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INTERNATIONAL NEWS

China stays Port of Hamburg's most important trading partner

China is the most important trading partner of Germany's largest universal port Hamburg, according to the Port of Hamburg Marketing (HHM), which recently said the decline in seaborne container throughput with China recorded in the first COVID-19 year of 2020 has been halted as an increase of 5.5 per cent year on year to 2.6 million twenty-foot equivalent unit (TEU) was logged in 2021.

With the new China Germany Express (CGX) service, the German international shipping and container transportation company Hapag-Lloyd will connect the port of Hamburg with the southern Chinese DaChan Bay Terminal, which belongs to the Port of Shenzhen, on a weekly basis from April, according to official Chinese media.

"This new container liner service will further expand the range of altogether 18 liner services linking Hamburg with Chinese ports and consolidate Hamburg's position as the leading China port," said Axel Mattern, HHM's chief executive officer.

More containers are also being transported via trains between China and Hamburg. Around 160,000 TEU were transported by rail between Hamburg and more than 25 destinations in China last year, an increase of 51 per cent, an HHM statement said.

Although the 12,000-kilometer journey between China and Hamburg takes around 20 days now for trains to complete, the land route via the Belt and Road Initiative (BRI) is faster than by ship by sea, the port noted.
More than 290 train connections linking Hamburg with China are marketed by different providers.

Source: fibre2fashion.com – Mar 07, 2022

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Pakistan targets $20 billion textile exports

Pakistan's textile industry has set a target a increase textile exports to $20 billion in the next few years. Its textile exports rose by 37 per cent to $1.69 billion in February 2022, as against $1.23 billion in February 2021, reveals All Pakistan Textile Mills Association.

The exports of textile commodities surged by 24.73 percent during the first seven months of the current fiscal year (2021-22) as compared to the corresponding period of last year, the Pakistan Bureau of Statistics (PBS) reported.

Sohail Pasha, Chairman, Pakistan Textile Exporters Association (PTEA) says, Pakistan's textile exports experienced rapid recovery following the elimination of Covid-related restrictions.

Outbound shipments surged faster than those of regional competitors including Bangladesh and India. Textile exports surged by 26 per cent year-on-year to $9.38 billion in the first half of fiscal year 2021-22, he adds.

Source: fashionatingworld.com– Mar 05, 2022

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BGMEA stresses Bangladesh-India cooperation in apparel, textile industries

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan has said Bangladesh and India have enormous scope to complement each other for the development of apparel and textile industries of both neighboring countries.

The BGMEA president made the observation at a meeting with Sri Narain Aggarwal, former Chairman of the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC), at BGMEA's PR office in Dhaka on Saturday. BGMEA Vice Presidents Shahidullah Azim and Miran Ali were also present at the meeting.

They discussed possible areas of collaboration between BGMEA and SRTEPC to identify mutual business opportunities and work to make the best use of them.

They also talked about how both associations could work together to create a bridge between apparel and textile businessmen of Bangladesh and India to facilitate meaningful business interactions.

Faruque said Bangladesh is the second-largest exporter of ready-made garments in the world whereas India has a strong textile industry. Bangladesh imports yarns, fabrics, dyes, chemicals and other raw materials from India which is also a promising export market for Bangladesh's garments.

Moreover, he said, Bangladesh is looking to diversify its products from cotton to non-cotton and India having a strong textile industry producing man-made fibers and fabrics can meet the demand of Bangladesh's RMG sector.

"So, both countries can complement each other and reap mutual trade benefits," he said.

The former chairman of SRTEPC sought cooperation of BGMEA with regard to participation of Bangladeshi garment exporters in the upcoming exhibition "Source India 2022" scheduled to be held on March 20-22, 2022 in Surat, India.

Source: thefinancialexpress.com.bd – Mar 06, 2022

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Vietnam's exports to Russia hampered by Western sanctions

Sanctions imposed by the U.S. and Western world on Russia have caused Vietnamese export order and transaction delays. Phan Minh Thong, general director of Phuc Sinh, has spent the last few days contacting customers in Russia and Europe to deal with order and transaction delays.

Yearly, the company exports around $30 million worth of coffee, pepper and other produce to Russia. But when Russia attacked Ukraine last month, followed by Western sanctions, Phuc Sinh's export orders were suspended. After certain Russian banks were blocked from the SWIFT payment system, orders to Russia saw their value drop by half due to devaluation of the ruble and delayed transactions.

Thong said his partners in Russia and Europe are facing similar problems due to the sanctions. And in Vietnam, Thong is hardly alone in facing these difficulties. Another company that exports fruits and vegetables to Russia has also had to suspend its orders due to logistical difficulties, according a representative. Export vouchers to Russia have also been denied by banks as Vietnamese banks and their partners use SWIFT.

"International logistics firms were all unable to receive goods, while flights to Russia are limited. Orders are delayed and payments are impossible," said the representative.

Vietnam exports to Russia hit around $3.2 billion in trade value and imports around $2.3 billion in 2021, according to customs data. Main exports to Russia include computers, components, phones, textiles, coffee and electrical products.

