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IBTEX No. 47 of 2022 March 10, 2022

US 76.14| EUR 84.18| GBP 100.33| JPY 0.66

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	China's imports, exports worth $980 bn in Jan-Feb 2022, up 13.3% YoY
2	US' Nike's new seasonal collection combines style & sustainability
3	Pakistan: Exports of 11 sectors jump 35pc in February
4	Bangladesh Led January's Surprising US Apparel Imports Increase
5	Cambodia's textile exports to US surge by 30%: Ambassador
6	Promoting two-way trade, attracting EU FDI key to implementing EVFTA
7	Moroccan ministers call for joint projects between Bangladesh, Morocco

	NATIONAL NEWS
1	Comm Min extends deadline for exporters to submit applications for dues
2	Goyal urges investors to focus on entrepreneurs in small cities, towns
3	We should cross $40 billion export-mark this year: Textiles Secretary
4	GST compensation cess period already extended till March 2026
5	India and Canada set to hold bilateral trade talks starting today
6	India-UAE bilateral FTA: Upgrades in the export basket, shows data
7	An alternative export strategy
8	Apparel retailers' revenue expected to grow 25 per cent in FY22: Report

INTERNATIONAL NEWS

China's imports, exports worth $980 bn in Jan-Feb 2022, up 13.3% YoY

China's imports and exports totaled 6.2 trillion yuan ($980 billion) in the first two months of 2022, up by 13.3 per cent from a year ago, according to the country's general administration of customs, which recently said exports over the period surged by 13.6 per cent year on year (YoY) to 3.47 trillion yuan, while imports hit 2.73 trillion yuan, growing by 12.9 per cent.

Li Kuiwen, director-general of GAI's statistics and analysis department, said the figures reflect a stable performance of the nation's foreign trade at the beginning of the year, despite increasingly complex external conditions, according to official Chinese media.

The achievement was primarily due to the strong resilience of the Chinese economy, which has long-term healthy fundamentals, as well as the effects of policy measures targeted at stabilizing growth, he added.

Source: fibre2fashion.com– Mar 10, 2022

HOME

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US' Nike's new seasonal collection combines style & sustainability

American multi-national firm, Nike, has launched a variety of seasonal collections that scale sustainable materials and methods to help Nike accomplish some of its ambitious 2025 sustainability targets — like reducing its greenhouse gas emissions by half a million tons and diverting 100 per cent of waste from its extended supply chain out of landfills.

These capsules, which cover popular apparel and footwear silhouettes, from Tech Pack to the Air Max Motif, show the impact Nike can have when it scales its innovations. For the spring/summer 2022, Nike sportswear capsule collection, design teams and manufacturers collaborated to transform manufacturing waste into new canvas, fleece and rain jacket materials for iconic sportswear styles, from an everyday pant to technical outerwear. A Nike icon, the WinRunner jacket is made with at least 75 per cent recycled TPU, the company said in a press release.

In fact, each piece in the capsule is made with at least 50 per cent recycled and/or organic materials. The woven track jacket is made with 100 per cent sustainable materials using a blend of recycled nylon and organic cotton fibres. (The blend is at least 10 per cent recycled fibres or at least 10 per cent organic cotton fibres.)

The Women's parka is made with at least 75 per cent recycled polyester. The insulated vest features Thermore EcoDown Marble insulation made with 100 per cent recycled polyester fibres. The beautiful washed colour featured in the woven unlined overalls and high-rise woven pants are the result of a dyeing process that uses fewer chemicals than conventional methods.

Nike Pro apparel shows how Nike is working to achieve its 2025 targets by scaling lower-impact materials in high-volume products. A prime example: Since spring 2021, all Women's Nike Pro shorts and tights — seven million units a year — have been made with at least 50 per cent recycled polyester. In fact, most Nike Pro options are now made with at least 50 per cent recycled polyester. If Nike Air was a standalone athletic company, based on revenue, it would be the third-largest in the world. At that scale, Nike Air technology and Air Max are significant players in advancing Nike's sustainability targets.

For spring 2022, teams took on the challenge of redesigning Air Max classics and creating new styles through the lens of sustainability, specifically by using more synthetic leather and recycled polyester. The Air Max 90, 95 and 97 — Nike's most iconic and high-volume Women's models — now feature uppers made with at least 25 per cent recycled synthetic leather and 100 per cent recycled polyester. The contemporary designs and sensational comfort of the Nike Air Max 2021, Air Max Dawn and Air Max Motif are now created with at least 20 per cent recycled content by weight, according to Nike.

