotion of Industry and Internal Trade (DPIIT) Secretary Anurag Jain, who has been working on finalising policies on e-commerce and retail and implementing the Gati Shakti Mission. In an interview with BusinessLine, Jain talks at length about some of the key initiatives of the department. Excerpts:

The Union Budget has identified PM Gati Shakti initiative as one of the big priorities for the economy. How effective is the platform proving to be and are the States also coming on board?

Under the PM Gati Shakti Mission, there are various degrees of participation. We have already created over 300 layers of data and these have been put on the GIS platform. We have also asked State governments to put their layers of data by March 31 and use this tool effectively. During the training and sensitisation drive, when we asked various departments to actually carry out real projects and do the planning on the system, the result was very encouraging. In case of one project, where a DPR had already been prepared, when it was run through this tool, there were three alternatives that were suggested. One alternative was actually much superior to what had actually been planned as it allowed avoidance of a forest clearance completely. So, immediately one got to save one or one and a half years time that would have been needed to seek permissions.

So, this system has all kinds of data. We get to know important details like where a forest or a river is and there is 3-D visibility. You get all the alternatives, and you can decide what is the best way to move forward.

After the States have connected to the system, are there plans of allowing the private sector on board as well? When can we expect the system to be fully operational?

We have requested the States to put in another 24 layers of data. When they come, the data will further be enriched. The tools have already been developed. When you have better information available the decision making will be even more efficient. Once the system stabilises, what is the harm in allowing at least visibility to other private players. They can come and visualise things like where roads are are going to come or where the networks are going to come and take decisions accordingly. This tool is to help infrastructure and industry development throughout the country.

I am targeting that by April 1, we can start using it completely for the Government and if we are able to get all the State governments by that time, it will be great. We will have to brainstorm to put certain checks and build some caveats for using the tools. We will develop these things over a period of time.

How do you see the FDI climate in India shaping as we get out of the pandemic-related disruptions?

If you compare our situation to what is happening around the globe, we are the beacon of hope. FDI is a function of the confidence that investors have in an economy. India has a stable government and it is one of the largest democracies. The threat perception of government turning around or doing something totally different and moving on a different track is not there. We are a large growing country,with a large market. Therefore, people will continue to invest in the country. We have unshackled a lot of barriers, and we have facilitated the environment in a manner that industries can grow.

On FDI policy on E commerce, we are witnessing a lot of conflicting voices with traders calling for more restrictions and foreign e-commerce companies demanding a conducive environment. What kind of a policy can one finally expect?

Such things can't be spelled out in advance. The purpose of consultation is to take into consideration all things and come out with something which is optimised, keeping all interests in mind. Public policies need to have a very fine balance. You are the trustee of the society, which has to take care of all stakeholders in the society.

But where do things stand right now and when can one expect the policy to be finalised?

We had some consultations at my level and we were reasonably okay with certain points. Then we were given some guidance by the Honourable Minister who is very clued into the whole thing. Both the DPIIT and the Consumer Affairs Ministry are working together and once we have worked on every concern, we'll have consultation with the Minister. Thereafter, we will have inter-ministerial consultations. It will take some time, but we are on track.

The industry has also been waiting for the National Retail Policy for some time. Is that expected soon?

Policy development is not in my hand alone. So what do I comment? We work as a team. It's a whole of government approach and you have Ministerial consultations. So, if I'm thinking of ten things and on five things, I get certain objections, we negotiate with the departments that are objecting and try to understand their concern. We then come up with third alternative. Finally, it's a huge process. I'm only the starting point.

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Thirty-Nine (39) Towns have been recognized as Towns of Export Excellence (TEE) under the Foreign Trade Policy

Thirty-Nine (39) Towns have been recognized as Towns of Export Excellence (TEE) under the Foreign Trade Policy 2015-20 (extended up to 31.03.2022). The list of Towns of Export Excellence (TEE) and their details are at Annexure I.