As for Ukraine, while its trade turnover with Vietnam is under $1 billion, the country has always been a traditional commercial partner in the region. In 2021, trade turnover between the two countries reached $720.5 million, an increase of 51 percent from 2020. Main exports to Ukraine are computers and shoes, among others.

Vietnam would experience impacts on its production, trade, logistics and payments amid the sanctions, according to European-American Market Department under the Ministry of Industry and Trade. Business cooperation with Russia, Ukraine, Belarus and other relevant markets would also be affected.

"This crisis is having comprehensive and negative impacts, both in the short and long terms for the economy, commerce, finance and global supply chains," said the department.

The first things to be impacted would be the supply of fuel and raw materials, with the crisis being one of the main factors for price hikes of oil and gas, flour, aluminum, nickel and corn as major products of both Russia and Ukraine.

Commercial contract payments with Russia would also be difficult due to Western sanctions, which has also caused the devaluation of the ruble. Several Russian exporters have proposed to suspend payments for about two to three weeks to see how the situation would develop.

Some shipping companies have refused to deliver goods from Vietnam to Russia, while transportation fees rise with further delays in transportation. The sanctions on air transportation also forced airlines to choose alternative flight routes, increasing costs and burdens on global logistics systems as well as product prices. Several businesses have stated increased transportation costs may leave them without profit.

The devalued ruble would also hamper Russia's export capabilities and force its businesses to reconsider their strategies.

Vietnam and Russia's bilateral commerce would be unlikely to evade negative impacts if the West decide to step up sanctions, the department noted. Businesses exporting products to both countries should be in touch with their import partners regarding payments and deliveries, it cautioned. Thong said businesses trying to export to Russia should just sell their products in other markets instead. The department urged companies to make use of free trade agreements between Vietnam and other countries to maximize gains and diversify markets. At a cabinet meeting last month, Prime Minister Pham Minh Chinh has directed a special team to respond to impacts posed by the Russia-Ukraine conflict.

Source: e.vnexpress.net – Mar 06, 2022

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Turkish textile industries feel heat of Ukraine invasion

Textile and leather goods-makers in Istanbul's garment district are feeling the impact of Russia's invasion of Ukraine as customers in Moscow and Kyiv have cancelled $200m in orders in the past week, industry officials say.
The loss of trade adds to strains on Turkey's economy, with officials estimating that more than $1bn is directly at risk to the textile industry alone if the conflict in Ukraine continues.

Mustafa Senocak, head of the Istanbul Leather and Leather Products Exporters Association, said orders for "hundreds of thousands of pairs of shoes and thousands of leather jackets" have been cancelled.

Some Russians say they can pay with the former rouble exchange rate, otherwise they can't make payments, he said.

Russia and Ukraine accounted for more than $1bn in Turkish exports of leather shoes, jackets and finished and unfinished clothing in 2021, and nearly three times that much in the unofficial "suitcase trade" centred in Istanbul, officials say.

The hit to trade puts further pressure on Turkey's economy after a currency crisis in December and resulting inflationary spiral. Falling export income adds to the Turkish current account deficit, which is swelling after Russia's invasion of Ukraine last week due to soaring energy prices and an expected hit to tourism this year.

After a raft of orders and contracts with Kyiv and Moscow in February, "we face cancellations ... [to the value of about] $200m so far [for the industry]," said Seref Fayat, head of garment maker Tobb Clothing and Apparel Industry Assembly. "It could exceed $1bn if this situation continues."

Turkish trade with Belarus, Moldova and Romania has also cooled due to uncertainty, industry heads said. Some Polish customers asked to suspend orders, while some Russians asked to make payments based on foreign-exchange rates before the invasion and the collapse of the rouble.

Suitcase trade

Turkey's garments, textile and leather exports totalled $718m to Russia in 2021 and $308m to Ukraine, data show.

The estimated $3bn "suitcase trade" — in which small merchants from Russia, Ukraine and other former Soviet states buy goods in Istanbul, pack them in empty suitcases and resell them back home — has also taken a hit.

"We had already started manufacturing for the new season — but now we have all stopped," said Giyasettin Eyyupkoca, head of the Association of Industrialists and Business People of Laleli, the Istanbul district at the centre of the suitcase trade.

Turkish President Tayyip Erdogan's unorthodox economic plan aims to stabilise the lira currency by balancing the current account deficit. But given the Ukraine conflict, Goldman Sachs revised its forecast for this year's deficit from 1.5% of GDP to 2.5%.

Russians and Ukrainians drive half of Laleli's annual trade volume, Eyyupkoca said. "I have had the same Ukrainian trading partner for years and an open account with him. How can I now ask him to pay me money while he is struggling to stay alive?"

Source: businesslive.co.za – Mar 06, 2022

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Bangladesh to be self-reliant in jute seed production within 3yrs: Razzaque

Agriculture minister M Abdur Razzaque on Sunday said the country would be self-reliant in jute seed production within next three years as a roadmap was formulated to this end.