The Nike Waffle One Crater Next Nature, Nike Blazer Mid '77 Next Nature and Nike Dunk Low Next Nature are each made with at least 20 per cent recycled content by weight and feature some combination of recycled polyester, recycled synthetic leather and Nike Grind rubber. Delivering iconic style with less environmental impact honours Nike's roots while looking to its future.

The Nike Sun Club Pack brings the fun and sustainability-minded designs to summer 2022. Features such as recycled textile uppers, recycled synthetic suede and recycled laces show up in silhouettes like the Nike Air Max Pre-Day, Nike Blazer Low '77 NN, Nike Air Force 1 LV8 NN and Nike Court Vision Lo NN. Each Sun Club silhouette is made with at least 20 per cent recycled content by weight.

Source: fibre2fashion.com– Mar 09, 2022

HOME

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Pakistan: Exports of 11 sectors jump 35pc in February

The 11 export-oriented sectors, including value-added textiles, posted double-digit growth in February compared to the same month a year ago. Data compiled by the Ministry of Commerce showed that the growth in the value-added sectors contributed to an increase in overall exports from these sectors.

The highest-ever depreciation of the rupee against the dollar and greater demand from the international market are reasons behind this growth.

The government has announced several measures including cash subsidies for the promotion of value-added sectors. Moreover, the massive depreciation also contributed to enhancing exports to the Western markets. The upward trend was seen for the past few consecutive months.

In February, the total export proceeds of these sectors went up by 35.78 per cent to $2.80 billion from $2.06bn over the same period last year.

Exports of men's garment products were up by 49pc to $460 million in February against $309m over the last year, followed by a 28pc increase in home textiles to $400m from $312m, 57pc in cotton fabric to $233m from 148m, and 49pc in women's garments to $81m from $54m respectively.

The exports of T-shirts up 41pc to $66m from $47m, stocking and socks 34pc to $45m from $34m, and synthetic fabric 46pc to $39m from $27m, respectively.

Among the non-textile products, the exports of rice went up by 42pc to $254m in February 2022 from $179m a month last year, 24pc increase in leather apparel to $60m from 48m, and an increase of 95pc in plastics to $51m from $26m respectively.

According to the data, the United States, China, the United Arab Emirates and the Netherlands remained the top destinations of Pakistan's exports in February from a year ago.

Exports to the US posted growth of 25pc to $473.87m in February against $379.95m over the corresponding month of last year, followed by 118pc increase to the UAE as it stood at $164.08m this year against $75.43m over the last year and 94pc increase to the Netherlands as it stood at $182.34m against $93.91m.

The export value to Germany increased by 60pc to $179.23m this year against $112.08m last year, followed by an increase of 102pc to Italy as it reached $123.62m against $61.27m the last year.

Source: dawn.com– Mar 10, 2022

HOME

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Bangladesh Led January's Surprising US Apparel Imports Increase

U.S. apparel imports started 2022 with an unexpected swell to meet ongoing strong consumer demand, with all Top 10 suppliers posting increases compared to January 2021, according to the Commerce Department's Office of Textiles & Apparel (OTEXA).

"It is a bit surprising to see the surge continuing during the month of January," Julia Hughes, president of the United States Fashion Industry Association, said. "We suspect some of the surge is due to the supply chain crisis, with companies shipping earlier than in past years and looking for better prices when they ship during traditionally slower months."

There was also likely a push to get goods out of factories and ports ahead of the Feb. 1 Lunar New Year and associated plant closures and worker shortages.

No. 3 production spot Bangladesh led the way with a 42.1 percent year-over-year increase to 282 million square meter equivalents (SME), while Indonesia saw a 39.49 percent hike to 108 million SME. Shipments from India were up 30.73 percent in the period to 124 million SME, as imports from China, the top supplier of apparel to American brands and retailers, rose 25.26 percent in January compared to a year earlier to 996 million SME.

Vietnam, the month's No. 2 supplier of U.S. apparel, continued its more modest gains with a 9.04 percent rise to 380 million SME. Among the other Asian top suppliers, imports from Cambodia gained 15.56 percent to 105 million SME and shipments from Pakistan increased 23.13 percent to 84 million SME, OTEXA data showed.

Hughes said sourcing trends "are incredibly stable from what we saw during 2021." While U.S. apparel imports continue to be dominated by Asian suppliers, "we continue to see very strong growth from Western Hemisphere Free Trade Agreement suppliers, CAFTA [countries] and USMCA partner Mexico," she added.

Rounding out the Top 10 were Western Hemisphere countries Honduras, Mexico and El Salvador. Of the group, Mexico posted the largest increase, gaining 20.68 percent year over year to 65 million SME.

