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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

China's lockdowns due to Covid surge could threaten half of economy

Widespread lockdowns in China akin to the measures just taken in the southern technology hub of Shenzhen could affect half of the country's gross domestic product.

Authorities on Sunday placed Shenzhen's 17.5 million residents into lockdown for at least a week amid a surge of Covid-19 infections in the city. Shanghai suspended in-person classes and shut intercity bus services, while the northeast industrial center of Changchun, in Jilin -- a city of about 9 million people and accounting for about 11% of China's total annual car output in 2020 -- was locked down last week.

As cases jump elsewhere, half of China's GDP and population will be impacted by the latest outbreak, according to economists at Australia & New Zealand Banking Group Ltd. Bloomberg Economics said in a recent note that as of March 9, 14 provinces had high or medium-risk regions, accounting for 54.4% of national GDP.

"More cities may follow the practice of Shenzhen," said Raymond Yeung, chief economist for Greater China at ANZ, in a note Monday, noting the city's decision to shut down public transportation and prevent people from leaving or entering. "If the lockdown is extended, China's economic growth will be significantly affected." While Yeung said ANZ is not yet revising its forecast for 2022, they are "wary" of further restrictions. ANZ forecasts GDP growth of 5% for the year, less than the government's target of about 5.5%.

Should key provinces along the coast and in the northeast follow Shenzhen's lead and lock down for a week, the economic cost could amount to 0.8 of a percentage point, Yeung said. Nomura Holdings Inc. said the economic costs of China's Covid Zero approach are high and market participants may be too optimistic about this year's growth outlook. The bank expects GDP expansion of 4.3%, well below economists' consensus forecast of 5.2%.

China is facing rapidly spreading clusters spawned by the highly infectious omicron variant. Daily new cases jumped to more than 3,300 on Saturday from just over 300 a week ago. The surge poses an unprecedented challenge to the country's Covid Zero strategy, which has so far protected its vast industrial sector but dampened consumption.

Foxconn Shutdown

While Shenzhen's GDP is only 2.7% of national output, the city is home to the headquarters of tech giants like Tencent Holdings Ltd. and Huawei Technologies Co. Apple Inc. supplier Foxconn, the Taiwanese company also known as Hon Hai Precision Industry, which has its China headquarters in the area. The company has halted operations in Shenzhen, including at a site that produces iPhones, in response to the lockdown. Major financial companies, including Ping An Insurance Group Co. and China Merchants Bank Co. are also headquartered in the city. And several foreign banks like UBS Group AG and HSBC Holding have opened branches in the area.

Brokerages and big state banks in the city have suspended in-person services after the lockdown, according to notices and local media reports.

Shenzhen is the second-most important port in China after Shanghai, and processes about 10% of the containers shipped from China in any month. A part of the port was shut for weeks in mid-2021 to contain a local outbreak of Covid, but even then the port was able to ship out almost 2 million containers in June 2021. Yantian port said in a Monday statement that it is operating normally after Shenzhen tightened virus controls.

While Covid Zero has not led to major economic disruption so far, the restrictions are making the economy "particularly vulnerable to the more contagious omicron variant," said Louis Kuijs, Asia-Pacific chief economist at S&P Global Ratings.

"Globally, the economic impact of Covid is declining as governments ease restrictions and many move towards a 'living with Covid' approach," Kuijs added. "However, for China, omicron is a key risk for domestic demand, output and, possibly, supply chains."

Source: business-standard.com– Mar 15, 2022

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Shipping ‘Shockwaves’: What Covid Lockdowns, Geopolitical Turmoil Mean for Cargo

So far, Russia’s invasion of Ukraine and the resulting sanctions and port closings in the two countries have not been felt in higher container freight rates or disruptions globally, but two reports out on Monday suggest a spike in cargo costs is only a matter of time.

The Container Exchange said its Container Availability (CAx) index improved soon after the Chinese New Year across key ports in China, but Friday’s announcement of nationwide Covid lockdowns means the supply chain must prepare for new turmoil in the coming months, impeding the flow of container movement as importers worldwide prepare for the peak season later this year.

At the Chinese port of Ningbo, average prices for a 40-foot unit (FEU) fell 10 percent to $5,328 per FEU on Feb. 27 from $5,930 on Feb. 14. As of March 10, these prices stood at $5,248. Similarly, average prices fell by 10 percent to 15 percent at the Chinese ports of Shanghai, Qingdao and Shenzhen through Friday.

Lockdowns in Shenzhen, Zhejiang, Shanghai, Jilin, Suzhou, Guangzhou and Beijing will clearly heavily restrict container movement at these ports, which will likely prove to be further damaging for the global supply chain, the report said.

“Freight rates and container prices were already at a record high even before the invasion started and what happened immediately due to the war is that the Russian ports were not being called by the national shipping lines anymore, the Black Sea being somehow closed, and the Asia European railway being quite hit by this,” Dr. Johannes Schlingmeier, co-founder and CEO of Container xChange, said.

“The immediate impact of this on the overall supply chain has not started to show up–not ignoring the fact that the Russian importance on global trade is not big enough for the containerized cargo to really disrupt the supply chains,” Schlingmeier added. “We see on the other side, the container prices at record highs, containers piling up and a massive shortage, as well…Lockdowns in China will further reduce capacity and cause a surge in already inflated shipping prices. The shockwaves will be felt across the U.S. and America, and almost everywhere in the world.”

The Freightos Baltic Global Index was stable in February, increasing just 1 percent to $9,838 per FEU, but 128 percent higher than a year ago and more than six times the pre-pandemic norm. "Although the war in Ukraine is expected to affect ocean freight and rates, those effects have yet to manifest in container prices," said Judah Levine, research lead at Freightos.

Just as the lead up to Lunar New Year on the transpacific did not result in much of a rate climb, neither did the weeks just after the holiday, The Baltic Index revealed. Asia-North America West Coast rates climbed 4 percent to $16,155 per FEU, nearly triple a year ago, while East Coast prices rose 8 percent to $18,109 per FEU, 168 percent higher than last year and nearly seven times the norm.

"The sharper climb to the East Coast may reflect the growing carrier and shipper focus on East Coast destination ports," Levine wrote. "Although the number of vessels waiting for a berth at LA-Long Beach has continued to drop and the volume of empty containers at the ports have also fallen, persistent delays are leading many shippers to look for alternatives. As a result, congestion at East Coast ports, such as Charleston, has increased and the latest projections see volumes remaining elevated in the coming months."

Rising oil prices, especially as a result of the war in Ukraine, are likely to contribute additional surcharges to global ocean freight, although other impacts of the conflict will likely be felt most strongly on European shipping lanes, Freightos said.

"Shippers to Europe and the Mediterranean are bracing for ripples from the war in Ukraine not just in fuel costs and possible War Risk surcharges, but also in congestion, delays and higher costs that port and carrier bans on Russian shipments could have," Levine said.

"Congestion and poor reliability are already big contributors to elevated Asia-Europe rates," he added. "Diverted or suspended Russian-bound containers piling up at European and Mediterranean ports are set to worsen that congestion. The threat of rail to ocean conversions for Asia-Europe containers that traditionally cross Russia by train could also put additional strain on already tight capacity and added pressure on rates."

Source: sourcingjournal.com – Mar 14, 2022

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Jan 2022 retail trade volume in EU up by 0.6% MoM, 8.3% YoY

In January 2022, the seasonally adjusted volume of retail trade rose by 0.2 per cent in the euro area and by 0.6 per cent in the European Union (EU) compared with December 2021 figures, according to estimates from Eurostat, the EU statistical office. In December 2021, the retail trade volume fell by 2.7 per cent in the euro area and by 2.6 per cent in the EU.

In January this year, the calendar adjusted retail sales index increased by 7.8 per cent in the euro area and by 8.3 per cent in the EU compared with January 2021 figures.

In the euro area and in the EU in January this year, the volume of retail trade increased by 0.2 per cent and 1 per cent respectively for non-food products compared with the December 2021 figure.

Among member states for which data are available, the highest monthly increases in the total retail trade volume were registered in Poland (plus 5.9 per cent), Luxembourg (plus 4.2 per cent) and Denmark (plus 3.7 per cent). The largest decreases were observed in Slovenia (minus 4.6 per cent), Portugal (minus 2.8 per cent), and Lithuania (minus 2.5 per cent).

In January this year, the volume of retail trade increased by 14.8 per cent and 15.3 per cent in the euro area and in the EU respectively for non-food products compared with January 2021figures.