'We hope that the country will be self reliant in jute seed production by next three years and then country will no need to import jute seed from India,' he said while addressing a discussion and prize distribution ceremony marking the National Jute Day-2022 at the Osmani Memorial Auditorium in Dhaka as chief guest.

Razzaque said his ministry had formulated a roadmap as the country would never be dependent on other countries for jute seed as jute seed was usually being produced in India in infertile land and then exported to Bangladesh. 'Even our local farmers are not interested to cultivate jute seed compared with other crops,' he said, adding 'But our scientists of Jute Research Institute have developed jute variety which is better than India.'

The government has been relentless working to make the newly innovated jute seed popular among the farmers, he told the function adding, 'We will no more to import jute seed from India when our newly innovated jute variety would become popular.'

In the past 12 years, Razzaque said that the country's jute production increased to nearly double by producing nearly 17 lakh tonnes under the able leadership of prime minister Sheikh Hasina.

Chaired by textiles and jute secretary M Abdur Rauf, the function was also addressed by textiles and jute minister Golam Dastigir Gazi as special guest. Director General of the Department of Jute M Ataur Rahman gave the welcome address at the function.

Source: newagebd.net – Mar 06, 2022

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SDC urges for reduction in environmental impact of textiles in 2022

The Society of Dyers and Colorists (SDC) has urged the textile coloration industry to reduce environmental impact in 2022 and beyond. SDC has published a free white paper, 'Destination low carbon: Global technology and innovation reducing the environmental footprint of textile coloration'.

The white paper aims to inspire the wider sector.to minimize use of water, energy, and petrochemicals, SDC said in a press release.The study includes a total of six case studies from the UK, Switzerland, Sweden, and Germany explain methods developed and established over recent years as well as brand-new innovation including the use of local agricultural waste to create clean dyes, and micro-organisms to synthesise colours of nature – negating the need for petrochemicals.

The SDC is increasingly taking a global lead on the encouragement and promotion of environmental good practice – as well as providing the educational background that makes it possible – in line with members' interests and concerns in this area.

The SDC is calling on its network and the wider dyeing and coloration industry to use the white paper to help devise and deliver carbon lowering improvements across operations.

Source: fashionatingworld.com– Mar 05, 2022

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NATIONAL NEWS

Centre plans export incentives in textile sector

Textile exporters may soon get a fresh set of incentives to expand their business in European and other markets, according to proposals being considered at the commerce ministry. Textile ministry officials were in talks with the commerce ministry to finalize the incentives, they told a parliamentary committee last week.

“These incentives, if and when they come, will go a long way in helping Indian textile firms enter the European markets, which currently slap high levy on Indian exports,” a parliamentarian involved in the discussion said on condition of anonymity. “The proposed incentives will be aimed to offset these levies.” While the rate of incentive is still being debated, it would offset the proposed carbon tax of the European Union and a few other levies, officials said, declining to be named.

The proposed incentives are being discussed at a time when the European Union’s proposed Carbon Border Adjustment Mechanism can see higher tariff on Indian goods. New Delhi is opposed to the proposed levy as it might make it more difficult for Indian companies to compete against China and other manufacturing hubs.

Europe is India’s third-largest export destination; the country exported goods worth $41.36 billion to the continent in 2020-21, official data show. India does not have free trade agreements with the European bloc and the US, but have entered into such pacts with Mexico and the United Arab Emirates. “The two countries are also seen as potential launch pad for Indian exports to the Western countries,” said an official.

New Delhi and Abu Dhabi agreed on free trade last month. India’s major exports to the emirates include refined petroleum products, minerals, cereals, sugar, fruits, vegetables, tea, meat, seafood, textiles, engineering, machinery products, and chemicals. India imports petroleum and petroleum products, precious metals, stones, jewellery, minerals, chemicals and wood products from the West Asian country.

Source: hindustantimes.com– Mar 07, 2022

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Govt: 12,000 MSME registrations recorded on Udyam portal almost every day

Ease of Doing Business for MSMEs: Government's new paperless portal for micro, small and medium enterprises (MSMEs) to register through Aadhaar number, Udyam Registration is seeing around 12,000 registrations almost every day, said BB Swain, Secretary, MSME Ministry.

"In a brief span of about 20 months, Udyam has seen almost 75 lakh registrations," Swain said at an event organised by plastic manufacturers' body All India Plastics Manufacturers' Association. Udyam portal, which shows real-time registration count, has recorded 75.25 lakh registrations since its launch on July 1, 2020, after the government revised the MSME definition.

95 per cent (71.49 lakh) of business registrations are micro-enterprises while only 4.5 per cent (3.4 lakh) are small and 0.46 per cent (35,298) are medium enterprises, data showed. "MSMEs contribute immensely to the GDP, exports and employment of our country. In the plastics sector too, MSMEs dominate this scenario.

Udyam portal indicated that around 65,000 MSMEs are working in the field of plastics sector but I'm quite sure the actual number is much higher than that, maybe a few lakhs. I'm told that in 2021, India exported plastics worth Rs 40,000 crore, this figure underscored the importance of the sector," Swain added.