Shipments from Honduras and El Salvador, which as part of the Central American Free Trade Agreement (CAFTA) are eligible for duty-free status, as is Mexico under the U.S.-Mexico-Canada Agreement, rose 4.1 percent to 49 million SME and 8.03 percent to 65 million SME, respectively.

They contributed to an overall increase of 14.36 percent from CAFTA countries to 188 million SME, aided by gains from other participant nations–Nicaragua, Guatemala and the Dominican Republic. Other Western Hemisphere countries with gains and benefitting from a nearshoring movement were Haiti, Peru and Canada.

Patricia Medina, owner of apparel producer Aztex Trading Co., told attendees at a panel discussion at the Sourcing at Magic show that Mexico's verticality with raw materials and factories has become a strong selling point.

"When you're talking about cotton, there are a lot of vertical companies" that provide full-package solutions, from fabric to finished garment, across the country, Medina said.

While Mexico lacks the "capacity of China," the country's "added value" stems from the ease and speed of inventory replenishment, she added.
In 2021, U.S. yarn exports to provide the raw materials for the CAFTA countries' apparel factories increased 47.87 percent to a value of $1.66 billion, while fabric exports to the region rose 9.46 percent to $803.25 million.

Also on Tuesday, the U.S. Census Bureau and Bureau of Economic Analysis announced the goods and services trade deficit was $89.7 billion in January, up $7.7 billion from $82 billion in December. The January trade deficit reflected an increase in the goods deficit of $7.1 billion to $108.9 billion and a decrease in the services surplus of $600 million to $19.2 billion.

Source: fibre2fashion.com– Mar 10, 2022

HOME

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Cambodia's textile exports to US surge by 30%: Ambassador

W Patrick Murthy, US Ambassador to Cambodia says, Cambodia's textile exports to the US have surged to 30 per cent.

This increase is 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, adds Murhty.

Dr Ith Sam Heng, Minister of Labor, Vocational and Training, Cambodia, appreciated the Ambassador Murphy for his diplomatic mission, strengthening the cooperation between Cambodia and the United States which has achieved remarkably results.

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

To achieve this goal, it has 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, he added.

Source: fashionatingworld.com – Mar 09, 2022

HOME

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Promoting two-way trade, attracting EU FDI key to implementing EVFTA

Promoting two-way trade between Vietnam and the European Union (EU) and attracting foreign direct investment (FDI) inflows from the bloc are the two main pillars in implementing the EU-Vietnam Free Trade Agreement (EVFTA), experts told a recent workshop in Hanoi.

Vietnamese exports focus on a few large markets like Germany, the Netherlands, France and Italy, while staying modest to other markets throughout the bloc.

Statistics from Vietnam's ministry of industry and trade indicate despite the negative impact of the pandemic, two-way EU-Vietnam trade reached $57 billion last year, up by 15 per cent from the previous year.

Of the total value, the country shipped $40.07 billion worth of exports to the EU, an increase of 14 per cent, while it spent $17 billion on imports from the bloc, up by 16.1 per cent compared to 2020.

Andreas Soffers, country director of the Friedrich Naumann Foundation for Freedom Institute in Vietnam (FNF), suggested Vietnamese businesses open the market up to each EU member state more strongly, reasoning that the bloc proves to be a neutral and fair trading partner amid rising tensions between the United States and China.

The faster that market penetration occurs, the greater benefits Vietnamese export industries will reap from the process, the researcher was quoted as saying by a Vietnamese media outlet.

Vietnam attracted more than $31 billion in FDI capital last year. The majority of the capital flows were sourced from Japan and South Korea, while capital from the EU remained limited.

Source: fibre2fashion.com – Mar 09, 2022

HOME

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Moroccan ministers call for joint projects between Bangladesh, Morocco

Moroccan industry and trade minister Ryad Mezzour has said that the entrepreneurs of Bangladesh and Morocco should enter into joint ventures in potential sectors.

He has also said that Bangladesh and Morocco should enhance the institutional cooperation.

The Moroccan minister came up with the ideas when state minister for foreign affairs Md Shahriar Alam met with him recently at his office.
He highly commended the socio-economic development of Bangladesh noting that Bangladesh's economic progress has set an example for other nations.

The state minister proposed that given the excellence of Morocco in agriculture, Bangladeshi entrepreneurs may establish contract farming in Morocco with participation of Moroccan agriculture entrepreneurs. He invited the Moroccan business delegations to visit Bangladesh to identify possible areas of mutual trade and investment.

