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INTERNATIONAL NEWS

China's trade up in Jan-Feb, before Russia invaded Ukraine

China's exports rose by double digits in January and February before Russia's attack on Ukraine roiled the global economy.

Exports grew by 16.3% over a year earlier to $544.7 billion in a sign global demand was recovering before President Vladimir Putin's Feb. 24 invasion, customs data showed Monday. Imports advanced 15.5% to $428.7 billion despite a Chinese economic slowdown that the war threatens to worsen.

Forecasters say China and other oil importers will be hurt by surging prices due to Putin's war. China's No. 2 leader, Premier Li Keqiang, warned Saturday global conditions that are "volatile, grave and uncertain" and achieving Beijing's economic goals will require "arduous efforts." Chinese authorities combine trade data for the first two months to screen out fluctuations due to the Lunar New Year holiday, which falls at different times each year in January or February. Factories shut down for up to two weeks, then restock after they reopen.

Import volumes are "likely to soften" as China's vast construction industry cools under government pressure to reduce real estate developers' debt, said Julian Evans-Pritchard of Capital Economics. He said demand abroad for Chinese exports will be dampened by rising inflation.

"There isn't much room for a further rise in export volumes given that ports are already stretched to capacity," said Evans-Pritchard. "Instead, the risks are to the downside." Exports to the United States rose 13.8% over a year earlier to $91.5 billion despite higher U.S. tariffs in a lingering trade war with Beijing.

President Joe Biden has yet to say what he will do about the tariffs imposed starting in 2018 by his predecessor, Donald Trump, in a feud with Beijing over Chinese technology ambitions. Trade envoys have spoken by phone since Biden took office in January 2021 but haven't announced plans for face-to-face negotiations.

Imports of American goods gained 8.3% to $31.7 billion in the first two months of the year.

That was despite an abrupt slide in Chinese economic activity to 4% over a year earlier in the final quarter of 2021, compared with 8.1% for the full year, due to the debt crackdown, which triggered a slump in construction. Business and consumer activity also have been hurt by power shortages, disruptions in supplies of processor chips and anti-coronavirus curbs that suspended access to major cities.

Li, the country's top economic official, on Saturday announced an economic growth target of 5.5% this year, the lowest since the 1990s.

The politically volatile trade surplus with the United States, one of the factors behind Trump's decision to hike tariffs on Chinese goods in 2018, widened by 16.7% to $59.8 billion.

China's global trade surplus rose 12.3% to $115.9 billion.

Source: financialexpress.com– Mar 07, 2022

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US Ambassador to Cambodia says 30 percent of textiles exported are to to US market despite COVID-19

The US Ambassador to Cambodia has said that up to 30 percent of Cambodia's textile exports are to the US market, which he considers to be large compared to other countries, despite the world facing the COVID-19 crisis.

Ambassador W. Patrick Murphy, said this during his courtesy call and discussion on US-Cambodia Bilateral Relations, including: Combating Human Trafficking, Other Issues The US Department of Labor (USAID) Department of Labor and Aid Program at the Department of Labor Monday.

He added that the increase in such large exports of textiles to the US market is also a testament to the good cooperation between Cambodia and the United States, despite some other issues that are problematic and which takes time to discuss appropriate solutions together.

Dr Ith Sam Heng expressed his appreciations to Ambassador Murphy in his diplomatic mission, strengthening the cooperation between Cambodia and the United States which has achieved remarkably results.

The Minister added that Cambodia continued to focus on combating human trafficking through labor trafficking and the elimination of child labour has made significant progress, despite some challenges and issues.

"To achieve this goal, we have promoted these activities responsibly, ensuring the protection and promotion of the rights and benefits of migrant workers, protection from labor exploitation or discrimination in the workplace, providing legal assistance and well-being, assist workers in obtaining proper legal documents and assist undocumented migrant workers, facilitate access to social security and other benefits in accordance with the laws of the target country.

"On the issue of child labor, the Labor Inspectorate is working to continue the education campaign to inform the handicraft enterprises and guardians to clearly understand the laws and regulations that define the use of children in any kind of work and under what conditions, while also applying the law to enterprises.

Both sides expressed pride in the progress of the cooperation and agreed to further promote these activities, as well as work together to improve the implementation of freedoms and professional organizations.

The Better Factories project, will continue to be encouraged among factory owners, enterprises in the manufacturing of travel products and bags to become members of the Better Factories project in Cambodia in order to obtain certificates of origin, and the Ministry will arrange for inspections.

Source: khmertimeskh.com– Mar 08, 2022

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Cotton arrival at Pakistan ginneries up 32% in 2021-22

As the 2021-22 cotton marketing season comes to a close, 7.441 million bales of cotton have arrived at various ginneries in Pakistan, as on March 1, up 32 per cent compared to arrival of 5.637 million bales during the corresponding period of last season, according to the final fortnightly report on cotton arrivals for the season, released by Pakistan Cotton Ginners' Association (PCGA).