Despite the second and third waves of the pandemic in the past 12 months, plastics exports had registered a significant jump. The cumulative value of plastics export during the April 2021- January 2022 period was up by 39.1 per cent to $11,108 million from $7,987 million during April 2020 – January 2021 period, according to the latest data from The Plastics Export Promotion Council showed. The council, under Commerce Ministry, represents exporting community in the plastics sector.

"Plastics business is around Rs 3 lakh crore annually in India and in the coming five years, it is targetted to become worth Rs 10 lakh crore industry. This can be possible only through MSMEs in the sector," said Bhanu Pratap Singh Verma, Minister of State, Ministry of MSME at the event. Verma said.

India generated over 34 lakh tons of plastic waste in 2019-20 with an average annual increase of 21.8 per cent in the last five years, according to the government. Swain said with India's burgeoning population, the waste flow would also be increasing, and hence "this will also open up many business opportunities for plastics sector and recycling sector. The issue calls for investing more into local systems and developing local resilience."

Source: financialexpress.com– Mar 06, 2022

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Rs 20,000 cr Subordinate Debt scheme for MSMEs: Govt says proposal to modify guidelines in progress

Credit and Finance for MSMEs: The Rs 20,000-crore Credit Guarantee Scheme for Subordinate Debt (CGSSD) launched in June 2020 is yet to pick up pace. The scheme, intended to support stressed MSMEs or non-performing asset (NPA) accounts, has been able to extend guarantees amounting to Rs 81.78 crore to 756 borrowers only as of December 31, 2021, according to the MSME Ministry's 2021-22 annual report. Hence, "the proposal for modification in the scheme guidelines is in progress," the report added. The government had initially envisioned support to 2 lakh MSMEs under the scheme till March 31, 2021, but later extended the tenure till March 31, 2022, "on the basis of the requests received from the stakeholders," the government had said last year in a statement.

To provide guarantee coverage for loans given to the promoters of the eligible MSME units, the government had contributed Rs 4,000 to set up a Distressed Assets Fund, of which only Rs 157.41 crore was released to the Credit Guarantee Trust for Micro and Small Enterprise (CGTMSE) in March 2021 that operates CGSSD, according to the report. Overall, the government had targetted to guarantee loans to the tune of Rs 20,000 crore. The scheme provides funds for the revival of MSME accounts that have become Special Mention Account (SMA)-2 or NPA as of April 30, 2020. While 90 per cent guarantee coverage cover comes from the scheme, the remaining 10 per cent is contributed by the promoter under the scheme.

SMAs signal incipient stress in the unit that leads to defaults in debt servicing. While SMA-0 are accounts with payments partially or wholly overdue for 1-30 days, SMA-1 and SMA-2 accounts have payments overdue for 31-60 days and 61-90 days respectively. Subordinate debt is referred to subordinated debenture or junior securities, a type of unsecured loan or bond that ranks below other senior loans or securities in terms of claims on assets or earnings.

CGSSD was introduced only a month after the government had launched the Emergency Credit Line Guarantee Scheme (ECLGS) in May 2020 to provide collateral-free guaranteed loans to existing MSME borrowers. Sunil Mehta, Chief Executive Officer of Indian Banks' Association had told Financial Express Online last year that in comparison to CGSSD, ECLGS turned out to be more MSME-friendly. "Instead of opting for restructuring, people (MSMEs) preferred ECLGS as it offered ready credit to remain afloat for the next two to three years and also an option for ECLGS beneficiaries to go for restructuring as well. It was like a ready plate of food that you can have versus the subordinate debt which was like you can starve for some time and create your resistance," said Mehta.

Source: financialexpress.com– Mar 06, 2022

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Helpful changes in Customs and GST procedures

The Finance Ministry has issued instructions for smooth implementation of the revised Customs rules that facilitate availing of end-use based notifications. The regulations to streamline the procedures for conversion of shipping bills from one export promotion scheme to another have been notified. Under the goods and services tax (GST) laws, e-invoicing is made mandatory for all the taxpayers with a turnover exceeding Rs 20 crore from the beginning of next month.

Many Customs notifications allow imports at lower or nil rates of duty, specified goods for use in the manufacture of specified products. To ensure that the goods imported under such notifications are used for the specified purposes, the Customs (Import of Goods at Concessional Rate of Duty) Rules 1996 (IGCRR) were notified. When GST was implemented, these rules were replaced by new ones with the same name followed by the year 2017. On the Budget day last month, the Customs (Import of Goods at Concessional Rate of Duty) Rules 2017 were amended with a view to allow submission of the necessary details electronically, standardization of forms and monthly returns for electronic submission, inter-unit transfer of imported goods, etc.

The amendments have come into effect from March 1 after suitable changes in the software. The Customs portal icegate.gov.in has given a step-by-step advisory on how to generate IGCRR Identification Number (INN) and proceed with other formalities. The CBIC circular (no.4/2022-Cus dated 27th February 2022) explains the procedures and gives two weeks of transition time for the importers to understand and comply with the new system. The circular says that for export-oriented units, the existing procedures will continue till the system architecture is suitably developed. The introduction of end-to-end automation of the entire process will help the importers significantly.