Shahriar Alam also suggested initiating discussions on a preferential trade agreement with Morocco, said the ministry of foreign affairs on Wednesday. The representatives of FBCCI commented that there should be B2B contacts between the two countries.

The state minister also met with minister of agriculture, maritime fisheries, rural development and water and forests of Morocco Mohammed Sadiki at his office.
The state minister was accompanied by the ambassador of Bangladesh in Morocco, officials of the foreign ministry and representatives of business manufacturing industries, and chamber representatives including e-commerce, textile and pharmaceuticals sectors. Shahriar Alam said as a part of developing Bangladesh's relations with the external world, the government of Bangladesh has been enhancing contacts with like-minded countries.

He said the government of Bangladesh was keen to establish contract farming in Morocco as Bangladesh had expertise in the agriculture sector.

The state minister also sought cooperation with the Moroccan government on blue economy areas, especially, deep sea fishing and long line fishing. The Moroccan minister of agriculture and maritime fisheries informed the Bangladesh delegation about the green development plans of Morocco.

He mentioned that the Moroccan government encourages investment in the agricultural sector by foreign countries.

The state minister proposed that the Moroccan investors can invest in agro processing and agro-food processing sectors in Bangladesh.

He also met with Youssef El Bari, director general of Moroccan Investment and Exports Development Agency.

He said Bangladesh wants to enhance mutual trade and economic relations with Morocco and pointed out that Bangladesh's trade with African countries is not at a satisfactory level. The state minister stated that Bangladesh has excellence and expertise in the readymade garments sector and Bangladesh wants to establish cooperation with Morocco in this particular sector.

He also suggested that Bangladesh's pharmaceutical companies can be allowed to export pharmaceutical products to Morocco and there might be joint collaboration in production of pharmaceuticals.

The director general of the AMDIE said RMG, pharmaceuticals, automobiles and chemical products are potential sectors of cooperation between Bangladesh and Morocco. He encouraged Bangladeshi investors to invest in Morocco. The representatives of pharmaceuticals industries stated that Morocco may import more pharmaceutical products from Bangladesh.

The representative of Bangladesh Garments Manufacturers and Exporters Associations invited the Moroccan businessmen to establish a joint venture in the textiles sector in Bangladesh. Earlier on March 7, the state minister joined the programme marking the historic 7th March organised at Bangladesh Embassy in Rabat.

Source: newagebd.net – Mar 10, 2022

HOME

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NATIONAL NEWS

Comm Min extends deadline for exporters to submit applications for dues

The last date for exporters to submit online applications to claim their pending dues under different export promotion schemes has been extended again, according to a notification of the commerce ministry.

Exporters can claim pending refunds under the Merchandise Exports from India Scheme (MEIS), RoSCTL (Rebate of State and Central Levies and Taxes) scheme and Rebate of State Levies (RoSL) scheme.

The date for MEIS and 2 per cent additional ad hoc incentive has been extended till April 30 this year and for RoSCTL and ROSL, the deadline has been extended till March 15 this year.

"The last date of submitting applications under MEIS (for exports made in the period April 1, 2020 to December 31, 2020), ROSCTL, ROSL and 2 per cent additional adhoc incentive (... only for exports made in the period January 1, 2020 to March 31, 2020) has been extended," the Directorate General of Foreign Trade (DGFT) said in a notification.

On September 9 last year, the government announced to release Rs 56,027 crore against pending tax refunds of exporters under different export incentive schemes.

Source: business-standard.com– Mar 10, 2022

HOME

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Goyal urges investors to focus on entrepreneurs in small cities, towns

Commerce and Industry Minister Piyush Goyal on Wednesday urged investors to focus on entrepreneurs in small cities, foster innovation and facilitate mobilisation of domestic capital.

He said that there is a large pool of talent in India's interiors and venture capital funds should reach out to tier 3-4 towns and cities.

Many entrepreneurs in India have their roots in small towns and rural India which started as a small unit, the minister said.

"I suggest a 4-pronged focus from the industry. Urge investors and capital providers to focus on 4 Fs - fostering innovation and future tech, facilitate mobilisation of domestic capital, fast tracking self reliance, and focus on tier 2,3,4 cities and towns," he said while addressing the Indian Venture and Alternate Capital Association's (IVCA) Conclave.

He added that domestic seed capital will have to increasingly play a big role.

He suggested engaging with incubators being set up all across the country.

"If the domestic venture capital industry could literally adopt some of these incubators and reach out to remote areas, it will make a difference. Also, a collective effort to put money on the table and not squeeze them out of their ideas," he said, expressing concern that at a nascent stage, many good ideas get sold "very cheap" and get taken over with a very small ticket check for lack of alternatives by one or the other investor.