Among member states for which data are available, the highest yearly increases in the total retail trade volume were registered in Slovenia (plus 32.3 per cent), Poland (plus 19.5 per cent) and Lithuania (plus 18.2 per cent). The only decrease was observed in Finland (minus 2.4 per cent).

Source: fibre2fashion.com – Mar 14, 2022

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China's e-com logistics activities expand in February

China's e-commerce logistics sector posted steady growth in February this year as the Beijing Winter Olympics boosted demand for consumption of winter sports clothing and equipment, according to industry data, which showed the index tracking e-commerce logistics activities stood at 108.9 points during the month, up by 0.3 points from January.

According to a survey jointly undertaken by the China Federation of Logistics and Purchasing and e-commerce giant JD.com, total demand for e-commerce logistics expanded last month in comparison with the same period of past years, with the sub-index tracking total business volume rising 3 points year on year.

The Winter Olympics triggered rapid growth in demand for winter sports clothing and equipment as well as Olympic merchandise, which effectively stimulated demand for e-commerce logistics in February, official Chinese media cited the survey as saying.

It predicted further expansion of e-commerce logistics activities in March driven by a continuous increase in demand and the recovery of supply as logistics employees fully resume work.

Source: fibre2fashion.com – Mar 14, 2022

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US textiles & apparel imports up 28.05% in January 2022

The import of textiles and apparel by the United States continues to grow at high rate and rose by 28.05 per cent to $10.189 billion in the first month of 2022, compared to $7.957 billion in January 2021. With 27.82 per cent share, China continues to be the largest supplier of textiles and clothing to the US, followed by Vietnam with 13.47 per cent share.

Apparel constituted the bulk of textiles and garments imports made by the US in January 2022, and were valued at $7.540 billion, while non-apparel imports accounted for $2.648 billion, according to the latest Major Shippers Report, released by the US department of commerce.

Segment-wise, among the top ten apparel suppliers to the US, imports from Indonesia, India, China, Pakistan, and Bangladesh shot up by 57.80 per cent, 53.40 per cent, 47.11 per cent, 44.41 per cent and 45.53 per cent year-on-year respectively. On the other hand, imports from Honduras registered a growth of only 13.26 per cent compared to the same period of the previous year.

In the non-apparel category, among the top ten suppliers, imports from Cambodia, Italy and South Korea soared by 53.29 per cent, 38.24 per cent and 37.89 per cent respectively.

Of the total US textile and apparel imports of $10.189 billion during the month under review, cotton products were worth $4.534 billion, while man-made fibre products accounted for $5.179 billion, followed by $246.865 million of wool products, and $229.188 million of products from silk and vegetable fibres.

In 2020, the US textile and apparel imports had decreased sharply, mainly on account of the COVID-19 pandemic induced disruption, to $89.596 billion compared to imports of $111.033 billion in 2019. But imports rebounded again in 2021 to surpass pre-pandemic level and end at $113.938 billion.

Source: fibre2fashion.com– Mar 14, 2022

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Crisis in Ukraine impacts global shipping industry

The Russia-Ukraine war is not only sending commodity prices soaring but also disrupting operations of the global shipping industry. This has already slowed international trade and can hurt the prospects of quicker global economic recovery from the pandemic.

About 140 ships with over 1,000 seafarers are stuck in the Black Sea, as the ports in the region have suspended operations. Five ships have already been hit by missiles resulting in casualties. The ships are not sailing out of fear that they will be hit by missiles or underwater mines. The crew have no option but to stay on board but their stocks of food and fuel are running out.

The International Maritime Organisation has called an emergency meeting of the stakeholders to address the issue of safety of these seafarers.

Over 10 per cent of the global seafarers are Russians and about 5 per cent are Ukrainians. Almost half of them are highly qualified and experienced engineers, supervisors, and managers. Many Ukrainians want to return home but cannot do so due to paucity of flights. Some of them who had gone home are unable to return to the ships.

The shortage of skilled personnel at the middle and senior levels can hamper the operations of the shipping lines. The economic sanctions imposed on Russian banks by the West, the restrictions on withdrawals in hard currency from bank accounts in these countries and inability to use the credit cards issued by Russian banks has added to the problems of getting payments from Russian entities, making payment of salaries and their withdrawals for current expenditures by the seafarers.

Major shipping lines have stopped accepting bookings for Russia, Belarus, and Ukraine, even for humanitarian purposes. Russian-owned ships are barred from entering the ports in some European countries. Ships that had already sailed before these restrictions came in are also finding it difficult to reach the destinations.

The Russia-bound consignments get intercepted at the intermediate ports in Europe for rigorous examination to identify and detain sanctioned goods like dual use materials and goods meant for sanctioned parties, causing longer detentions of vessels at the ports and consequent congestion. The turnaround of the ships and containers is affected. “The impact is global and not limited to Russia,” says Maersk, the world’s largest shipping company.

Many logistics service providers have suspended the intercontinental rail bookings between Asia and Europe until further notice. The flights to Russia, Ukraine, and Belarus have already been suspended by many countries/airlines and no flights from these countries can go to many other destinations, worsening the supply chain disruptions.

The ocean freight rates had already gone up by 15 per cent to 20 per cent in the past three months. These are likely to go up further as the crude oil prices have shot up by about 20 per cent since the Russian invasion of Ukraine on February 24. Some flights between North America/West Europe and Asia have to take longer routes as they cannot fly over the Russian airspace. Consequently, the costs of air transportation may also go up.

With hectic diplomatic efforts, the war may end soon but if the sanctions don’t end quickly, the shipping disruptions may continue. So, the government has formed a committee to help Indian exporters and importers access shipping facilities amid a supply crunch in global shipping.

Source: business-standard.com – Mar 13, 2022

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Turkish Textile Manufacturers Feel Russia-Ukraine Pain

More than $1 billion in Turkey's textile trade may be at risk if Russia's war on Ukraine continues unleashing chaos in Eastern Europe.

Seref Fayat, head of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) Clothing and Apparel Industry Assembly, told Sourcing Journal that order cancellations "could exceed $1 billion if this situation continues," in contrast to the industry expert who told Reuters earlier this month that buyers had already nixed $200 million.

The Istanbul Ready-to-Wear Clothing and Apparel Exporters' Association (IHKIB), a Turkish textile trade organization with more than 19,000 exporter members and the third-largest apparel supplier to the E.U., stopped short of confirming the monetary impact of the cancellations. But the industry group is currently working with members to crowdsource their individual issues in the current trading environment before submitting them to Turkey's Ministry of Trade.

IHKIB president Mustafa Gültepe said it's still difficult to calculate the impact due to the many ongoing uncertainties at play.

"The continuation of war will surely affect the sales and may decrease the consumer demand," Gültepe said. "More sanctions will lead to a decrease and the exclusion of Russia from the SWIFT system may create problems in money transfers. We have many local Turkish brands in Russia and Ukraine and the closure of their sales shops will affect the exports."

Gültepe noted that these Turkish brands operate more than 1,000 retail stores across Russia and Ukraine, further illustrating that the loss of business in these countries has enormous implications for both importers and exporters alike.

Finding suitable replacements in the near future isn't going to be an easy task for Turkish manufacturers, particularly if Russian and Ukrainian sellers are primary clients.

"The apparel industry has reacted to the war by looking alternative ways to continue the exports," Gültepe said. "The exporter firms are also looking for alternative markets to balance the losses in Russian and Ukrainian markets. However, as these markets are big markets, it may be difficult to find alternatives easily for those apparel exporters especially working only for these markets."

Manufacturers of one of Turkey's leading material exports, leather, are feeling the heat as cancellations pile up. As the 10th-largest leather producer in the world, per UN Comtrade data, the animal-derived material is big business for the Turkish economy. Turkey's leather and leather-product exports totaled $1.73 billion in 2021, according to the Turkish Exporters Assembly.

Mustafa Senocak, head of the Istanbul Leather and Leather Products Exporters Association, told Reuters that buyers cancelled orders for "hundreds of thousands of pairs of shoes and thousands of leather jackets." He estimated Russia and Ukraine accounted for more than $1 billion in Turkey's leather exports in 2021.

These cancellations don't even account for the country's "suitcase trade," an informal but still common practice that has roots in the Soviet Union. Business owners from across Russia, Ukraine and other former Soviet republics like Kazakhstan and Uzbekistan will travel to Istanbul's Laleli district to visit its bazaars and shops to buy cheap clothing in bulk. Upon filling a suitcase with merchandise, buyers travel back home to sell the goods in their own shops.