Conversion of shipping bills from one export promotion scheme to another is now being allowed in accordance with CBIC circular no.36/2010-Cus dated September 23, 2010. Courts have held the time limit of three months for filing the application for conversion prescribed in that circular as incorrect because Section 149 of the Customs Act, 1962, stipulates no such time limit. So, the government has now notified the Shipping Bill (post export conversion in relation to instrument-based scheme) Regulations, 2022. These regulations envisage time limits of six months for application with provisions for two more extensions of six months each. They also prescribe the conditions and restrictions for conversion of shipping bills in a very complicated and confusing manner. These regulations shall apply to shipping bills or bills of export filed on or after the date of publication of these regulations in the Official Gazette. It is not easy to understand the language used in these regulations. It would, therefore, help if the CBIC issues a suitable circular to help the exporters comply with the requirements.

The electronic invoice (e-invoice) system was introduced under the GST laws from October 1, 2020, for taxpayers having a turnover of over Rs 500 crore. Later, it was extended to taxpayers having a turnover exceeding Rs 100 crore from January 1, 2021, and to taxpayers having a turnover exceeding Rs 50 crore from April 1, 2021. Now, the government has extended the e-invoicing system to taxpayers having a turnover of over Rs 20 crore from April 1, 2021. The decision will be welcomed widely because e-invoicing has made life easier for taxpayers and tax administrators.

Source: business-standard.com – Mar 07, 2022

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GST Council may consider raising lowest slab to 8%, rationalise tax slabs

The GST Council in its next meeting may look at raising the lowest tax slab to 8 per cent, from 5 per cent, and prune the exemption list in the Goods and Services Tax regime as it looks to increase revenues and do away with states' dependence on Centre for compensation, sources said on Sunday.

A panel of state finance ministers is likely to submit its report by this month end to the Council suggesting various steps to raise revenue, including hiking the lowest slab and rationalising the slab. Currently, GST is a four-tier structure attracting a tax rate of 5, 12, 18 and 28 per cent.

Essential items are either exempted or taxed at the lowest slab, while luxury and demerit items attract the highest slab. Luxury and sin goods attract cess on top of the highest 28 per cent slab. This cess collection is used to compensate states for the revenue loss due to GST rollout.

According to sources, the GoM is likely to propose raising the 5 per cent slab to 8 per cent, which may yield an additional Rs 1.50 lakh crore annual revenues. As per calculations, 1 per cent increase in the lowest slab, which mainly include packaged food items, results in a revenue gain of Rs 50,000 crore annually.

As part of rationalisation, the GoM is also looking at a 3-tier GST structure, with rates at 8, 18 and 28 per cent.
If the proposal comes through, all the goods and services which are currently taxed at 12 per cent, will move to 18 per cent slab.

Besides, the GoM would also propose reducing the number of items which are exempted from GST. Currently, unpackaged and unbranded food and dairy items are exempted from GST. Sources said the GST Council is expected to meet later this month or early next month and discuss the report of the GoM and take a view on the revenue position of the states.

With the GST compensation regime coming to an end in June, it is imperative that states become self-sufficient and not depend on the Centre for bridging the revenue gap in GST collection.

At the time of GST implementation on July 1, 2017, the Centre had agreed to compensate states for 5 years till June 2022, and protect their revenue at 14 per cent per annum over the base year revenue of 2015-16.

However, over this 5-year period due to reduction in GST on several items, the revenue neutral rate has come down from 15.3 per cent to 11.6 per cent.

"As the revenue neutral rate has come down and the states stare at a shortfall of about Rs 1 lakh crore, efforts have to be made to make GST revenue neutral and the only way to do it, is rationalise the tax slab and check evasion," a source said.

The GST Council over the years has often succumbed to the demands of the trade and industry and lowered tax rates. For example, the number of goods attracting the highest 28 per cent tax came down from 228 to less than 35.

The Council, chaired by the Union Finance Minister and comprising state counterparts, had last year set up a panel of state ministers, headed by Karnataka Chief Minister Basavaraj Bommai, to suggest ways to augment revenue by rationalising tax rates and correcting anomalies in tax rates.

Source: business-standard.com – Mar 06, 2022

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India, Canada set for FTA talks on Fri

Commerce minister Piyush Goyal and his Canadian counterpart Mary Ng will meet in New Delhi on Friday to begin talks for a free trade agreement (FTA) between the two countries, two people aware of the development said. The negotiations for a comprehensive economic partnership may also cover investment and services. However, India is looking for an early harvest or an interim trade deal before progressing with a full pact.

"India and Canada are set to launch FTA talks on Friday. We will go ahead with the same strategy as that with other developed countries of doing an early harvest deal first," said a government official.

While Canada is looking at an investment protection agreement as part of the comprehensive deal, India is keen to discuss market access for agriculture, textiles, pharmaceuticals, and easing of technical and sanitary and phytosanitary barriers to trade.