In the major cotton producing province of Punjab, total cotton arrivals increased by 12.20 per cent year-on-year to 3.928 million bales, according to the report prepared by PCGA, in joint cooperation with All Pakistan Textile Mills Association (APTMA) and the Karachi Cotton Association (KCA). While in Sindh province, cotton arrivals were up 64.46 per cent to 3.513 million bales as on March 1.

Of the total arrival of 7.441 million bales at various ginneries in Pakistan, 7.440 million bales were pressed by ginners, of which 7.348 million bales were sold, leaving an unsold stock of 92,569 bales with the ginners, as on March 1, according to the PCGA report.

The textile mills in Pakistan consumed 7.332 million bales, while another 16,000 bales of cotton were sold to exporters, according to the data. The Trading Corporation of Pakistan (TCP) did not procure any bale of cotton this season.

As of March 1, only 7 ginning factories were operational in Punjab compared to 22 ginneries that were operational during the same time last season. Similarly, just 1 ginning units was operational in the Sindh region, compared to zero operating units during the corresponding period last year. In the previous cotton season 2020-21, Pakistan had produced around 5.645 million bales of cotton, much lower than 8.571 million bales in the previous season, due to water shortage and attacks by cotton leaf curl virus (CLCV) and other pests.

Source: fibre2fashion.com – Mar 07, 2022

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Sustainability and labor focus can strengthen Pakistan denim industry

The denim manufacturing industry in Pakistan is strengthening its position in the global market with the rise of hi-tech players like the Artistic Denim Mills, Siddiqsons Group, Naveena Denim Mills, Azgard Nine, Rajby Industries, etc in cities like Karachi, Lahore and Faisalabad.

The industry offers locally made products of exceptional quality that give importers the best value for money, says Juan Chaparro, Group Director-Supply Chain, Sourcing and Quality, Primark. This is boosting the prospects of denim exporters like ADM even as COVID-19 dented the global denim trade.

Changing in style preferences boosts growth

A major reason for the industry's growth is the change in style preferences among some consumers that has led to up gradation of wardrobes. Consumers are stocking denims with looser fits and wider-leg silhouettes from global brands ranging from Levi's and American Eagle to Madewell and Abercrombie & Fitch.

\The growing casualization trend is boosting the popularity of denims in Pakistan, adds Jen Sey, Executive Vice President and President, Levi's.
As per an OTEXA report, between January and September in 2021 Pakistan saw the largest year-on-year growth rate 63.4 per cent among the top five, denim apparel exporters to the US.

The country's exports to the EU also doubled from 2015-2020, as per the 2021 CBI report. The exports benefitted from the exodus from China, cotton issues from Xinjiang, increased prices and supply chain concerns, says Muhammad Tariq Rafi, Chairman, Siddiqsons Group.

Increased networking for greater branding

The Pakistan denim industry mainly benefits from the medium-staple cotton grown there. Its' other advantage includes long-term build-up of investment and clustering of infrastructure, adds Faisal Ahmed, CEO, Artistic Denim Mills. Over the years, the industry has witnessed a growth of vast network of smaller manufacturers who are making inroads into the industry

However, the industry suffers from a lack of perception, say industry experts. Its volatile political climate and negative image across the world, causes denim industry leaders to lose sales to competitors, adds Ahmed. To improve Pakistan's national branding across the sourcing industry, the country's denim suppliers are visiting clients with large stocks of denim samples in tow to trade fairs around the world, says Sheikh Raza-ur-Rehman, Director-Marketing, Garatex.

Energy crisis and labor issues

Manufacturers in the country are currently facing energy crisis, which they are resolving through privately-owned generators and gas supplies, adds Ahmed. The industry also suffers from labor rights issues.

As per Fair Wear Foundation report published in 2021, Pakistan has ratified 36 out of 189 International Labor Organisation (ILO) Conventions to date. Also, only 28 per cent of its garment workers are women.

With a greater emphasis on sustainably sourced materials across the fashion industry, the denim supply chain in Pakistan is attracting greater scrutiny due to larger impact on the environment. However, exporters are now adopting sustainability measures in the form of waterless technology, recycled materials and sustainable fibers. They can continue growing by improving their sustainability credentials and overcoming long-standing issues like labor exploitation and energy shortages.

Source: fashionatingworld.com – Mar 07, 2022

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Egypt, UAE seeking to boost economic cooperation

Trade and Industry Minister Nevine Gamae met Monday with UAE Ambassador in Cairo Mariam Khalifa al Kaabi to discuss means of boosting cooperation between the two countries in the coming stage.

The meeting also took up the latest economic developments at the regional and international levels, according to a statement by the Trade and Industry Ministry.

Gamae and Kaabi stressed the importance of unifying efforts to secure needs of the Egyptian and UAE markets, especially in light of the current regional and international challenges.

It is important that good relations between Cairo and Abu Dhabi be translated into trade and investment cooperation projects that serve the economic interests here and there, Gamae said.

She also pressed for action to increase the volume of trade exchange between the two Arab countries through further eased measures for exporters from Egypt and the UAE.

Gamae put the value of Egyptian exports to the UAE in 2021 at about $1.196 billion. The UAE's imports from Egypt included construction materials, engineering tools, electronics, foodstuffs, agricultural crops, medical industries, ready-to-wear clothes and furniture, the minister made it clear.