"We must also look at clawback or instruments and understanding and compassion towards the persons who come up with ideas so that they get a better deal," he added.

Further he said that India's exports would reach USD 400 billion this fiscal and startups can contribute significantly in achieving the targets of USD 1 trillion of goods and services exports each.

Source: business-standard.com– Mar 09, 2022

HOME

****

We should cross $40 billion export-mark this year: Textiles Secretary

India's textiles exports are expected to cross USD 40 billion during the current fiscal, Textiles Secretary UB Singh said on Wednesday.

However, he said that if the maximum increase in exports would come from the shipment of cotton yarn, then "I am not too comfortable".

"We would not only touch USD 40 billion exports target, (but) we should be crossing the USD 40 billion mark this year as far as exports are concerned," Singh said.

He asked the industry to look at exports, whether the growth is coming through volumes or price increase.

"I would be happy if it comes through larger volumes," he said at a function.

The secretary said that some garment industry players have suggested banning the export of cotton yarn or raw cotton, but the government deliberately has not taken those decisions because it does not believe in interfering too much with the market forces.

On Mega Integrated Textile Region and Apparel (PM MITRA) parks, he expressed hope that 12 states would come forward for that.

Speaking at the function, Minister of State for Textiles Darshana Vikram Jardosh also said that the government has taken steps to promote the growth of man-made fibre.

Source: business-standard.com– Mar 09, 2022

HOME

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GST compensation cess period already extended till March 2026

Union Finance Minister Nirmala Sitharaman on Wednesday said the GST compensation cess period has already been extended till March 2026 to enable the Centre to repay loans taken to compensate all states for the year 2020. During an interaction with reporters here, she said, "It's not just for me to take a call. It's for the GST council to decide and we have discussed it."

The Union Minister was responding to a query on Karnataka Chief Minister Basavaraj Bommai's statement requesting the Centre to extend the GST compensation period, which ends in June.

Elaborating further, Sitharaman said the GST council has already decided to extend the compensation cess period till March 2026.

"It is already extended for paying off the loan, which was taken for all the states, for the compensation that could not be paid in 2020. And again, which could not be somewhat, not fully, paid in 2021," the Finance Minister said. As for the GST amount between 2020 and 2021, which was due to the states, with compounded interest at 14 per cent each year, she said in view of it, the central government took a conscious decision at the GST council meeting that it will borrow back-to-back and give it to the states. "Both the loan and the repayment, together with the interest itself, will require compensation cess to be extended till March 2026 and that's what we have done. So the amount collected from the extended cess collection will go towards payment of the compensation amount borrowed and the interest on it," the FM explained. On the impact on import of edible oil into the country due to the Ukraine crisis, Sitharaman said India is looking for alternatives. "Edible oil is also an area where we have challenges, where we have to see how we can address it," she said. India is encouraging farmers in the north east region to grow palm, since the climatic condition there is similar to Malaysia and Indonesia. We have taken up palm mission and are helping farmers get into production of palm oil in those areas, where palm can be cultivated, because we import huge quantities of palm oil, both the crude and refined, she added.

Source: business-standard.com– Mar 10, 2022

HOME

****

India and Canada set to hold bilateral trade talks starting today

India and Canada are set to hold talks during March 10-13 to further strengthen the bilateral ties and discuss economic partnership, including a free trade agreement between both nations.

Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development, Canada will be visiting New Delhi from Thursday to hold 5th India – Canada Ministerial Dialogue on Trade and Investment (MDTI).

The meeting will be co-chaired by Commerce and industry minister Piyush Goyal. Goyal had earlier said that India is likely to propose an interim trade deal with Canada, which will be followed by a full fledged trade deal.

"There has been a strong recovery in bilateral trade in 2021 after the fallout as a result of the Covid-19 pandemic, with bilateral trade in goods reaching $6.29 billion registering a growth rate of 12 per cent as compared to the previous year," an official statement said.

Total bilateral trade between the two countries, including goods and services crossed $11 billion. During April 2021-January 2022, Indian exports to Canada increased to $3 billion, up almost by a fourth as compared to a year ago period.

Major Indian exports to Canada include drugs and pharmaceutical products, iron & steel products, marine products, cotton fabrics & readymade garments (RMG) and chemicals etc, while key Canadian exports to India comprise pulses, fertilizers, coal and crude petroleum etc.India and Canada have been negotiating a comprehensive economic partnership agreement (CEPA) since 2010. The latest round of agreement happened in August, 2017.