Towns of Export Excellence (TEE) can avail benefits under Para 1.35 (b) of Foreign Trade Policy i.e.,

(i) Recognized associations of units in Towns of Export Excellence can avail financial assistance under Market Access Initiative (MAI) scheme, on priority basis, for export promotion projects for marketing, capacity building and technological services.

(ii) Common Service Providers in the Towns of Export Excellence are entitled for Authorisation under Export Promotion Capital Goods (EPCG) Scheme.

Details of benefits extended to the Towns of Export Excellence (TEE) by DGFT Regional offices is at Annexure II.

Towns producing goods of Rs. 750 Crore or more can be recognised as Towns of Export Excellence (TEE) based on potential for growth in exports. However, for Town of Export Excellence (TEE) in Handloom, Handicraft, Agriculture and Fisheries sector, the threshold limit is Rs.150 Crore. The notification of Towns of Export Excellence (TEE) is done in Appendix 1B of Foreign Trade Policy based on the proposals received from the Industry Association and in consultation with other stakeholders.

Click here for more details

Source: pib.gov.in– Feb 04, 2022

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Revenue Deficit Grant of Rs. 9,871 crore released to 17 States

The Department of Expenditure, Ministry of Finance, today released monthly Post Devolution Revenue Deficit (PDRD) Grant of Rs. 9,871 crore to 17 States. This was the 11th instalment of the PDRD grant released to the States.

The Post Devolution Revenue Deficit Grants are provided to the States under Article 275 of the Constitution. The grants are released to the States as per the recommendations of the Fifteenth Finance Commission to meet the gap in Revenue Accounts of the States post devolution. The Commission has recommended PDRD grants to 17 States and the same being released in equal monthly installments.

The eligibility of States to receive this grant and the quantum of grant was decided by the Commission based on the gap between assessment of revenue and expenditure of the State after taking into account the assessed devolution for the financial year 2021-22.

The Fifteenth Finance Commission has recommended a total Post Devolution Revenue Deficit Grant of Rs. 1,18,452 crore to 17 States in the financial year 2021-22. So far, an amount of Rs. 1,08,581 crore (91.6%) has been released to eligible States as Post Devolution Revenue Deficit Grant in the current financial year.

Source: pib.gov.in– Feb 04, 2022

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3.46 lakh beneficiaries to receive training for Capacity Building in Textile sector under SAMARTH

Proposals were invited from State Government Agencies Industry Associations for undertaking training programmes under the Samarth Scheme. After evaluation of these proposals, the Ministry of Textiles has partnered with 13 State Government Agencies, 92 Textile Industry, 10 Industry Associations/ Councils and 4 Sectoral Organizations of Ministry of Textiles for training of 3.46 lakh beneficiaries in textile sector, allocated after physical verification of training centers.

Fresh proposal for empanelment under the scheme has been invited in September 2021. In response, 72 proposals have been received upto closing date of receipt of the proposal i.e. 02.11.2021. The details of funds released to the Implementing Partners under Samarth during last 2 years are given below:

(Rs. in crore)

Financial Year	Fund released
2019-20	72.06
2020-21	90.70

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– Feb 04, 2022

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Govt initiates groundwork on framing new legislation on SEZs

EPCES signs MoU with legal think-tank to provide drafting assistance

The government has initiated work on the new legislation for Special Economic Zones (SEZs) proposed in the Union Budget by appointing an independent legal think-tank to do the initial research.

Vidhi Centre for Legal Policy, a not-for-profit company, will undertake legal research on the SEZ Act, including a review of international best practices, and provide legislative assistance for drafting a new SEZ Act, according to a statement issued by the Export Promotion Council for EOUs and SEZs (EPCES).

An MoU on carrying out the research work was signed between Vidhi Centre for Legal Policy and EPCES on Friday. Finance Minister Nirmala Sitharaman announced in her Budget speech that the Special Economic Zones Act will be replaced with a new legislation that will enable the Ssates to become partners in 'Development of Enterprise and Service Hubs'. This will cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports, she said.

Source: thehindubusinessline.com – Feb 04, 2022

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