Figuring high at the talks were also efforts to overcome logistics transport challenges, with Gamae pinpointing distinguished investment opportunities on the Egyptian market, particularly the textile, leather, furniture, hand crafts sectors.

Kaabi, for her part, hailed as "deep and historical" relations between her country and Egypt.

Abu Dhabi is keen on enhancing economic ties with Cairo to best serve the two economies and peoples, she told Gamae.

The UAE market could very well be used as a gate for exports of joint projects with Egypt to other markets in the Arab Gulf region and Southeast Asian countries, the diplomat noted.

Likewise, Egypt could be the gate for UAE exports to African markets, Kaabi further said.

Source: egypttoday.com– Mar 07, 2022

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Cambodia to benefit from RCEP in income, export: World Bank

Cambodia ranked third among 15 countries in the East Asia Pacific region that can benefit the most in real income terms from the Regional Comprehensive Economic Partnership (RCEP), according to a research paper by the World Bank. Reductions in tariffs, non-tariff measures and trade costs are required to achieve the maximum gains, it said.

The report, titled 'Estimating the Economic and Distributional Impacts of the Regional Comprehensive Economic Partnership', said the two countries that stand to gain more than Cambodia are Laos and Thailand.
Vietnam and Malaysia are other countries that are set to benefit from the pact. RCEP was signed in November 2020 and came into force in January this year.

Exports and imports are expected to rise for all RCEP member countries, it said. Under the full scenario, Cambodian exports are set to surge by 6.5 per cent. Vietnam is expected to register a 11.4 per cent export growth, while Japan is scheduled to report an increase in exports of 8.9 per cent.

In terms of total exports, the sectors that expand the most for Cambodia are wood and paper products (34.8 per cent), chemical, rubber and plastics (25.3 per cent) and electrical equipment and machinery (24.2 per cent).

The tariff reduction is expected to benefit chemical and plastics (2 percentage point reduction, between 2035 and 2020). Meanwhile, the wood and paper sector is scheduled to gain due to non-tariff measure reduction (14.8 percentage points decrease between 2035 and 2020).

According to the country and productivity kick scenario of the study, the top expanding sectors in Cambodia are chemicals, rubber and plastics (14.3 per cent), wood and paper products (13.8 per cent), and textiles (6 per cent).

The study also pointed out that countries such as Cambodia, Brunei, Malaysia, Myanmar, New Zealand, Singapore, and Thailand have just one tariff schedule for all other members, while others have variations by partners.

The study predicted a substantial increase in agricultural and manufacturing exports from RCEP countries. Among them, meat products, food and beverages, textiles, chemicals, and wearing apparel are the sectors registering the fastest growth rates of exports.

“This is linked to both the reduction of tariffs, which takes place mainly in meat products, motor vehicles, food and beverages, wearing apparel, crops, nonmetallic minerals and textiles, and reductions of non-tariff measures,” it observed.

Exports of some services are also set to benefit. They are tourist services, trade, and public administration increase exports, linked to the fall in non-tariff measures. The paper noted that the imports of all commodities show a big boost, largely explained by the fall in non-tariff measures.

“In value terms, the sectors that expand the most are mainly manufacturing products: Trade in Electrical equipment and machinery; Chemicals, rubber and plastics; Motor vehicles and parts; Metals; and wearing apparel expands significantly among RCEP member countries. Trade creation in the region largely exceeds trade diversion away from the rest of the world, which takes place in the manufacturing sectors,” the report added.

Source: fibre2fashion.com– Mar 07, 2022

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Ukraine-Russia War Triggers Commodity Price Spike. What About Cotton?

When Russian troops invaded Ukraine on Feb. 27, global leaders faced the first major land war in Europe since World War II. Leaders in the West, particularly within the NATO coalition, worked fast to solidify their response to Russian aggression, which has included a series of far-reaching economic sanctions. In some ways, it's a Cold War redux.

As recently as the end of January, however, the spot price of cotton traded on the ICE Exchange stood at nearly $1.30 per pound. As of March 4, the spot price was $1.20 per pound. Why the drop? After all, don't commodity prices usually go up during times of crisis? Indeed, prices jumped for many commodities and manufactured products since the outbreak of hostilities, most notably oil.

A recent article in the Washington Post offered some insight: "A spike in oil prices to more than $110 per barrel and renewed supply chain disruptions—including fresh headaches for the auto industry also are likely to aggravate U.S. inflation, already at a 40-year high." So, with this as a backdrop, let's try to understand what's going on in the cotton market.

War and consequences

When it comes to war, remember this one word: horror. The Russian invasion of Ukraine is a real-world event with real-world consequences. It's not some video game or Hollywood movie. And it's the horror of actual war that injects so much uncertainty into the world, and along with it fear and panic. For sure, anxiety and panic have contributed to the roller-coaster stock markets since the outset of the conflict. And make no mistake, emotions affect prices for everything from agricultural commodities to jet aircraft.