"The India-Canada talks will officially be launched by the trade ministers in New Delhi," one of the two officials cited above said on condition of anonymity.

The launch of trade talks comes in the backdrop of worsening geopolitical tensions following the Russian invasion of Ukraine, which has impacted global trade. Earlier in 2019, India had decided to opt out of the Regional Comprehensive Economic Partnership (RCEP) citing "significant outstanding issues, which remain unresolved". The domestic sector had argued that it could get hit due to cheaper alternatives from other countries. The two sides had begun talks for a comprehensive economic partnership agreement in 2010, but it did not see much progress, although the negotiations went on till 2017. This time, the two sides may look at signing a mini trade deal or an early harvest deal, which keep the difficult and sensitive issues to be dealt with later as part of the full pact.

Canada is India's 31st largest market, accounting for just $3 billion or 0.88% of India's total outbound shipments in April-January 2021-22. Imports from the North American nation stood at $2.5 billion during this period, making up for 0.52% of India's total inbound shipments. With imports worth $2.68 billion, and exports worth $2.9 billion in 2020-21, India had a small trade surplus of nearly $200 million with Canada.

Organic chemicals, pharmaceuticals, and apparel and textiles have been India's top exports to Canada, with shipments worth $198 million and $261 million and $210 million in the April-January period of 2021-22. Iron and steel exports to Ottawa stood at $300 million.

Imports from Canada included vegetables and petro products of $343 million and $542 million respectively.

Mint had earlier reported that India is keen to have a strong services agreement under the proposed CEPA as Canada is not a large market for Indian goods. Besides, India is looking at generating more jobs for its teeming IT professionals, by facilitating easier work visas for Canada under the trade agreement.

Source: livemint.com– Mar 07, 2022

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Marks & Spencer, H&M eye a big slice of India's home decor market

Hennes & Mauritz (H&M) and Marks & Spencer (M&S) have rolled out their home decor range in India. They are targeting the changing preferences of the country's consumers, who are increasingly spending higher amounts to decorate their homes.

The Indian market has also seen a shift in home decor from the unorganised sector to the organised sector.

One of the main factors contributing to the growth of the category is that Indians have focused on decorating their homes as they stayed indoors during the pandemic.

"There is real estate development and as Indians buy new houses, they also want to decorate it, hence pushing demand for the sector," Alpana Parida, chief executive officer (CEO), DY Works, told Business Standard.

Parida said other than Fabindia, there is not much available for people to really decorate their homes. And, as people stayed home during the pandemic, this also caused the shift as they focused on decorating their homes.

H&M India said its price range for home decor products starts at Rs 149 and goes up to Rs 7,999.

"We are glad to finally bring H&M Home to India and see it as an excellent complement to H&M's existing offering. While fashion is in our heritage, H&M Home takes the world as its source of inspiration. We hope many people will be able to find something they like in the collections.

They include everything from classic basics to the latest trends at an affordable price point," said Amit Kothari, regional marketing and communications manager, South Asia, H&M, in the release.

H&M will first sell its home décor items on its online site and on Myntra. And later, it will launch its collection at its existing store at Aall, Vasant Kunj in Delhi.

Angshuman Bhattacharya, consumer product and retail sector leader, EY India, said the market is expected to rebound to 102 per cent of pre-Covid levels in FY22 and is further expected to reach Rs 23,900 crore by FY26.

“With two years of the pandemic-induced work from home, there has been a shift of discretionary spending from social occasions, entertainment and vacations to investing in home décor,” Bhattacharya said.

He added, “Bed linen (which includes bed sheets, quilts, bed covers and pillow covers) and bath linen (towels, bathrobes and hand towels) are the largest categories and have outpaced overall market growth. Living room linen (upholstery, rugs and carpets), curtains and kitchen/dining décor are relatively smaller segments.”

He said the period has also witnessed the entry of various internet-based brands.

Indo Count Industries, which is a manufacturer and exporter of home textiles, also plans to launch its own direct-to-consumer home textiles brand in India by fall 2022.

“With increase in propensity to shop online, these brands are building strong customer engagement. They are creating a hybrid model of browse online, try at home and delivered to your doorstep,” Bhattacharya said.

Kailash Lalpuria, CEO and executive director, Indo Count Industries, said that the company witnessed strong demand for home textiles not only in India but also in global markets.

The textiles major also has two brands — Boutique Living and its value-driven brand Layers, which caters to the Indian market. Lalpuria — quoting industry estimates — said that the unorganised home textiles sector is a Rs 15,000-crore market and Rs 5,000 crore is the organised market was earlier growing at 9 per cent. This is now growing at 14 per cent, largely led by the high traction seen for items which elevate the look of homes.

Source: business-standard.com– Mar 07, 2022

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Rupee slumps to record low against US dollar today

The Indian rupee today hit a lifetime low in early trade today as a sharp surge in global crude oil prices threatened to push up imported inflation and widen the country's trade and current account deficits. The partially convertible rupee was trading at 76.92, after touching 76.96, its weakest level ever. It had closed at 76.16 on Friday. The benchmark 10-year bond yield was trading at 6.86%, up 5 basis points on the day.