Source: business-standard.com – Mar 10, 2022

HOME

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India-UAE bilateral FTA: Upgrades in the export basket, shows data

Last month, India and the United Arab Emirates (UAE) signed their first Comprehensive Economic Partnership Agreement (CEPA), a bilateral free trade agreement that reduced custom duties across broad categories and is expected to significantly enhance trade between the two countries. The UAE is India's third largest trading partner and second largest export destination after the US. But the content of trade flows between the two countries has changed in the past decade.

In recent years, trade flows have reflected the pressures of the Covid-19 pandemic. In 2021-22, 6.6 per cent of India's exports landed in the UAE. Although higher than the 5.7 per cent exports to the UAE in 2020-21, it was much lower than the 9.3 per cent in 2019-20. Until a decade ago, 13.5 per cent of India's exports went to the UAE (see chart 1).

In absolute terms, India's exports to the UAE will exceed the 2019-20 figures but will still be lower than levels achieved in 2012-13. It is safe to assume that India's trade with the UAE has increased, but its trade with other nations has increased faster. The government expects its new trade agreement to put the UAE back as one of India's leading trade partners.

But the export basket has changed. Mineral products, pearls, precious stones and metals still account for most of India's exports to the UAE, but their share is lower than the peaks achieved in the past two decades. Mineral product exports accounted for 19.9 per cent of total exports from India to the UAE in 2021-22, similar to the 19.4 per cent share achieved in 2012-13. However, they were still lower than the peak of over 30 per cent share of total exports between 2006 and 2008.

On the other hand, in 2001-02, pearls, precious stones and metals accounted for 20 per cent of India's exports to the UAE; within a decade, their share increased to 58.6 per cent (by 2011-12), but has declined again to just 17.7 per cent.

Textiles, which once accounted for 24.1 per cent of India's UAE-bound exports, now have just a 10 per cent share. Instead, machinery and appliances have been accounting for a higher percentage of outbound trade to the seven-emirate federation.

Until 2019-20, the share of machinery and appliances in exports to the UAE remained below double digits. For the past three years, however, the share of this category of goods has accounted for nearly 13 per cent of India's total trade. Similarly, the share of base metals has almost doubled in a decade from 4.8 to 9.2 per cent. The share of products from chemical and allied industries has instead increased from a meagre 1.9 per cent to 7.2 per cent share (see chart 2).

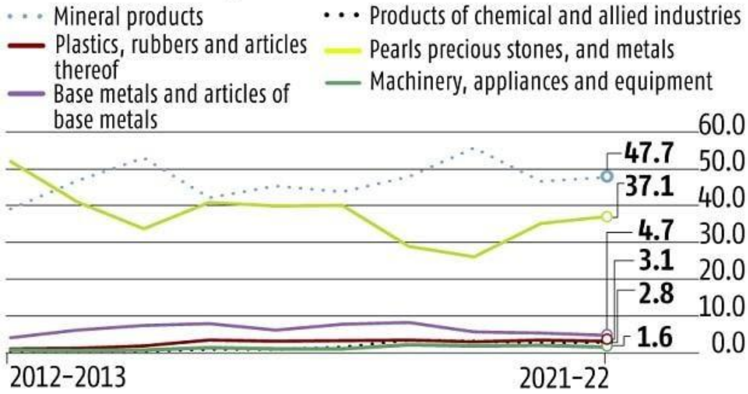
In contrast, imports from the UAE have witnessed only a minor variation in the last decade. Data shows mineral products and pearls, precious stones and metals account for over 80 per cent of the trade from the UAE. Their share had declined from 91.1 per cent to 84.8 per cent.

Imports of chemical and allied industries products have increased 0.4 per cent to 2.8 per cent during this period. The share of machinery and appliances has gone up from 0.7 per cent to 1.6 per cent (see chart 3).

The free trade agreement is expected to open up the Indian economy for more imports, but it remains to be seen if the diversification in India's exports to the UAE will hold.

3. IMPORTS HAVE SEEN NEGLIGIBLE CHANGES

(% share of total imports from UAE)



2021-22 data is April-December. Source: Ministry of commerce

2. THE NATURE OF INDIA'S EXPORTS TO UAE IS CHANGING

(% share of total exports to UAE)