The Central Bank of Turkey last tracked the suitcase trade in 2014, estimating that the market value at as much as $8.6 billion then, with Russia-specific trade accounting for $4.2 billion. Now, the Association of Industrialists and Business People of Laleli estimates the practice's value is closer to $3 billion, amid economic volatility in Russia and competition with products manufactured in China.

In the first two months of 2022, as tensions continued to rise ahead of the Russian invasion, Turkish apparel exports to Ukraine fell 30 percent to $21 million, according to the IHKIB.

During that same time, Russia benefited from a 27 percent year-over-year increase to 53.6 million, the Turkish trade association said. However, the longer term implications of global businesses exiting the nation and crippling economic sanctions from world governments will take a toll on the country's financial stability.

Since Russian President Vladimir Putin launched the invasion Feb. 24, the Russian ruble has depreciated more than 36 percent, and has declined more than 43 percent from earlier in the month.

As such, people in Russian will be forced to deal with price increases on all goods, not just textiles, which ultimately heightens any added risk for order cancellations. Weekly inflation came in at 2.2 percent between Feb. 26 and Mar. 4—the largest increase in prices over a seven-day period since 1998—according to data published by Russia's Economy Ministry.

'For Russia, the biggest problem is about transferring money," Gültepe said. "For Ukraine, exports to this country [are] not possible for the time being."

As the economy further weakens and the ruble plummets, The Bank of Russia on Wednesday said it would suspend citizens from buying foreign currencies through September, further isolating the country's individuals and businesses alike from the global market.

"The payments from Russia will be difficult without transactions via banks," Gültepe said. "The ruble's value declining will make it more difficult to export to Russia because the export goods will be more expensive in ruble value."

Turkey's textile manufacturing firms are experiencing similar issues to that of other producing nations such as Bangladesh. The Bangladesh Garments Manufacturers and Exporters Association (BGMEA) asked its members to proceed with caution when fulfilling orders from Russia, because of sanctions such as those relating to the SWIFT financial messaging system, which has shut out several Russian banks.

One Russian retailer, O'Stin, asked Bangladeshi manufacturer Patriot Group if it could pay for $30,000 in owed funds in Chinese yuan rather than in American dollars. LPP, a Polish retailer with stores in Russia, asked the maker to halt production.

The one saving grace for Turkey is that both Russia and Ukraine, despite the former's size and the proximity of both countries, still represent a small fraction of the country's total exports.

Turkish apparel exports to Russia accounted for 1.6 percent in total share ahead of the conflict, whereas exports to Ukraine had an even smaller 0.6 percent share. In total, IHKIB calculated $20.3 billion in total worldwide apparel exports.

The uncertainty surrounding Turkey's textiles industry comes as the country's government hosts continuing talks between Russian and Ukrainian officials in an attempt to negotiate a ceasefire. The most recent of the meetings was held Thursday in the southern city of Antalya, but no such progress has been made.

"Turkey will continue its efforts for a political resolution between Russia and Ukraine, and its ability to speak with both sides as a facilitator in search of a solution is important in the event the crisis deepens," Turkish President Recep Tayyip Erdogan told U.S. President Joseph Biden in a phone call after the meeting. "That the meeting even occurred was a diplomatic victory."

Source: sourcingjournal.com– Mar 11, 2022

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Sri Lanka tightens trade rules to boost currency reserves

The bank's moves include mandatory currency conversion for exporters of goods and services to change their foreign exchange earnings into Sri Lankan rupees.

Sri Lanka's Central Bank tightened trade restrictions on Saturday, ordering exporters to repatriate foreign exchange earnings within 180 days of transactions in a bid to improve country's depleting foreign exchange reserves.

Sri Lanka is tackling its worst financial crisis in over a decade, struggling to pay for critical imports including fuel, food and medicines and with just $2.31 billion of reserves.

The bank's moves include mandatory currency conversion for exporters of goods and services to change their foreign exchange earnings into Sri Lankan rupees.

"All licensed banks are required to strictly monitor receipts of goods to Sri Lanka," the central bank stated in a notification, adding that it "has the right to initiate action against non-compliance by any exporter or licensed banks".

The state-run oil company on Friday increased prices by 55 to 95 rupees (22-24 cents) per litre for most fuels to offset losses after Sri Lanka introduced a flexible exchange rate that saw the rupee plunge 30% to 260 rupees to the dollar.

Source: financialexpress.com– Mar 12, 2022

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Australia & South Korea to enhance cooperation on e-commerce

During a senior-level dialogue recently, Australia and South Korea agreed to enhance their cooperation on e-commerce and other digital trade issues, said South Korean industry ministry. The two countries also decided to share their policy measures on digital trade and to work closely on WTO's e-commerce negotiations and other discussions on regional digital trade norms.

Kim Wan-ki, chief of South Korea's trade policy bureau under the trade ministry, held a videoconference with Australia's first assistant secretary of the foreign and trade department Elisabeth Bowes.

Both the countries discussed a wide range of issues on digital trade, including trade norms, standards and the industry's transition to digital, according to a news agency report.

They also agreed to actively share related information and expand joint projects to seek new business chances in the digital sector and to help their industries' transition to digital.

"The two nations are like-minded partners that have similar policy goals and commitment under the changing global trade circumstances," the ministry said in a release.

Source: fibre2fashion.com– Mar 12, 2022

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Several global apparel & footwear brands halt Russian operations

Global brands including Nike, Mango, Inditex, H&M, Marks & Spencer, Ikea, Under Armour, Canada Goose, Puma, Boohoo Group, PVH Corp, Levi Strauss, Crocs, Skechers, Uniqlo, Mothercare, SMCP, LVMH, Hermès and Kering among many others have temporarily paused operations in Russia. E-commerce giant Amazon has also stopped all shipments to Russia.

Along with pausing operations in the country, many companies have also announced financial aid and operational assistance for Ukrainians affected by the war.

“Deeply concerned by the situation in Europe at this time, it’s with regret that we have taken the decision to temporarily close our stores in Russia and pause all our commercial activities. We will continue to stand by our local teams,” Hermès said in a post on its LinkedIn account.

“Due to growing concerns regarding the current situation in Europe, Kering is temporarily closing its stores in Russia for its Houses that the Group operates directly in the country,” Kering said on its Twitter account.

“LVMH has decided to make a first emergency donation of €5 million to support the International Committee of the Red Cross (ICRC) to help the direct and indirect victims of this conflict,” the group said in a statement.

“The war has had a huge human impact already. It is also resulting in serious disruptions to supply chain and trading conditions. For all of these reasons, the company groups have decided to temporarily pause Ikea operations in Russia,” Ikea said in a press release. Moreover, Ikea Foundation, funded by Ingka Foundation, donated €20 million for humanitarian assistance to those who have been forcibly displaced as a result of the conflict in Ukraine.

Levi Strauss is donating more than $300,000 to nonprofit organisations. The company and the Levi Strauss Foundation are giving $200,000 to the International Rescue Committee, which is helping to support individuals and families displaced by the conflict, while the company’s Beyond Yoga brand is giving $100,000 to CARE, which is responding to the immediate needs of the people of Ukraine, the company said in a media release.

"Uniqlo has made everyday clothing available to the general public in Russia too, as part of our mission. However, we have recently faced a number of difficulties, including operational challenges and the worsening of the conflict situation. For this reason, we will temporarily suspend our operations," Uniqlo, a wholly owned subsidiary of Fast Retailing, said in a statement. Uniqlo also announced a donation of $10 million and clothing through its longstanding global partnership with UNHCR.

Through Crocs Cares, Crocs has made a donation to UNICEF to support UNICEF's on-the-ground humanitarian efforts with a specific focus on addressing the needs of displaced children and families throughout the region, the company said in a media release.

Skechers USA has donated $250,000 in humanitarian aid to organisations on the ground in Ukraine and Poland, as well as matching employee donations up to an additional $250,000 to support the Ukrainian people, it said in a statement.

Source: fibre2fashion.com– Mar 12, 2022

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Philippines: Garments and textile exports seen rising to $1.5b this year

Garments, textile and apparel exports are expected to reach $1.5 billion in 2022, up from $1.052 billion in 2021, as the country remains on the radar of major buyers overseas despite the lingering pandemic and the Russia-Ukraine war, a trade group said over the weekend.

The Foreign Buyers Association of the Philippines said local industry players continued to receive orders, which other countries such as Vietnam, China, India and Bangladesh could not serve because of their minimum volume requirement.

“We will hit it [target] easily because we have all the orders right now on hand. We can now project that the $1.5 billion [exports volume] for 2022 yearend is just a walk in the park,” said FOBAP president Robert Young.