Moreover, there are levels of uncertainty that permeate various aspects of our lives—even when a war is an ocean or a continent away. A characteristic of globalized systems—both economic and cultural—is that disruptions quickly reverberate worldwide. However, those reverberations may come back to haunt us in unforeseen ways, bringing us back to lowly cotton.

Since the outbreak of the war, cotton spot prices have traded in a narrow band of about $1.20 per pound. In contrast, futures prices, particularly for contracts with May and December deliveries, actually fell. As of Friday, March 3, both stood at $1.16 and $1.01, respectively. Both were trending at about 10 percent higher at the end of January. The takeaway here is that cotton has not soared like other commodities. So, what are the implications? Will these prices stay put, accelerate, or do an about-face? It's hard to know precisely, but we can break the forces that influence cotton prices today into their components.

Cotton market fundamentals

At the most fundamental level, we have supply and demand. From there, we have essential influences that affect supply and demand, such as inter-fiber, intra-crop competition, and the weather. Beyond that, we have emotional impulses (think fear), along with macro-economic and geopolitical forces (like war). Blend all of these, and we have a recipe for looking at the cotton market as a whole—and it's a unique concoction for sure.

Let's begin with supply and demand. The anticipated number of acreages farmers intend to plant provides a leading indicator of possible future prices; the National Cotton Council (NCC) and the USDA survey farmers about their planting intentions every year. Unfortunately, the USDA report won't be out until the end of March. Still, the NCC announced the results from its report in early February, forecasting cotton plantings will increase by 7.3 percent for the coming season, suggesting a large crop.

In turn, a large U.S. crop often (although not always) means lower prices for cotton as the available supply could exceed reasonable demand for the fiber. Conversely, a small crop could have the opposite effect as there may not be enough supply available to meet demand.

Remember, farmers are intelligent people. They know their products, understand their markets, and know a level of fear just short of that of a shooting war, as weather can be their best friend or worst enemy from season to season, crop to crop. Too much rain or not enough can make or break a farm in a single season. Farming is not an armchair occupation and not for the weak of heart.

Additionally, at the farm level, there's competition between crops. Farmers have to determine which crops will provide the greatest return. So, we typically have cotton competing with soybeans which compete with corn, and so forth. And, of course, we have competition from synthetic fibers. When cotton prices get too high, spinners shift their blend levels—assuming brands and customers accept a slightly different product without pushing back. More on this later.

Efficient markets or not

Back to markets: they churn on emotion. We've just coped with two years of a global pandemic with all of the ensuing lockdowns, an uneven economic recovery, fouled-up supply chains, and erratic consumer demand for products. The result? Product shortages, along with runs on limited available inventories of essential products (yeah, like toilet paper). It's irrational and fueled by fear. No wonder stock markets are spooked.

Then, there's the fog of war. Industry fails to operate efficiently in a fog, but it's all a blur in war, creating unknown factors. For instance, the Russian army nearly destroyed the largest nuclear power plant in Europe the other day. What would have happened if it did? Fallout across Europe? How would NATO respond? Questions, upon questions. It's impossible to model. All we know is the possibilities are frightening to consider.

So, when we contemplate the confluence of factors affecting the market, it's reasonable to think that uncertainty would add up to higher prices as the market would treat all products as more dear, more essential, and harder to get. Until it doesn't. Welcome to the cotton market.

A cotton anomaly?

Hence, we're left asking once more: why are cotton prices falling when there's a significant land war underway in Europe? After all, neither Russia nor Ukraine is a large importer of raw cotton, at least from the U.S. However, the cotton market may be telling us that there will be a large crop this year. Moreover, it may be alerting us of two other things. One, that demand for apparel may weaken the more extended the conflict in Europe becomes; and, two, more synthetics may be used by mills and brands to help boost weakening demand for finished apparel.

Suppose apparel sales in countries beyond Russia and Ukraine weaken. In that case, we'd have a real-world example of an unforeseen consequence of the war, a ripple effect representative of a change in consumer purchasing. To state it briefly, it's possible that apparel sales will go from robust to disgust because people will shift their purchasing priorities away from apparel to other more essential goods and services. Not to mention how much soaring oil prices, and subsequently the cost of gas, will eat into discretionary income.

So, brands may switch to using cheaper synthetics to lower the price of their clothing and lure shoppers back into stores. But there's a rub for our friends in the synthetic fiber business. Oil prices are up, while cotton prices are falling. So, is a price squeeze in the offing? Perhaps. Inflation was on the loose before the war, only now we have the added unknowns. If I were in the fiber business, I'd learn to live with fear for a while.

Source: sourcingjournal.com– Mar 07, 2022

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Zimbabwe's cotton exports grow 132%

The value of Zimbabwe's cotton exports grew by 132 percent in 2021, earning the country $102,2 million in export revenue.

As per an All Africa report, Zimbabwe's exports witnessed a significant rise from the $43,9 million the country achieved in the comparable period in 2020.

The sector's exports were mainly driven by cotton lint and cotton yarn exports, which increased to $85,7 million in 2021 from US$29,1 million the prior year.

Zimbabwe's clothing and textile exports value also increased to $16,9 million in 2021 from $14,9 million in 2020. This growth is largely attributable to the notable Government support through Cotton, which has revived yield levels in the sector.