India is the world's third-largest importer of crude oil, and rising prices also hurts the rupee. Oil prices soared more than 6%, touching their highest since 2008 on Monday after the United States and European allies mull a Russian oil import ban. Indian shares tumbled over 2.5% today, with investors dumping risky assets.

"The volatility in rupee is likely to remain high. The local equities are down by more than 2% as global sell-off led to an FII's withdrawal of more than Rs. 16,800 crores worth of stocks so far in March. The banker's bank- RBI acts as a lender of the last resort and their intervention could only turn out to be a "Doobte ko Tinke ka Sahara". Overall, Tsunami has already hit the shore and five major factors, Oil+ sell-off in equities+ geopolitical tension+ stronger dollar+ state election results could lead to the unfolding of big waves in the Rupee," said CR Forex advisors in a note.

"The extraordinary uncertainty triggered by the war has pushed commodity markets into turmoil. Crude at $128 is a big shock. This can impact global growth and aggravate inflationary pressures. In India, growth will be lower and inflation higher than projected for FY 23," said VK Vijayakumar, Chief Investment Strategist at Geojit Financial Services.

Source: livemint.com– Mar 07, 2022

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GI tag to flourish Kashmiri carpet trade, boost export

With the government providing GI tags to hand-woven Kashmiri carpets, artisans and exporters see this as a big step towards the revival of the carpet trade

Away from the city's hustle and bustle, 45-year-old Bashir Ahmad Dar is busy weaving Kashmiri silk carpet on a wooden loom at a nondescript Sonawari village in north Kashmir's Bandipore district.

Dar takes months and at times years to weave a fine silk carpet along with other weavers on his loom and the wages he earns are a lifeline for his family comprising six members. With the government providing GI tags to hand-woven carpets, artisans and exporters see this as a big step towards the revival of the carpet trade.

Annually, carpets worth ₹300 crore are exported from Kashmir to various European countries and the United States. After GI tagging, exporters are hoping the sales will rise manifold. "The business was good and we used to earn handsome money till 2014 Kashmir floods. Since then, things neither have been good for weavers nor the exporters," said Dar, who is currently working on a carpet for an exporter.

"The GI tagging of the carpets is the best news and could see Kashmir carpets flourishing. Now buyers can distinguish between hand and machine-made carpets," said Dar whose village Gadekhoud is known for carpet weaving and artisans here have been weaving carpets for decades. "People here have been weaving carpets for generations. I learned this from my uncle. Unfortunately, due to fewer dividends, younger people don't see good prospects in carpet weaving," said Bashir Ahmad, another weaver from the same neighbourhood.

Kashmiri's silk carpets are famous the world over for their design, yarn and weaving qualities but it has neither fetched good money for weavers nor the exporters who after spending lakhs get these carpets weaved for customers. Now there is a fresh hope that could change the fate of this industry which was slowly losing its sheen and glamour, especially the past few years have been tough for those associated with the carpet industry. Now the hand-knotted carpets woven on the looms of Kashmir are being provided GI tags. The first batch of carpets with GI tags are ready for export to European countries where there is a special clientele for the product.

Sheikh Ashiq, the owner of Ferozsons carpet exporters, says the GI tagging of Kashmir carpets will give new lease of life to the carpet trade in Kashmir. “Due to a series of factors, the trade was dying. Now with GI tagging, our carpets will fetch good prices,” he said, adding that the carpets weaved in Kashmir will get GI tagged which will stop the sale of fake products. “After GI tagging and QR code, the carpets made in Kashmir will fetch handsome prices across the globe.

We have got dozens of hand-knotted carpets GI tagged and the first consignment is ready for exports from our Delhi office,” said Sheikh Ashiq, who is also on the board of directors, Carpet Export Promotion Council set up by the ministry of textile. He said only hand-holding by the government can uplift the carpet industry. “There is a proposal for the establishment of a carpet village in the Sonawari area and once it gets established not only jobs for weavers will be created but it will be a big boost for the industry as well as the tourism sector. So far signs for the establishment of carpet village by the government are encouraging.”

Director, Indian Institute of Carpet Technology, Srinagar, Zubair Ahmad said it’s the first in the world that carpets will have GI tags. “We have created a mechanism for certification of carpets that will be done at our institute. A customer before purchasing any carpet by scanning the QR code attached with the carpet will get every detail about the carpet, its raw material, colour, size, even the name of the weaver. It will be self-explanatory and can’t be removed,” he said, adding that carpets around ₹250 to 300 crore are exported from Kashmir. “Earlier, we used to export more carpets, but Covid and other factors brought down the sales. We hope GI tags will be a game-changer for Kashmir carpets.”