Young, the cPhilippine Exporters Confederation Inc. trustee for textile, yarn and fabric sector, said the industry should protect its track record of being the second largest exporter of garments and textile in Asia despite the supply chain problem.

The Ukraine-Russia crisis, however, may affect the industry’s target for 2022 because of the trade sanctions on Russia where the Philippines exports some products such as Levis and Inditex.

Industry data showed thatPhilippine shipments of apparel, textile and garments reached $1.052 billion in 2021. Garments and apparel exports hit $758 million, while textiles amounted to $294 million.

Young said shipments including the $200 million worth of finished goods that were ready to be shipped by the end of 2021 but remained at the port because of supply chain issues, the 2021 figure topped $1.2 billion.

“These goods only exited the port terminal facility last February,” he said.

“FOBAP, six months ago, had a projection that exports would be $1.2 billion. We hit it. We are very optimistic for the Philippine economy that the garments business improved as compared to previous year. [We] really saw an increase in percentage despite the pandemic,” he said.

The bulk or about 80 percent of the goods were shipped to the United States, while 20 percent went to the European Union, Australia, Canada and other ASEAN countries.

"Our aggressiveness [in marketing] is really there. We work 24/7. We are scouting for other orders which the other countries are not accepting due to the minimum [volume] requirement," he said.

FOBAP expressed hope that the next administration would implement a comprehensive, doable and sustainable roadmap to boost the textile and apparel industry.

"A serious consideration on the [revival of] nuclear power plant will finally solve our power cost, energy problem. That's number 1. Number 2, the wages must be somehow reexamined and restudied," Young said.

"There should also be a grant on tax deduction for export because this will somehow encourage the foreign investors to come in. The CREATE [Corporate Recovery and Tax Incentives for Enterprises] law is there, but it's not enough. We have to make an added feature attracting these foreign investors," he said.

Source: manilastandard.net– Mar 13, 2022

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Turkiye's apparel exports rise 5.52% in January 2022

Apparel exports from Turkiye increased by 5.52 per cent year-on-year in January 2022, according to the data from the Turkish Statistical Institute and the country's ministry of trade. During the first month of the current year, Turkiye exported apparel worth $1.418 billion, compared to exports of $1.344 billion during the corresponding period of 2021.

Category-wise, exports of knitted and crocheted clothing and accessories (HS chapter 61) earned $758.138 million in January 2022, registering a growth of 7.7 per cent over $585.836 million earned during the same month of the previous year.

Exports of non-knitted apparel and accessories (HS chapter 62) were valued at $816.434 million, showing an increase of 2.7 per cent compared to $601.721 million exports made in January 2021.

Among non-apparels, exports of cotton, cotton yarn and cotton textiles (HS chapter 52) shot up by 25.2 per cent to $203.659 million, compared to $162.691 million in the same month of the preceding year, the data showed.

Exports of old clothing and other textile articles and rags (HS chapter 63) also grew by 6.4 per cent year-on-year to $244.253 million during the period under discussion.

Meanwhile, Turkiye's imports of cotton, cotton yarn and cotton textiles (HS chapter 52) increased substantially by 117.5 per cent to $396.575 million, over $182.346 million in January 2021.

Source: fibre2fashion.com– Mar 11, 2022

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Vietnam adds preferential import-export tariffs for Peru from March 10

Preferential import and export tariffs for goods and commodities exported between Vietnam and Peru are applicable from March 10, as committed under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Vietnam issued a decree on that date amending and supplementing some regulations in a decree issued in 2019.

The 2019 decree governs the preferential export tariff and special preferential import tariff for implementation of the CPTPP from 2019 to 2022.

The 2019 decree was applied for six member countries—Australia, Canada, Japan, Mexico, New Zealand, and Singapore, ratifying the agreement as of June 26, 2019.

Last September, the CPTPP came into effect for Peru. Therefore, the government has issued the amendment, effective from March 10, according to Vietnamese media reports.

Source: fibre2fashion.com– Mar 14, 2022

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Bangladesh's FBCCI to set up trade centre in Dubai

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) will set up a trade centre in Dubai to boost bilateral trade and investment and strengthen business ties in the region. A memorandum of understanding was recently signed between FBCCI and the Bangladesh Business Council (BBC) of Dubai. BBC-Dubai will cooperate in setting up the trade centre.

FBCCI president Mohammad Jashim Uddin and founder president of BBC-Dubai Mohammed Mahtabur Rahman signed the MoU., according to Bangla media reports.

The trade centre will also offer various types of assistance to UAE businessmen interested in investing in Bangladesh.

Source: fibre2fashion.com– Mar 15, 2022

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Pakistan: Expanding trade

Special Adviser to the Prime Minister on Commerce, Textile, Industry and Investment Abdul Razak Dawood was recently reported as stating that trade with India was the need of the hour and beneficial to both countries. Legitimate political and human rights concerns aside, there is no doubt that the benefits of an open economy in general and free trade with our neighbours in particular are potentially significant. Every opportunity must be taken to explore these in a thoughtful manner and within the parameters of our obligations under the WTO, Safta, etc. However, as we develop expanded and mutually beneficial trading ties with India, it would be important to keep a few particular issues in mind.

To state the obvious, today's India is not that of even 10 years ago. Today's India, at least from an economic perspective, may be described as a corporatised state with policies benefiting a handful of large companies who seem to have an unusually strong affiliation with the ruling party. Domestic policies, such as in privatisation, tax rules, environmental legislation, farm laws, etc. appear to have been systematically aligned with their interests, as have decisions such as entry into regional trade arrangements like the Regional Comprehensive Economic Partnership. This has resulted in an unusual concentration of market share and ownership of key economic assets in particular and wealth in general over the last few years.

The playbook for these corporations is clear. They have successfully established dominant positions in key domestic sectors, are leveraging this to attract international expertise and capital keen to access the large Indian market via these 'gatekeepers' and will deploy these resources to fuel further expansion. They are used to successfully engaging leading multinationals, sovereign wealth funds, international lenders etc. in complex commercial discussions, often with overt and active state support.

This formidable combine of state and corporate will be the counter-party as Pakistan engages with India in trade. It is likely that our venerable commerce ministry may struggle to deal with them on even terms. It's interesting to note that China has somewhat similar dynamics in certain cases between the state and corporate sector. However, in that instance, the politics favours the economics of trade from Pakistan's perspective. This is unlikely to be the case as we construct enhanced trading ties with today's India.

Even assuming that a level playing field is negotiated, Pakistani branded products and services selling to India are likely to face significant non-tariff barriers. The unfortunate animosity in India at this time will be a formidable obstacle to any exports, although product standards, complex admi-nistrative requirements etc. may also be ad-ditional impediments. If the popularity of Indian movies is any indicator, Indian products are unlikely to face those obstacles in Pakistan, leading to a potentially significant adverse trade balance against us.

That does not mean we should not engage in trade talks. On the contrary, any measure that helps build mutual prosperity for the people of India and Pakistan is to be encouraged. However, we should do so in a professional manner with a clear understanding of our counter-party's strategy and capabilities. We should conduct negotiations keeping the political realities of our region in mind and focus on areas that can deliver rapid, tangible results rather than interminable rounds of discussions.

A positive example is agriculture, where Pakistan can build on the Kartarpur model by providing trade corridors to selected local markets for Indian farmers. The relatively small distances between product and market, similar trade practices, dense and integr-a-ted road networks, common local language etc. will fa--cilitate cross-bord--er trade. We would also be acting from a position of relative parity. While India is overall a much larger economy than Pakistan, Pakistan is a large, attractive market for farmers in neighbouring Indian Punjab and Haryana. It may actually be a Lahore-Amritsar affair, with the provincial governments taking the lead in organising this.

Such trade could reduce our food inflation quickly, provide additional markets to Indian farmers, facilitate people-to-people contacts, be relatively simple to administer, require little/no investment and build confidence for further engagement in other sectors. Pakistan, in turn, can reciprocate through export of surplus cement, molasses etc. There are other examples of what can be done. We should all wish Mr Dawood and his team the best of luck in developing these and constructing mutually beneficial trade agreements with our neighbours.

Source: dawn.com– Mar 15, 2022

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NATIONAL NEWS

Exports cross $380 b so far; likely to hit $410 b in FY22: Piyush Goyal

The country's merchandise exports have reached over $380 billion so far this fiscal till March 7 and are expected to reach $410 billion in 2021-22, Commerce and Industry Minister Piyush Goyal said on Friday.

He also said that India and Canada have formally re-launched negotiations for a free trade agreement, which is officially dubbed as the Comprehensive Economic Partnership Agreement (CEPA).