A recent survey shows, Zimbabwe uses 30 percent of locally grown cotton and 70 percent is exported to textile industries dotted around the world. The country fails to exploit competitive advantage in the cotton value chain considering the country's ability to grow the raw material locally.

Source: fashionatingworld.com– Mar 07, 2022

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NATIONAL NEWS

India's exports may reach $410 billion this fiscal, says Piyush Goyal

India's exports may reach $410 billion this fiscal, says Piyush Goyal
Press Trust of India | 07/03/2022 | 7 hours ago

India's exports are likely to reach around USD 410 billion this fiscal irrespective of geopolitical disturbances, Commerce and Industry Minister Piyush Goyal said on Monday.

The country's merchandise exports during April-February 2022 stood at USD 374.05 billion, an increase of 45.80 per cent over USD 256.55 billion in the year-ago period.

"So I do believe that irrespective of problems we have in the northern parts of Asia (and) Europe, we are well on track not only to achieve USD 400 billion, I am hoping closer to USD 410 billion (during this fiscal)," Goyal said while addressing Assocham's annual session.

He also said services exports would cross USD 250 billion.

"If we want to be a USD 5 trillion economy, our exports of goods and services will have to be USD 1 trillion each, ideally 25 per cent but at least 20 per cent. I say 25 per cent because we need to support our import of oil and therefore our exports will have to go up leaps and bounds so that we can continue to finance our imports and strengthen the rupee in days to come," he said.

"I believe a strong currency reflects the strength of a nation and will always be good for exports because India is a net importer of goods. A strong currency supports the Indian economy," he added.

The minister also urged the industry to consider three points -- exploring ways to fully utilise free trade agreements implemented by India; instilling a feeling of pride for Made In India products; and focusing on development requirements of aspirational districts or tier 2 and 3 cities.

He also asked the industry to give feedback for effective negotiations of free trade pacts.

"From tomorrow, the third round of negotiations with UK will start...Australia discussions (for a trade pact) are on," he said.

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

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Export-to-GDP ratio: India must get back to 2013-14 level, shows data

On Thursday, while addressing a post-Budget webinar, Union Minister of Commerce Piyush Goyal urged the industries to increase India's share in global trade to 10 per cent and increase the export to GDP ratio to 25 per cent.

The target may seem achievable given the stellar growth the economy has witnessed post-Covid and the 33 per cent rise expected in exports compared to last year. But a Business Standard analysis shows that it would not be a new development for the country.

Analysis of the last few years' GDP and export data shows that in 2013-14, India's export-to-GDP ratio was 25.4 per cent. It started declining since then and came down to 23 per cent in 2014-15 when the new government took charge. It further declined to 18.8 per cent in 2017-18 as GDP grew faster than exports.

Although it rose to 19.9 per cent in 2018-19, on the back of a 17.3 per cent increase in exports compared to the previous year, it stayed at 18.7 per cent for the next two years. This year as merchandise exports are expected to hit the $400-billion mark for the first time, the export-to-GDP ratio will cross 20 per cent.

While the export-to-GDP ratio improvement has undoubtedly had a lot to do with export performance in the last five years, GDP growth not keeping pace is also a factor.

Between 2012-13 and 2016-17, export growth averaged 6.9 per cent; for 2017-18 and 2021-22, it is expected to increase 11.5 per cent. GDP growth during this period will decrease from 12 per cent to 9.2 per cent.

Within exports, the performance has been driven by merchandise exports over the last five years. While merchandise exports grew at an average rate of 5.2 per cent between 2012-13 and 2016-17, during 2017-18 and 2021-22, export growth will be 11.5 per cent. In contrast, service exports will increase from 10.3 to 11.7 per cent.

But India's performance in merchandise trade pales in comparison to the rest of the competing economies.

India's share in global merchandise exports increased from 0.66 per cent to 1.57 per cent between 2000 and 2020, whereas China's jumped from 3.86 per cent to 14.7 per cent. Vietnam registered an increase from 0.22 per cent to 1.6 per cent.

Due to the pandemic, Vietnam's share of global exports surpassed India's for the first time in 2020.

Source: business-standard.com– Mar 08, 2022

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MSME Ministry launches 'SAMARTH' to promote women entrepreneurship

A day ahead of the International Women's Day, the MSME Ministry on Monday launched SAMARTH — a special entrepreneurship promotion drive for women.

Addressing the launch event, Minister for Micro, Small and Medium Enterprises (MSME) Narayan Rane said the MSME sector offers a plethora of opportunities for women.

He highlighted that the MSME Ministry, through its schemes and initiatives, is continuously making efforts to develop entrepreneurship culture among women by offering several additional benefits to them.

Rane announced that the drive will help women to be self-reliant and independent by providing them with self-employment opportunities.

Under SAMARTH, 20 per cent seats in free skill development programmes, organised under skill development schemes of the ministry, will be allocated for aspiring and existing women entrepreneurs.

This will benefit more than 7,500 women in 2022-23.