Source: hindustantimes.com– Mar 07, 2022

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There's political will to make India-UK FTA a reality: Kevin McCole, MD at UK India Business Council

As India and the UK get down to a second round of negotiations in London on Monday for a free trade agreement (FTA), Kevin McCole, managing director at the UK India Business Council (UKIBC), says textiles, pharmaceuticals, healthcare, alcoholic drinks like Scotch, ICT and digital services will likely feature prominently in the talks. In an email interview to FE's Banikinkar Pattanayak, McCole exudes confidence that these FTA talks won't suffer from the strong differences that India and the EU have witnessed in their trade negotiations over the years. There is a strong relationship across the governments, from the Prime Ministers down, to conclude the agreement, he says.

Both India and the UK will resume FTA negotiations on March 7. Which are those goods and services segments where we can expect progress in this second round of talks?

I think this second round of talks is where the negotiators will start to get into the detail, so it is great news that they will meet face-to-face, with the Indian team in London across two weeks.

As in the first round, the negotiators will consider a wide range of issues, for instance sustainability, standards, tariffs, SMEs, procurement, data flows and intellectual property that span a very wide range of sectors, across both goods and services. Particular sectors that seem front of mind are textiles, pharmaceuticals and healthcare, food and drink — including alcoholic drinks like Scotch. Plus, of course, ICT (information and communications technology) and digital services — the innovative, tech-rich future-focused industries that will increasingly drive expansion of UK-India trade.

An interim trade deal will reportedly cover about 60-65% of imported goods and 50-60 lines of services (out of about 160 lines)? How soon can it be concluded?

I don't want to tempt fate, so won't make a prediction on the timing of the reported interim deal. What I will say is that negotiations have started at great pace, and with great positivity. The ministerial announcement on January 13 was quickly followed by two weeks of intense and upbeat talks. The negotiators have barely had time to catch a breath and they're starting their second round this week starting March 7.

As well as pace and positivity, the negotiations are also benefitting from great political will, with Indian commerce and industry minister Piyush Goyal and the UK's secretary of state Anne-Marie Trevelyan demonstrating their commitment to making a deal happen in a much faster timescale than many anticipated.

We at the UKIBC believe that an interim deal would be a positive, bringing economic benefits quickly. Importantly, though, an interim deal is only a good thing if it is a staging post to the comprehensive agreement that will be needed to realise the potential of the bilateral relationship to maximise trade and investment flows, to create many thousands more jobs, and increase prosperity across both countries.

The India-EU FTA talks haven't yet progressed much, as both the sides have had stark differences in areas, including liquor, automobiles and intellectual property rights (IPRs). The UK was a part of the EU for a long time. Why do you think the India-UK FTA negotiations won't suffer from such differences?

There are three reasons I am optimistic about the India-UK negotiations. First, there is a real political will on both the sides and strong relationship across the governments, from the Prime Ministers down. These personal relationships should not be undervalued.

Second, the UK government has laid-out the "Indo-Pacific tilt" in its foreign policy, and has made it very clear that India is a key partner.

And third, ministers, officials and businesses can see that that an India-UK FTA can be a win-win, bringing tremendous benefits to both countries. So, I get the sense that ministers will be pragmatic and won't let tricky areas stop them concluding a deal. They'll focus on what can be done, not on what can't.

What do the UK businesses want India to do and what can they offer to make the FTA a win-win deal for both the countries?

UK businesses have big ambitions for and confidence in India. They want to invest more in India, export to India, import from India, and build partnerships with Indian companies, including partnerships to share and co-create new technology and IP. The FTA, and India's ongoing improvements to the ease of doing business, can facilitate this broad range of objectives and help realise the huge potential of the UK-India relationship.

There are a few areas where an FTA can help deliver this ambition. If tariffs were reduced on UK goods, including, for example, auto components, then more manufacturing investment would flow to India. If there was standards and regulatory alignment and simplification, then more UK food and drink companies would invest in India. An alignment of UK-India IP regimes would give greater confidence to innovators and tech-rich companies, encouraging them to establish their presence in India. And, to drive growth in the digital and data services that will be increasingly important for global trade, businesses would like to see a UK-India data adequacy agreement.

At the same time, access to the UK market will be a big prize for Indian companies. It is the world's fifth-biggest economy with a high GDP per capita. It's an economy driven by services and consumers. In short, it is a huge market opportunity for Indian exporters across a wide range of sectors, not least pharma and healthcare, textiles and clothing, food and drink, and, of course, ICT.

Indian manufacturers looking for advanced technologies can also benefit from the UK. In particular, the UK is a world-leader in manufacturing R&D, including in technologies to accelerate the decarbonisation of industry. It is striking that in recent times TVS Motors, Mahindra, Reliance and Ola have all made investment in EV R&D in the UK.

What are the "IP-rich, digitally-driven services" that you want the interim deal to cover?

The deal, whether interim or more-comprehensive can spur two-way trade and investment in technology. In a digital world, where goods supply chains are increasingly regional rather than global, it is clear that IP-rich innovations, technology transfer, and digital services are going to drive the future trading partnership between the UK and India.

So, it is important that businesses will be able to protect and fully commercialise their IP. That is true across all sectors but the sectors where IP is particularly important are digital and data services, healthcare and life sciences, energy, and defence and aerospace.

Source: financialexpress.com – Mar 07, 2022

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