"As of March 7, 2022, our exports are over $380 billion and well poised to cross $400 billion and probably closing the year at $410 billion on merchandise. We will have a record services exports upward of $240 billion," Goyal said at a dinner hosted in honour of his Canadian counterpart Mary Ng.

Talking about the India-Canada relationship, he said this economic partnership will strengthen efforts to take economic ties to the next level.

"This will help generate jobs, help each other in times of need and work with each other in several international forums...We have over 7,00,000 persons of Indian origin in Canada today, slated to go up to 1.4 million in the next few years....," Goyal said.

India-Canada CEPA

He also urged the Canadian minister to be a "little more liberal" while negotiating the trade agreement. The minister also sought investments from Canada in areas like infrastructure and manufacturing.

The Canadian minister said that huge opportunities are there in India for businesses.

"We already have strong people to people ties," she said, adding Canadian businesses have invested about $65 billion in India, which reflects the potential here.

"I am looking forward for doing more work on this front," the minister said.

Mary Ng added that Canada is also pursuing a Foreign Investment Promotion and Protection Agreement (FIPA) with India.

"We have seen an incredible flow of investments from Canada even without that," she said, adding FIPA would further help strengthen and create confidence among Canadian investors.

Talking about the current global situation, she said: "I do think that we should acknowledge the circumstances in which we meet, which are quite difficult".

Impact of Russia-Ukraine war

"The Russian invasion of Ukraine is a threat to world peace and Canada unequivocally condemns this...Invasion is a challenge to the rule-based international order and Canada has a very vibrant Ukrainian Canadian community....so the current events that are taking place are profoundly felt in homes and communities across Canada. Alongside allies, Canada stands against authoritarianism and with a democratic Ukraine now and in the future," she said.

External Affairs Minister S Jaishankar said the challenges that the world order is facing require really not just a political response but an economic response as well.

He said that "globally, we have today more than a million students. The maximum number of students we have anywhere in the world today is in Canada".

"If you look at the big issues of the day, I really see a very strong convergence between us...Opportunities are there," he added.

He noted that business would help in further strengthening the relationships between the two countries.

Source: thehindubusinessline.com – Mar 12, 2022

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India's exports rise 25% YoY in February; trade deficit at $20.8 billion

Outbound shipments grew by a fourth year-on-year (YoY) with India exporting goods worth $34.57 billion in February, led by higher demand for petroleum products and engineering goods, the final trade data released by the commerce and industry ministry showed.

However, the trade deficit widened to $20.88 billion, after hitting a five-month low in January as the value of imported goods rose mainly due to the ongoing conflict between Russia-Ukraine and a rise in commodity prices.

Trade deficit was $15.1 billion in February last year and at $17.42 billion a month ago.

Imports, on the other hand, witnessed a 35 per cent jump YoY with shipments worth $55.45 billion coming into the country. Inbound shipments were led by petroleum and crude products, electronic goods and pearls, precious, and semi-precious stones.

Going ahead, experts said, the trade deficit could further widen, amid soaring international crude oil prices due to the ongoing geopolitical tensions.

"Import of petroleum crude and products account for 26 per cent of total imports as of April-February 2022. This is similar to the share that was prevailing in the pre-pandemic year 2019-20. While this is not an alarming ratio, the continuous growth in international crude prices would dent our balance of trade next year," said Prahalathan Iyer, chief general manager (research & analysis) at India Exim Bank.

"With a much sharper YoY growth in non-gold imports relative to aggregate merchandise exports, the merchandise trade deficit rose to $20.9 billion in February 2022 from $13.1 billion in the year-ago month.

While higher commodity prices will inflame imports in March 2022, the volume of oil imports will play a key role in determining the size of the trade deficit. We expect the trade deficit to remain higher than $20 billion in this month," said Aditi Nayar, chief economist at ICRA.

Nayar said a sharp rise in the trade deficit can result in the current account deficit (CAD) crossing 3 per cent in the third quarter of FY22, for the first time since the June 2013 quarter, before receding somewhat in the ongoing quarter.

“For FY23, we project the CAD at 2.8 per cent of gross domestic product if the crude oil price averages at $115/barrel, the likelihood of which will crucially depend on the duration of the geopolitical tensions,” she said.

As far as outbound shipments are concerned, during the first 11 months of the current fiscal year, goods worth $374.81 billion were exported, meeting over 93 per cent of its annual target of $400 billion in FY22.

Federation of Indian Export Organisations President A Sakthivel said merchandise exports are on course to exceed the $400-billion milestone, as monthly exports have crossed the $30-billion mark for the 11th consecutive month during the fiscal year.

Source: business-standard.com– Mar 15, 2022

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India, Canada agree to consider interim trade deal

While no timeframe has been given for hammering out the interim pact, official sources indicated that it could be concluded as early as in six-nine months. This will be followed up with the broader FTA.

India and Canada have agreed to resume negotiations for a free trade agreement (FTA) and are eying an interim trade deal to bolster bilateral commerce.

The move came after commerce and industry minister Piyush Goyal held talks with his Canadian counterpart Mary Ng here on Friday, as part of the fifth ministerial dialogue on trade & investment.

While no timeframe has been given for hammering out the interim pact, official sources indicated that it could be concluded as early as in six-nine months. This will be followed up with the broader FTA.

Both the countries have now decided to expedite the negotiations for the India-Canada Comprehensive Economic Partnership Agreement (CEPA), as the FTA will be formally called, which was stalled for a long time.

Both the sides are now considering an Interim Agreement or Early Progress Trade Agreement (EPTA) that could bring early commercial gains to both the countries, according to a statement by the Indian commerce ministry.

"Both countries agreed to undertake intensified work with respect to the recognition of Canada's systems approach to pest risk management in pulses and market access for Indian agriculture goods such as sweet corn, baby corn and banana etc," the ministry said.

The interim deal could include high-level commitments in goods, services, rules of origin, technical barriers to trade, and dispute settlement.

The negotiations are a part of India's broader strategy to sign "balanced" trade agreements with key economies and revamp existing pacts to boost trade.

The move gained traction after New Delhi pulled out of the Beijing-dominated RCEP talks in November 2019.

India's merchandise exports to Canada rose 25% until January this fiscal from a year before to $3 billion, while Canada's rose 10% to $2.6 billion.

Major Indian exports to Canada include drugs and pharmaceuticals, iron & steel, marine products, cotton fabrics & readymade garments (RMG) and chemicals etc, while key Canadian exports to India comprise pulses, fertilizers, coal and crude petroleum, etc.

Source: financialexpress.com – Mar 12, 2022

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Interim FTA with Australia likely on 21 Mar

India and Australia are likely to sign an interim free trade agreement (FTA) on 21 March, which may allow easier market access for Indian pharmaceutical products, besides duty concessions on gems and jewellery and textiles, said three people aware of the development.

The mini trade pact may also offer some concessions in the fields of education, tourism, health and renewable energy. Australia is likely to get tariff cuts on premium wines that do not compete with domestic winemakers. “The negotiations are at an advanced stage and the sides are hopeful of finalizing them by 21 March. It will also make way for a comprehensive free trade pact, the negotiations for which will begin after inking the early-harvest agreement," one of the two people, a government official, said seeking anonymity.

Indian pharma and medical products, which have received approval from authorities of other developed nations such as the US, UK, the EU, Canada and Japan, are likely to get regulatory approval within 90 days. The terms of agreement are similar to the just- concluded deal with the UAE.

Mint reported on India pressing for preferential market access for drugs and pharma products during the FTA talks with Australia and the possibility of an interim deal being finalized in a few weeks.

India is negotiating a mutual recognition agreement (MRA) for pharmaceutical products as a part of the pact. New Delhi had sought faster and easier clearance for generic pharma products, that are approved by developed countries. “We are hoping the pharma sector will get easier access under the early-harvest agreement with Australia. It is one of the biggest hurdles for the pharma sector," said an industry executive, who also did not want to be named. Australia accounts for 1.63% of New Delhi’s total outbound pharmaceutical shipments.

Queries emailed to spokespersons of the Australian High Commission and the commerce and industry ministry did not elicit a response till press time. “New Delhi may be willing to lower tariffs on Australian wines over a certain monetary threshold, as it will not affect low-cost Indian wines," said a second executive seeking anonymity. India currently imposes 150% tariff on alcoholic beverages. Australia is the sixth-largest wine producer and the fourth largest wine exporter in the world. The Indian market is nascent, but growing.