Moreover, 20 per cent of MSME business delegations sent to domestic and international exhibitions under the schemes for marketing assistance implemented by ministry will be dedicated to women-owned MSMEs.

Women entrepreneurs can also avail a 20 per cent discount on annual processing fee on commercial schemes of the National Small Industries Corporation (NSIC) in 2022-23.

Source: financialexpress.com– Mar 07, 2022

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Nirmala Sitharaman raps CBDT and CBIC for not addressing tax assessees' grievances

Union Finance Minister Nirmala Sitharaman on Monday came down heavily on the tax boards for allegedly not responding to grievances of the tax assessees and directed their officials to reserve Saturdays to hold meetings with them.

During the Budget Outreach Programme between Finance Ministry officials, the industry and trade bodies in Bengaluru, the General Manager and the Chief Financial Officer of the Karnataka Bank Muralidhar Krishna Rao posed a question seeking clarity on certain provisions of the GST Act and the direct tax deductions impacting the banking sector.

Even before the officials responded, Sitharaman intervened and pulled up the Central Board of Direct Taxes (CBDT) and Central Board of Indirect Taxes & Customs (CBIC) officials.

"I'm very curious to know if the CBIC and CBDT are here. Are you all engaging with your own assessees? The questions which are being asked here are not those questions where I want the secretaries of the Ministry of Finance sit here and explain. These are for the boards to be with your assessees," Sitharaman said.

"I would now tell the CBDT and the CBIC to please keep your Saturday's free, engage with assessees and give them all the clarification required," she added.

Sitharaman directed the boards to tell the tax assessees where the glitches were and if there was a policy tweak required or if there was a requirement to change something in the finance bill they can suggest the revenue and the finance secretaries.

According to her, most of the questions asked during the interactive session on budget were related to the two boards, which they were fully empowered to deal with.

"It (the questions) just tells me and I'm sorry to have to comment like this on the boards — Are you all sitting in your office and not even accessing your assessees? What's going on? You're not expecting the revenue secretary to be talking to the assessees for things which you have every power in your hand to sit and explain? Am I over-reading the situation?" Sitharaman said. Asking the boards to do better, Sitharaman repeated that they have to keep their Saturdays reserved for the assessees.

"You will have to be here every Saturday. Keep yourself open and also on the phone and the emails. Many of the questions here which Tarun Bajaj (Revenue Secretary) has bothered to answer, I would want you (CBDT and CBIC) to answer in person to the assessees," the Finance Minister said.

Source: financialexpress.com– Mar 07, 2022

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Uninterrupted supply chains, defence, investments to cement Indo-Bangla ties, says Union Minister Piyush Goyal

Uninterrupted supply chains, joint production of defence equipment, exploring potential sectors of investments and pharmacy are the focus areas that can help strengthen economic ties between India and Bangladesh, Commerce and Industry Minister Piyush Goyal said on Monday.

Both countries can work towards becoming the 'pharmacy of the world', he said while addressing the inaugural session of the India-Bangladesh stakeholders meet.

Goyal said Bangladesh is India's biggest trade partner in South Asia and India is looking to advance Comprehensive Economic Partnership Agreement with that country in the days to come.

"May I suggest four focus areas for strengthening the India-Bangladesh relationship. Can we look at uninterrupted resilient supply chains, which is the need of the hour, we need to give more impetus to joint production of defence equipment , and explore potential areas of investments like textiles, jute, leather, footwear, medical equipment, and electronics," he said.

The fourth focus area is pharmacy, where both nations can work towards becoming 'pharmacy of the world', he added. He said defence cooperation between the nations has not progressed, though India has offered USD 500 million line of credit.

India has also extended three lines of credit for USD 8 billion to Bangladesh, which is the largest concessional credit given by India to any single country. Further, he said the country is also developing two Indian Economic Zones in Bangladesh. The bilateral trade between the countries stood at USD 10.8 billion in 2020-21 as against USD 9.5 billion in 2019-20.

Major exports from India to Bangladesh include cotton, cereals, fuel, vehicle parts and machinery and mechanical appliances.

Source: financialexpress.com – Mar 07, 2022

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India looks to advance trade deal with Bangladesh: Piyush Goyal

Commerce and Industry Minister Piyush Goyal on Monday said India was looking to advance a Comprehensive Economic Partnership Agreement (CEPA) with Bangladesh.

Bangladesh is India's fifth largest export destination.

Addressing the inaugural session of India-Bangladesh stakeholders' meet, Goyal said improving this connectivity further was imperative for expansion of the bilateral trade and realisation of the investment potential of Bangladesh and eastern India. Both countries should also explore potential areas of investments in textiles, jute products, leather and footwear, APIs for pharmaceuticals, medical equipment, agribusiness, among others, he said.

There is also a need to give more impetus to joint production of defence equipment. "Our defence cooperation has not progressed, though India offered a $500-million line of credit. Time has come to take it to the next level," the minister said, adding that both countries can also look at joint manufacturing of vaccines and other medicines.

"India and Bangladesh can become 'Pharmacy of the world': During Covid-19, vaccines produced in India — Covaxin and Covishield — created a niche for themselves as safe vaccines," he said.