	'02-2003	'12-2013	'18-2019	'19-2020	'20-2021	'21-2022
Live animals, animal products	2.3	0.8	1.4	1.5	2.0	1.5
Vegetable products	5.8	3.2	3.6	3.2	6.7	5.0
Animals or vegetables fats and oils	0.1	0.0	0.1	0.1	0.2	0.1
Prepared foodstuffs: beverages, spirits and tobacco	2.5	1.4	1.4	1.4	2.9	2.8
Mineral products	13.5	19.4	21.4	20.1	17.2	19.9
Products of chemical and allied industries	4.8	1.9	4.6	4.4	7.9	7.2
Plastics, rubbers and articles thereof	2.9	1.2	1.7	1.7	2.5	2.4
Raw hides, skins and leather	0.5	0.2	0.4	0.3	0.2	0.2
Wood and articles of wood	0.2	0.1	0.1	0.1	0.2	0.2
Pulp of wood and paper	0.6	0.3	1.0	1.0	1.4	1.6
Textile and textile articles	24.1	6.0	8.5	7.9	13.1	10.0
Footwear and headgear	0.4	0.2	0.5	0.4	0.3	0.3
Articles of stone, plaster, cement, ceramics and glass	1.3	0.3	1.2	0.9	1.4	1.0
Pearls, precious stones and metals	20.0	52.0	34.6	32.7	16.6	17.7
Base metals and articles of base metals	10.3	4.8	5.0	5.2	8.1	9.2
Machinery, appliances and equipment	5.4	4.7	7.9	12.0	13.7	13.4
Vehicles, aircraft and vessels	1.1	2.9	5.9	6.3	4.5	6.8
Precision instruments	1.3	0.3	0.4	0.4	0.6	0.4
Arms and ammunition	0.0	0.0	0.0	0.0	0.0	0.0
Misc manufactured articles	0.4	0.2	0.5	0.3	0.4	0.4
Works of art	0.0	0.0	0.0	0.0	0.0	0.0
Special classification provisons	2.6	0.0	0.0	0.0	0.0	0.0

2021-22 data is April-December. Source: Ministry of commerce

Source: business-standard.com – Mar 10, 2022

HOME

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An alternative export strategy

In a recent interview, Raghuram Rajan, the former governor of the Reserve Bank of India, has suggested that exports of information technology-enabled services (ITeS) along with professional services such as consultancy, legal, medicine, accounting should, instead of manufacturing, become the mainstay of India's export strategy (The Wire, February 24).

While it is true that ITeS, software and consultancy services have accounted for a major proportion of India's services exports in the past, and more significantly during the pandemic, a focus on these services as a growth driver for India's exports (1) may, however, be misplaced. Given that professional services involve skill-intensive jobs, they may not provide a solution to one of the most pressing problems that India is facing today, that is, rising levels of unemployment and underemployment among low-skilled workers in the informal sector, which accounts for 85 per cent of total employment. This structural problem has been further accentuated by the large number of informal sector workers who have been rendered unemployed during the pandemic. An expansion of high-skill professional activities will only lead to a relatively greater demand for the more qualified consultants and professionals, further aggravating the unequal, K-shaped recovery pattern that has been evident during the pandemic.

In addition, the necessary regulatory policies for liberalisation of these services include, among others, issues of data privacy, storage and localisation that have been difficult for India to negotiate, both in the preferential trade agreements (PTAs) and at the multilateral level. The discussions by the plurilateral groupings that have been initiated for liberalisation of these services and/ or governance rules in the digital trade domain under the aegis of the World Trade Organization (WTO), have in the past been based on provisions of PTAs among the member economies. India has raised doubts on the legality of plurilateral agreements under the WTO, and has generally stayed out of these discussions. India is also not a member of the mega regional trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that have taken the lead in liberalisation in the digital trade sector outside the WTO. Even more importantly, "mode-4"/ movement of professionals — considered, thus far, as India's predominant comparative advantage in the services sector — has been the single most important factor for India's prolonged and often stalled services sector negotiations in preferential trade agreements as well as at the WTO Doha Development Agenda.

Illustration: Binay Sinha

Furthermore, even where mode-4 liberalisation has been included in the bilateral agreements, such as in the India-Japan comprehensive economic partnership agreement, actual movement of professionals remains subject to difficulties of getting visas, language and cultural barriers. All these aspects should, in fact, be reasons for India to revisit its approach to exports of services. Indeed, it may actually be timely for India to consider focusing on services that are an integral part of manufacturing sector exports and hence adopt an integrated approach to its services sector exports, liberalisation and international negotiations. Within this, emphasis on employment-intensive services supporting manufacturing activity would be a far more realistic and fruitful export strategy for India at this juncture.