The India-Australia interim trade deal follows the Supply Chain Resilience Initiative by India, Japan and Australia to reduce dependence on China. The deal is also aimed at bridging the trade gap between New Delhi and Canberra, which has more than doubled to $6.46 billion in favour of Australia, from $2.46 billion in 2020-21.

While India's exports surged 101% in the April to December period, its imports were 130% higher compared to the year-ago period. "We are expecting duty for apparel to be lowered because Australia is looking to shift away from China for its needs owing to deteriorating relations," Narendra Goenka, chairman, Apparel Export Promotion Council, said.

Source: livemint.com – Mar 14, 2022

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PLI scheme for textiles attracts 67 companies; RIL, Arvind, Bombay Dyeing, Welspun among applicants

The government had extended, for a second time, the deadline for applying for incentives under this scheme to give more time to companies to weigh their investment plans. Interested firms were allowed to submit their applications until February 28.

As many as 67 companies have applied for support under the Rs 10,683-crore production-linked incentive (PLI) scheme for the textiles and garment sector, pledging investments of around Rs 23,000 crore, textiles secretary UP Singh said on Saturday.

Singh didn't reveal the names of potential investors but sources told FE that the applicants include Reliance Industries, Arvind Group, Welspun, IndoRama Synthetics, Bombay Dyeing, Vardhman Group, Trident and Shahi Exports. "The who's who of the textile and garment industry has expressed interest in the scheme. The list of beneficiaries will be out soon," said one of the sources. The textile ministry's initial target was to draw 60 firms, he added.

Singh said the investments committed by the applicants have exceeded the government's expectations of over Rs 19,000 crore. The textile PLI scheme covers 40 man-made fibre (MMF) garments, 14 MMF fabric products and 10 technical textile items. "We have taken a number of steps to promote growth of the technical textile sector. There has been a very good response for the PLI scheme," Singh said at a CII event.

The government had extended, for a second time, the deadline for applying for incentives under this scheme to give more time to companies to weigh their investment plans. Interested firms were allowed to submit their applications until February 28.

Under the scheme, incentives will be extended for five years. It will remain operational until 2029-30.

The scheme is open to two categories of investors. Those who will invest at least Rs 300 crore will be eligible for a 15% incentive in the first year if they achieve a turnover of Rs 600 crore or more.

Similarly, those investing at least Rs 100 crore will get 11% in the first year if their turnover hits Rs 200 crore or more. After the first year, both the categories of investors will have to show a 25% incremental turnover annually. But the benefits will drop by 100 basis points with each passing year in both the cases.

This PLI scheme has marked a paradigm shift in the government's decision-making on two counts. First, it earmarks big bucks for big companies, shedding its long and costly bias towards small businesses. Second, it seeks to correct India's historical policy preference for a cotton-dominated value chain, which is contrary to the global trend. The idea is to reclaim India's export markets after ceding substantial ground to Bangladesh and Vietnam in recent years.

Even before the pandemic struck, India accounted for 4.3% (or $35.5 billion) of global exports of textiles and apparel in 2019 but its share in the man-made fibre segment was much lower at 2.8% ($9.3 billion). In fact, products based on man-made fibres made up for only 26% of India's textiles and garments exports, compared with almost 50% in China and 49% in Vietnam.

Source: financialexpress.com – Mar 13, 2022

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India's merchandise exports likely to be at $111.3 bn in Q4 FY22: Exim

The country's merchandise exports are likely to be at USD 111.3 billion in the fourth quarter of the current fiscal, according to a forecast by India Exim Bank.

Non-oil exports are expected to be at USD 95.2 billion in Q4 FY22, with total merchandise outbound shipment exceeding USD 414 billion for FY 2022, it said on Friday.

"We forecast India's total merchandise exports to continue to cross the USD 100 billion mark for the third consecutive quarter in a row, amounting to USD 111.3 billion, growing at 23 per cent, and non-oil exports to amount to USD 95.2 billion, growing at 15.8 per cent, during the fourth quarter (January-March) of 2021-22," the bank said.

This compares to USD 90.4 billion and USD 82.2 billion of total exports and non-oil exports, respectively, for the corresponding quarter of the previous year.

The rise in India's exports could be attributed largely to the continued global growth momentum and the resultant increase in global import demand, along with favourable global commodity prices, it said.

The development finance institution, however, said that the growth forecast may be subject to commodity price volatility, and uncertainties in the global economy mainly driven by the current geopolitical tension.

Source: business-standard.com – Mar 11, 2022

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Govt in talks with sectors impacted by ongoing Russia-Ukraine conflict

The government is analysing the sectoral impact of the ongoing Russia-Ukraine conflict and is holding consultations with the industry bodies to understand the pain points, a senior government official said.

“We are analysing the sectors that will be impacted. We have already held a couple of meetings on that. The conflict will have a negative impact on the economy. On the other hand, it will create some opportunities for industry to substitute finished goods earlier supplied by Russia and Ukraine. We have had one round of discussion with the industry to assess the impact. We have asked them to analyse the data and get back to us,” the official told Business Standard.

On allowing rupee-ruble trade, the government official said it is just a matter of time. “It was facilitated during the Iran conflict also. It is a logical thing to do,” he said.

An industry official said that as far as manufactured goods are concerned, Indian exporters can have an advantage over the supplies from Russia to European nations. In 2020, Russia supplied more than $500 billion worth of goods to Europe.

“We are looking at what Russia exports to Europe and can be supplied by us (India). These include items such as petroleum products, iron and steel, engineering, plastic, rubber, paper products, as well as organic and inorganic chemicals, where we can take advantage,” the official said.

“We have started getting orders of iron and steel and petroleum products from Europe. Reconstruction of Ukraine will also take time, and India can take advantage of that. (Going ahead), we expect more orders from Europe,” the official cited above said.

Europe is also the biggest export market for India, with a share of a fifth of total exports from India. During the first three quarters of the current fiscal, India exported goods worth $60.3 billion to Europe.

Another representative said the industry has already informed the government about their key concerns pertaining to the risk of higher inflation as well as the ongoing conflict's impact on exports.

"The first concern is regarding the impact of the rising crude oil price on inflation. The government has made it clear that the economy is resilient at the moment and that the Reserve Bank of India is well aware of the matter and they will take care of it. Another concern flagged to the government was how exports are getting affected. Government officials said a call will be taken as the situation evolves," the official said, requesting anonymity.

Source: business-standard.com – Mar 12, 2022

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Digital economy will jump to $800 billion by 2030: FM Nirmala Sitharaman

The minister said the recent Budget has announced the setting up of as many as 75 digital banking units across the country. This will further drive the digital economy.

Finance minister Nirmala Sitharaman on Friday said rising internet penetration, growing income and the high number of young people will likely drive up the size of India's digital economy to as much as $800 billion by 2030.

The country's digital economy was worth about $85-90 billion in 2020, according to an estimate by consulting firm RedSeer.

Highlighting India's fast-expanding fintech eco-system, Sitharaman said of the 6,300 fintechs, 28% are into investment technology, 27% into payments, 16% into lending and 9% into banking infrastructure. She was speaking virtually at an event organised by the IIT Bombay Alumni Association.

She also stressed the growing number of retail investors in India on the back of several steps initiated by the government to ensure smooth and easy access to the stock markets. Consequently, the number of retail investor accounts has almost doubled, from about 45 million in March 2016 to 88.2 million in March 31 2021, she added.

The minister said the recent Budget has announced the setting up of as many as 75 digital banking units across the country. This will further drive the digital economy.

Presenting the Budget for FY23, the finance minister had said digital banking, digital payments and fintech innovations have grown at a rapid pace in the country. "Government is continuously encouraging these sectors to ensure that the benefits of digital banking reach every nook and corner of the country in a consumer-friendly manner," she said.

Source: financialexpress.com – Mar 12, 2022

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Many states request GST compensation extension beyond 5 years: FM

Many states have requested extension of the compensation mechanism under the GST beyond June 2022, Finance Minister Nirmala Sitharaman said on Monday. Under the Goods and Services Tax (GST) law, states were guaranteed to be compensated bi-monthly for any loss of revenue in the first five years of GST implementation from July 1, 2017.

The shortfall is calculated assuming a 14 per cent annual growth in GST collections by states over the base year of 2015-16. The 5-year period ends in June 2022. The compensation amount to be paid from the compensation fund is arrived at by levying cess on top of the highest tax slab on luxury, demerit and sin goods.

In a written reply in the Lok Sabha, Sitharaman said the central government is committed to giving GST compensation to states/UTs for 5 years as per the Constitutional provision.