On Saturday, top government officials from the two countries held extensive discussions on a host of issues of mutual interest. They also decided to finalise the joint study on trade at the earliest.

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

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Reactivating rupee-rouble trade? Deals in national currencies have already been struck, further growth is likely

The financial sanctions imposed by the West on Russia for its military offensive in Ukraine — a number of its banks being removed from SWIFT, a network that connects thousands of financial institutions around the world, besides bans on transactions with its central bank — do create uncertainties for India's trading relations with Moscow. Indian exporters are worried as they have payments of $400-600 million pending in Russia. Sending fresh consignments is also difficult as leading shipping lines have suspended deliveries to and from Russia. The plunge of the rouble has also made it difficult to firm up fresh contracts. Exporters thus are urging the Indian government to allow rupee-rouble trade as in the days of the Soviet Union.

But how does one reconcile all of this with the fact that rupee-rouble trade has been on the table since Russia annexed Crimea in 2014 which then also triggered western sanctions? India's relations with Russia may not have the scope and depth of its alliance with the Soviet Union, but they remain time-tested and reliable. More than a decade ago, this relationship was elevated to a Special and Privileged Strategic Partnership. At successive annual summits, decisions were taken to trade in rupees and roubles to bypass sanctions although the joint statements only said that both nations will continue joint work promoting settlement of payments in national currencies.

Although levels of Indo-Russian trade are relatively low at $9.4 billion this fiscal (April-December), a ball-park estimate of the rupee-rouble component is as high as 30%. Russia's deputy chief of mission Roman Babushkin was quoted in the Economic Times three years ago that in the "past six years, there has been a five-fold increase in payments in national currencies from about 6% to over 30% now.

This has made business operations more comfortable and in some ways we were forced to use this practice to avoid a situation when our economic interaction was depending on a universal currency like the US dollar". Babushkin now feels that this share of payments in national currencies in bilateral trade is only set to rise.

One area where this compulsion to bypass sanctions was felt most acutely was for government-to-government big-ticket defence deals. In 2018, both nations agreed to carry out payments in rupees for five units of S-400 Triumf Air Defense System. The S-400 deal alone is worth $5.43 billion and deliveries have already begun. In his first press conference after the Ukraine war began, the Ambassador-designate of Russia to India, Denis Alipov, said, “as regards S-400, rest assured it will not be impacted in any way. There is 100% surety on that. As regards overall trade relations and economic cooperation ... We have a mechanism and means to doing business bilaterally between our countries in national currencies.”

The relative share of rupee-rouble trade for individual items of two-way trade, however, is not available. India mostly buys petroleum products, diamonds and other precious stones, and fertilisers from Russia while shipping out electrical machinery, pharmaceutical products, organic chemicals and auto parts. Over a half of its imports from Moscow until December this fiscal comprised petroleum products. In 2018, the Russian state-owned miner, Alrosa PJSC, one of the world’s biggest producers of rough diamonds, initiated a rupee-rouble payment mechanism for its Indian clients. This tied in with the request by the then Indian commerce minister for an agreement that does not adversely impact the country’s balance of payments.

Another area where trade in national currencies is relatively high is in services. “Due to the current situation there is a potential for further growth in settlements in the national currencies. Settlement in national currencies already account for tens of per cent of the total volume of trade transactions between Russia and India. These payments are made mostly for services — already half of services’ trade volumes are made in national currencies,” according to the Trade Representation of the Russian Federation in India. For a sense of perspective, bilateral trade in services is pegged at $974 million in 2020, with Russian exports amounting to $753 million, according to the website of India’s embassy in Moscow.

All eyes will be on how the RBI and government firm up a mechanism to ease exporter’s woes, including an appropriate exchange rate for rupee-rouble trade. During the Soviet era, trade favoured India as the rouble was massively overvalued against the US dollar than the rupee was. The rouble is now massively undervalued vis-a-vis the US dollar than the rupee is. As the rupee has appreciated against the rouble, this encourages higher inessential imports by India from Russia and diversion of Indian exports from the world market to Russia according to economist Dr Pronab

Sen. Pegging the two currencies is critical to the success of the rupee-rouble agreement if it extends to a restricted list of goods beyond government-to-government deals.

Source: financialexpress.com– Mar 07, 2022

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What does Indian trade stand to lose and gain from Russia-Ukraine conflict?

The Russian invasion of Ukraine and subsequent sanctions slapped by the West on Moscow have played out in different ways for Indian trade. While our import and export to the two warring nations have been hit adversely, there are some sectors which stand to gain from it. Like the export demand for wheat and corn has shot up. Let's delve into all these aspects and also looks into the problems that the importers and exporters are facing.

Trade with Russia and Ukraine is a small portion of India's overall cross-border trade. However, specific commodities traded between the countries are important.

Mahindra and Mahindra group chief economist Sachchidanand Shukla told a financial daily that tea exports from India and sunflower oil imports could get affected.

He explained that 84% per cent of India's sunflower oil imports came from Ukraine, while 13 per cent of India's tea exports went to Russia. And, as the financial daily pointed out, supply disruption in sunflower oil could become a pressure point on India's retail inflation. India is also a big importer of phosphatic fertilizers from Russia.