Global trade in value added data (TiVA, OECD) shows how services are increasingly exported as “embodied” and “embedded” in manufactured goods and processes. This is referred to as “servicification” and/ or “servitisation” of manufacturing. Among these services that come bundled with goods are wholesale/retail, distribution, marketing, transport, maintenance/ repair, technical support, warranty/ insurance, after-sales services, logistics and R&D engineering, IT and back office support. More and more companies offer these services with their products to add value and edge out competition. Some manufactured goods can be sold only when coupled with appropriate labour services, such as sophisticated machinery that requires installation, repair and maintenance.

From 2000 to 2018, the value-added contribution of total business services to gross exports of manufacturing increased almost four times both, for the OECD and the G20 economies (TiVA, OECD). The United Nations Conference on Trade and Development or UNCTAD (2) observes that for a select set of economies when services within manufacturing are considered, the services sector value addition to overall exports is close to two-thirds. Servicification is observed to have increased not only in dynamic global value chain (GVC) sectors like electronics and motor vehicles but also in sectors like food processing and chemicals, which are among India’s leading export sectors.

Other than the OECD economies, countries that show a high content of embedded services in value added of gross exports include Turkey, Poland and China. Recent literature on the subject provides evidence of such services contributing to higher manufacturing sector productivity, export capabilities and employment. Several studies have noted that the number of workers in support services/ manufacturing related jobs have increased more relative to those in core manufacturing jobs. Undue restrictions in services supply and discriminatory regulations on foreign entry have been found to limit the positive economic gains from these services.

The services trade restriction index (STRI) for India is relatively high compared to most other countries in the OECD, 2021, database. Rail freight and distribution services, among the most employment intensive sectors, remain relatively more restricted service sectors in India with almost no evolution in India's STRI values in these sectors since 2014. In India's gross exports in 2018, value addition contributed by employment-intensive services like transport and storage and wholesale/ retail is observed to be only a third and half, respectively, of the value added contribution by information and communication and computers, programming, consulting and information services (TiVA, OECD). Reforms and further liberalisation towards creating a facilitative regulatory framework for private/ foreign ownership and participation in these sectors will lead to not just enhanced services but also to manufacturing productivity. Efficient transport and distribution services are at the core of GVCs and just-in-time inventory management. Higher productivity of these sectors gets automatically transmitted to downstream and related activities. In the case of India, emphasis on reforms in the rail freight services sector may also complement the "dedicated freight corridor" project under the Make in India initiative. Logistics efficiency would be a natural outcome of this process.

Services and manufacturing have therefore to be viewed as complementary and not as exclusive activities. A realignment of India's export strategy that views services as an integral part of manufacturing and structures the regulatory and trade policies consonant with this view, will provide multiple benefits of enhanced productivity, manufacturing competitiveness, export and employment potential, all of which are essential inputs for a strong post-pandemic recovery.

Source: business-standard.com – Mar 10, 2022

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Apparel retailers' revenue expected to grow 25 per cent in FY22: Report

Apparel retailers are set to witness a 25 per cent jump in their revenues during FY22 after a 40 per cent fall in FY21 on account of the pandemic, a rating agency said on Wednesday.

On the profitability front, the operating margins will come at 5-7 per cent, which is higher than the break-even achieved last fiscal but lower than the pre-pandemic average of nine per cent, according to a report by Crisil Ratings.

"The sharp recovery seen in the second and third quarters this fiscal, and the expected healthy performance in the fourth quarter, will propel revenue to 75-80 per cent of the pre-pandemic level," its Senior Director Anuj Sethi said.

The revenues are expected to trail the pre-pandemic level in FY23 as well despite an 8-10 per cent growth on sustained footfalls and waning impact of COVID-19, he added.

On the impact of the third wave, Sethi said it resulted in minimal disruptions to the operations of the brick-and-mortar retailers, courtesy of less-intensive restrictions and a much shorter duration of the infections.

The industry players raised Rs 2,000 crore in equity to tide over the losses faced in FY21, which will help the credit profiles along with the surge in accruals in FY22, the rating agency said.

The agency analysed 35 apparel retailers that account for 25 per cent of the sector's revenue. Of these, eight representing 20 per cent of the sector's revenue have seen a strong recovery of up to 60 per cent growth in revenues on higher sales in festive season and weddings.

Due to the lockdowns, all the sector players have upped focus on the omnichannel presence and the share of e-commerce in the overall pie is expected to double to up to nine per cent as compared to the pre-pandemic period, the agency said.

The retailers have renegotiated rentals and entered revenue-share agreements after the first wave of the pandemic, and also limited their seasonal collections leading to inventory rationalisation and lower working capital requirements, the agency said.

Future waves of infections, the consumer spends on apparel and sustainability of cost optimisation measures remain the key monitorable going forward, it said.

Source: financialexpress.com – Mar 09, 2022

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