To a query whether the government has received proposals from state governments requesting extension of compensation mechanism for another five years in view of difficulties caused by the pandemic, she said "Yes Sir. Many states have requested for extension of the compensation period during the deliberations in GST Council and in letters addressed to the central government".

GST compensation for financial years 2017-18, 2018-19 and 2019-20 has already been paid to states.

Since collections in the compensation fund are falling short of requirement, for 2020-21 and 2021-22, the Centre has borrowed funds worth Rs 1.10 lakh crore and Rs 1.59 lakh crore, respectively and passed it on to states as back-to-back loans.

The compensation cess, levied on luxury and demerit goods, will continue to be collected till March 2026 to repay the borrowings that were done in 2020-21 and 2021-22 to compensate states for GST revenue loss.

Source: business-standard.com– Mar 14, 2022

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Strong double-digit growth likely for India's e-commerce and consumer internet sector: IVCA-EY report

Indian E-commerce and Consumer Internet Sector are expected to see strong double-digit growth in the coming days on the back of the emergence of a new generation of entrepreneurs who are building world-quality platforms and products, a new IVCA-EY report has said.

This growth is also being driven by the strong support from the central Government through initiatives such as Startup India, Digital India, and Aatamanirbhar Bharat as well as focus on building a favourable regulatory environment, this India Trendbook 2022 report launched at recent IVCA Conclave 2022 added.

It also highlighted that India is becoming a unicorn hub, led by e-Commerce and internet start-ups. Indian start-up ecosystem saw 46 unicorns in 2021, more than doubling the total number of unicorns to 90. Two months into 2022, India already has nine unicorns in the country, out of which four are E-commerce and Internet companies, the report added.

The report also said that India is poised to be among the leading e-commerce and consumer internet markets globally in the next few years both by being a leading consumer of Internet-based products and services, as well as the leading producer of companies catering to these demands and competing at a global level.

The industry players have been leveraging innovative methods of service and product delivery to the consumers and with evolving consumption models, this trend to expected to continue.

They are leveraging innovative business models (subscription, on-demand), coupled with next-gen tech (AI, ML, blockchain) to solve unique challenges in a differentiated manner
E-commerce and Consumer Internet companies are not only looking to drive broad-based growth from within the country but are also expanding into international markets, creating global brands from India.

Indian brands across segments such as B2C e-commerce and travel and hospitality are already expanding across Southeast Asia and Middle East, creating a global presence.

As companies expand into newer markets, they are collaborating to create a digital ecosystem offering a network of integrated services and offerings to create a one-stop-shop experience for customers, according to the report.
The e-commerce and Internet sector in India has seen phenomenal growth in recent years, as some segments such as B2C e-commerce, payments and hyperlocal continue to mature while others such as agritech, social commerce are rapidly scaling.

Another indication of the maturing digital ecosystem in the industry is the increase in speed with which start-ups are turning unicorns. While start-ups founded in or before 2011 took 9.3 years on an average to become a unicorn, those founded in or after 2012 took an average of 4.8 years to enter the billion-dollar club. The year 2021 also saw one of the fastest unicorns ever, with B2C e-commerce firm turning unicorn in six months, the report added.

Source: financialexpress.com – Feb 24, 2022

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IIP grew 1.3 per cent in January on base effect

The National Statistical Office (NSO) on Friday reported that industry grew by 1.3 per cent in January as against 0.7 per cent growth in December and 0.6 per cent of de-growth in January last year.

However, experts say growth is mainly because of the base effect. Also, on a sequential basis (month-on-month) , there is no growth. They do not expect much growth in coming months.

The data reflects the growth in January was mainly on account of improved performance of mining and manufacturing sectors. The growth in the mining sector was 2.8 per cent against a contraction of 2.4 per cent in January, 2021. The manufacturing sector expanded by 1.1 per cent in January, compared to a contraction of 0.9 per cent in the year-ago month.

However, growth in power generation decelerated to 0.9 per cent against an expansion of 5.5 per cent in January 2021. In the April-January period, the IIP growth stood at 13.7 per cent against a contraction of 12 per cent in the corresponding period of 2020-21.

Aditi Nayar, Chief Economist with ICRA said that in line with previous trends, the sequential dip in manufacturing was smaller than the decline in GST e-way bill generation between December 2021 and January 2022, confirming the agency's view that the third wave had a larger impact on mobility, as well as contact-intensive services, than the manufacturing sector. Accordingly, she said, "we expect the jump in manufacturing to be smaller in February than the spike in the daily average GST e-way bill generation to a fresh all-time high."

The disaggregated IIP data was rather mixed, with two use-based categories reporting a contraction (capital goods and consumer durables) in January and they displayed a deterioration in the YoY performance relative to the previous month (consumer durables and primary goods).

Relative to the pre-Covid level of January 2020, the IIP displayed a mild 0.7 per cent rise, with lower output of consumer durables and non-durables as well as capital goods imposing a drag.

Capital goods output has sustained a contraction for the fourth consecutive month, although its pace eased in January 2022. However, the pickup in growth of infrastructure/construction goods in January is promising after the contraction in construction GVA in Q3 FY2022.

Rajani Sinha, Chief Economist with Knight Frank India said that the recovery in January industrial production is uneven and is partly supported by the base effect. The momentum in manufacturing sector is positive for the economy. However, the persisting contraction in the capital goods production, which is a barometer of investment demand, indicates a weakness in private investments. Furthermore, “consumption demand in the economy continues to remain weak as indicated by the continual contraction in consumer durables. This will be a concern for the RBI amidst inflation worries,” she said.

According to Nayar, despite the easing of restrictions after the subsiding of the third wave, high frequency indicators point to a mixed trend in February. “Manufacturing is unlikely to rise as much as the surge in the daily average GST e-way bill generation in February 2022, especially given the weaker performance of the auto sector. With the modest uptick in electricity demand growth, amidst a dip in the YoY performance of Coal India Limited, we expect the IIP growth to remain sub-2 per cent in February,” she said.

Source: thehindubusinessline.com– Mar 12, 2022

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Now is the time to maximise investments in textile industry: Minister

Minister of State for Textiles Darshana Vikram Jardosh on Saturday said that it is the right time to maximise investment, employment, and women's participation in the textiles industry.

Speaking at a conference on technical textiles organised by the Ministry of Textiles in partnership with Confederation of Indian Industries (CII) the minister also said highlighted the importance of technical textiles for boosting the economy of the country and its potential to contribute to 'Atmanirbhar Bharat' mission through various flagship missions and schemes of the Centre.

Jardosh said that Indian market in technical textiles has enormous scope to grow further and capture the global market on the back of the National Technical Textiles Mission, PLI, and PM MITRA schemes.

Speaking at the event V.K. Saraswat, Member of NITI Aayog stressed on various factors to drive the domestic technical textiles market including rising incomes, expanding infrastructure and construction, growing healthcare, and increasing global market, among others.

K. Vijay Raghavan, Principal Scientific Advisor, Government of India highlighted the vital role of innovative solutions and research and development (R&D) in driving the technical textiles market in India under its flagship programme National Technical Textiles Mission (NTTM) during his special address.

He was of the view that in coming years various environmental issues will lead to rising in temperatures up to 50 degrees celsius, scarcity of drinking water, and other environmental hazards, and therefore, a proactive roadmap may be thought up for bringing up new high-end low-cost technological interventions in the application areas of technical textiles addressing the issue.

U.P. Singh, Secretary, Ministry of Textiles said that India positioned itself as the fifth largest market with $20 billion size and an annual average growth rate of 8%.

With rapid industrialisation, fast growth in infrastructure, increasing automobile production, rising demand from healthcare sector, increasing interest in sports and fitness activities, awareness towards personal hygiene and sanitation, the growth of technical textiles in India is expected to remain sustained level for the next decade, he said.

He added that the Centre is making all efforts to promote technical textiles including mandatory use of 92 items by government organisations covering agriculture, horticulture, highways, railways, water resources, and medical applications, 100 new Indian Standards in the pipeline, and introduction of six new courses and another new 20 courses are under preparation in technical textiles.

Source: livemint.com– Mar 12, 2022

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Retail business grows 10% in February this year: RAI

Retail business in India grew 10 per cent in February this year compared to the sales level in the same month last year, signalling that the sector is inching towards normalcy, RAI said on Monday. According to the latest business survey by the industry body Retailers Association of India (RAI), the rise witnessed last month marks a growth of 6 per cent compared to February 2020.

Retail businesses across regions have indicated growth in February 2022, with sales in West India growing 16 per cent against the same month last year, RAI said in a statement.