While on the other hand, Indian exporters to Russia and to the Commonwealth Independent States are reportedly facing uncertainty over goods worth 500 million dollars.

This is because of three broad reasons. First, the withdrawal of credit guarantee protection on commodities. Second, the restrictions on Russian banks. And, third, the disruptions at Baltic ports amid the Ukraine war.

The Federation of Indian Export Organisations has said that export cargoes to Commonwealth of Independent States countries have been impacted because no shipping line is willing to take consignments there. This is because there is no movement of ships through the Black Sea.

Indian exporters fear that payments worth about 400 million dollars might get stuck. This is because western nations have blocked many Russian banks from accessing the Society for Worldwide Interbank Financial Telecommunication, or SWIFT.

Exporters have found that many buyers do not have the ability to make payments in any foreign currency or from a third-party or country. But, they have shown willingness to make payments in the ruble.

Against this backdrop, multiple sources told Business Standard that the government might soon allow bilateral trade between Russia and India in their national currencies. Such a step would be taken to avoid any trade disruptions. The rupee-rouble trade arrangement will bypass the sanctions imposed on Russia by the West.

Mahesh Desai, chairman of the Engineering Export Promotion Council, said:
* India goods find their way to central Asia through Ukraine's Odessa port
* Uncertainty over goods in transit, payments because of SWIFT ban
* Govt should extend help to affected exporters

India-Ukraine bilateral trade
* $2.3 billion: India-Ukraine bilateral trade so far in FY22
* This includes $372 million exports and about $2 billion imports
* $2.5 billion: India-Ukraine bilateral trade in FY21

India-Russia bilateral trade
*$9.4 billion: India-Russia bilateral trade so far in FY22
* This includes $2.55 billion exports and $6.9 billion imports
* $8.1 billion: India-Russia bilateral trade in FY21

Citing sources, another news organisation reported that the sanctions would have a negative impact on India's trade with Russia when it comes to commodities such as automobile components, pharmaceuticals, engineering goods, agricultural products, and telecom equipment.

In particular, Union Finance Minister Nirmala Sitharaman is concerned about exports of Indian farm produce to Ukraine and Russia being disrupted.

However, there is a silver lining too. According to a recent report by one financial daily, export demand for Indian wheat, corn, and spices has seen a significant rise after Russia invaded Ukraine. International trade would be shifting sourcing to India since supplies from the two counties have come to a halt.

Russia holds sway in the world metals supply. According to Crisil Research, Russia and Europe together account for nearly 10 per cent of global primary aluminium supply. As far as the steel trade is concerned, it is the second largest exporter with a 13 per cent share. As worsening tensions threaten supply, exporting countries including India may step in to plug any gap. Russia exports around 30-33 million tonnes (MT) of steel.

Meanwhile, a new agency reported that India is considering guarantees of lenders' letters of credit and soft loans for exporters hit by a cash squeeze following. The government is also mulling asking state-owned banks to lend to exporters at reduced rates or provide funds to them directly up to the amount of pending payments from Russia and Ukraine.

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

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International order cancellations affecting India's textile mills: Chairman, SIMA

The cancelling of orders by international buyers due to cotton shortage is having a severe impact on the Indian textile mills, says Ravi Sam, Chairman, Southern Mills India Association (SIMA). He urged the government to remove import duties on cotton with immediate effect.

Immediate removal of the import duty will boost imports in May leading to huge profits for Indian farmers and enable them to begin sowing for the next season, adds Sam

The propagation of international traders for the removal of import duty will affect farmers badly but, non-removal will lead to a doom of the textile industry, he adds. Only en-users should be allowed to import cotton and not the international traders who try and hold them creating a further crisis for the Industry, states Sam.

Source: fashionatingworld.com – Mar 07, 2022

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Tamil Nadu announces mega Textile Park, lays foundation for furniture park

M.K. Stalin, the Chief Minister of Tamil Nadu, said on Monday that the State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) will build a huge textile park in the Virudhunagar district.

Stalin said the 1,000-acre textile park will be under the Central government's Mega Investment Textiles Parks (MITRA) initiative, and a complete project report will be prepared soon, as he laid the foundation stone for the International Furniture Park in Thoothukudi. SIPCOT is also aiming to build food parks in the districts of Theni and Thoothukudi, according to Stalin.He said that the state government had announced that an international furniture park, worth Rs 4,500 crore, will be built soon.

Experts estimate that the global furniture market would reach $750-800 billion by 2025, and while China and Vietnam will contribute significantly, India's portion will be minimal, according to Stalin. He said the furniture park will be built on 1,156 acres of land in Thoothukudi, with a Belgium business, a global leader in the manufacture of doors and windows, investing Rs 430 crore.

Hettich India Pvt Ltd and Deceuninck Profiles have been given space in the furniture park, according to Stalin. The state government signed a Memorandum of Understanding (MoU) with eight companies on Monday, agreeing to invest Rs 2,845 crore to set up their facilities in the furniture park.

Source: newstracklive.com– Mar 07, 2022

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