East India saw a growth of 4 per cent against the year-ago month, while North India grew 17 per cent as compared to February last year. Similarly, South India also witnessed a growth of 4 per cent against February last year, it added.

Commenting on the findings, RAI CEO Kumar Rajagopalan said, "While the data shows that retail businesses are inching towards normalcy, we need to consider that the growth shown is not adjusted to inflation and the possibility is that some categories are yet to get back quantitative growth".

RAI said most categories are now indicating growth in business generated in February 2022 as compared to the previous two years.

Categories such as consumer durables and electronics, food and groceries and QSR have indicated rapid year-on-year growth of 28 per cent, 19 per cent and 16 per cent, respectively, it added.

Apparels and footwear categories have also indicated double-digit growth with a steady decline in the rate of COVID-19 cases.

"Since most states have now lifted restrictions on store timings and retail operations, one can expect some sense of normalcy to return. However, inflation and the war situation in Ukraine will have some impact on business positivity," RAI said.

Source: economictimes.com– Mar 14, 2022

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Demand for PC yarn likely to pick up this week in north India

After witnessing volatility at the beginning of this week, polyester-cotton (PC) yarn and acrylic yarn prices remained stable in the remaining part of last week. However, traders are expecting demand to improve this week in north India, taking cues from southern markets of Mumbai and Tiruppur which saw better trade activities over the last few days.

It is to be noted here that the entire man-made yarn and PC yarn market is sandwiched between costlier crude based raw material and sluggish demand from downstream industry. Though the price of crude oil has declined from its recent highs, it is still hovering at very high level. On Friday, Brent crude futures, the global oil benchmark, rose 1.94 per cent to $111.45 per barrel. Skyrocketed crude oil was disrupting pricing structure of PSF value chain because of costlier intermediatory products like PTA, MEG and MELT.

Ashok Singhal, a broker from Ludhiana, told Fibre2Fashion that the prices of PC yarn and acrylic yarn were hovering at previous levels, but trading activities are improving.

Ludhiana, India's most prominent man-made yarn market, recorded stable man-made yarn prices on Saturday. 30 count PC combed yarn (48/52) was sold at ₹270-280 per kg (GST extra). 30 count PC carded yarn (65/35) was priced at ₹235-240 per kg and 20 count PC (recycled-O/E) PSF yarn (40/60) was traded at ₹170-180 per kg, according to Fibre2Fashion's market insight tool TexPro. Acrylic NM (2/48) was priced at ₹315-320 per kg and acrylic NM (2/32) at ₹265-270 per kg. PSF was priced at ₹123 per kg. PSF's raw materials were sold as PTA ₹93 per kg, MEG ₹65 per kg, and MELT ₹103 per kg.

Source: fibre2fashion.com– Mar 14, 2022

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Unemployment rate at 12.6% in April-June 2021: NSO survey

Unemployment rate for persons of age 15 years and above in urban areas dipped to 12.6 per cent in April-June 2021 from 20.8 per cent in the same month of the previous year, showed a periodic labour force survey by the National Statistical Office (NSO).

Joblessness or unemployment rate (UR) is defined as the percentage of unemployed persons in the labour force.

The joblessness was high in April-June in 2020 mainly due to the impact of lockdown restrictions in the country which were imposed to curb the spread of deadly coronavirus.

The unemployment rate for persons of age 15 years and above in January-March 2021 was 9.3 per cent in urban areas, the 11th Periodic Labour Force Survey (PLFS) showed.

It also showed that unemployment rate among females (age 15 years and above) in urban areas also declined to 14.3 per cent in April-June 2021 from 21.1 per cent a year ago. It was 11.8 per cent in January-March 2021.
Among males, the UR in urban area also dipped to 12.2 per cent in April-June 2021 compared to 20.7 per cent a year ago. It was 8.6 per cent in January-March 2021.

Labour force participation rate in CWS (current weekly status) in urban areas for persons of 15 years of age and above was 46.8 per cent in the April-June quarter of 2021, up from from 45.9 per cent in the same period a year ago. It was 47.5 per cent in January-March 2021.

Labour force refers to the part of the population which supplies or offers to supply labour for pursuing economic activities for the production of goods and services and therefore, includes both employed and unemployed persons.

NSO launched PLFS in April 2017. On the basis of PLFS, a quarterly bulletin is brought out giving estimates of labour force indicators namely UR, Worker Population Ratio (WPR), Labour Force Participation Rate (LFPR), distribution of workers by broad status in employment and industry of work in Current Weekly Status (CWS).

The estimates of unemployed persons in CWS give an average picture of unemployment in a short period of seven days during the survey period.

In the CWS approach, a person is considered unemployed if he/she did not work even for one hour on any day during the week but sought or was available for work at least for one hour on any day during the period.

Labour force according to CWS is the number of persons either employed or unemployed on an average in a week preceding the date of survey. LFPR is defined as the percentage of population in the labour force.

WPR (in per cent) in CWS in urban areas for persons of age 15 years and above stood at 40.9 per cent in April-June 2021, down from 36.4 per cent in the same period a year ago. It was 43.1 per cent in January-March, 2021.

Ten quarterly bulletins corresponding to the quarter ending December 2018 to the quarter ending March 2021 have already been released.

Source: economictimes.com– Mar 14, 2022

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INCREASING EMPLOYMENT OPPORTUNITIES IN MSMEs

As per the information received from Ministry of Statistics & Programme Implementation, share of MSME Gross Value Added (GVA) in All India GDP at current prices for the year 2019-20 was 30.0%. State wise break up of persons employed in MSMEs which are registered on Udyam Portal of the Ministry and incorporated during last 5 years are attached as Annexure.

COVID-19 epidemic has temporarily affected various sectors including Micro, Small and Medium Enterprises in the country including their employment. As MSMEs are present in both formal and informal sector, data regarding temporary or permanent loss of jobs in MSME sector are not maintained by the Government of India in Ministry of Micro, Small and Medium Enterprises (MSME).

The Ministry of Micro, Small and Medium Enterprises (MSMEs) implements various schemes to increase employment opportunities of MSME sector in the country. These includes Prime Minister Employment Generation Programme (PMEGP), Micro and Small Enterprises-Cluster Development Programme (MSE-CDP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE).

Government has taken a number of initiatives under Aatma Nirbhar Bharat Abhiyan to support the MSME Sector in the country especially in Covid-19 Pandemic.

- Rs 20,000 crore Subordinate Debt for MSMEs.
- Rs 3 lakh crores Collateral free Automatic Loans for business, including MSMEs (existing overall guarantee limit under ECGLS has been enhanced from Rs. 4.5 lakh crore to Rs. 5 lakh crore).
- Rs. 50,000 crore equity infusion through MSME Fund of Funds.
- New revised criteria for classification of MSMEs.
- New Registration of MSMEs through 'Udyam Registration' for Ease of Doing Business.
- No global tenders for procurement up to Rs. 200 crores, this will help MSME. Click here for more details

Source: pib.gov.in– Mar 14, 2022

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GDP Growth and Employment

As per the Quarterly Periodic Labour Force Survey (PLFS) report for urban sector (available till March 2021) released by Ministry of Statistics & Programme Implementation (MOSPI), during the COVID-19 pandemic, the unemployment rate for urban sector rose to 20.8% and GDP also contracted to - 23.8% (at constant prices) in the first quarter of 2020-21. With the revival of economy in the subsequent quarters of 2020-21, the unemployment rate showed a recovery to 9.3% along with GDP recovered to 1.6% (at constant prices) during the last quarter of 2020-21.

Further, as per quarterly PLFS report, the Worker Population Ratio (WPR) which went down to 36.4% during first quarter of 2020-21 also recovered to 43.1% during the last quarter of 2020-21.

Employment generation coupled with improving employability is the priority of the Government. Accordingly, the Government of India has taken various steps for generating employment in the country. The Government of India has announced Aatmanirbhar Bharat package to provide stimulus to business and to mitigate the adverse impact of Covid 19. Under this package, the Government is providing fiscal stimulus of more than Rs. Twenty Seven lakh crore. This package comprises of various long term schemes/ programmes/ policies for making the country self-reliant and to create employment opportunities.

Aatmanirbhar Bharat Rojgar Yojana (ABRY) has been launched with effect from 1st October, 2020 as part of Atmanirbhar Bharat package 3.0 to incentivize employers for creation of new employment along with social security benefits and restoration of loss of employment during Covid-19 pandemic. This scheme being implemented through the Employees' Provident Fund Organisation (EPFO), seeks to reduce the financial burden of the employers and encourages them to hire more workers. The terminal date for registration of beneficiaries has been extended from 30.06.2021 to 31.03.2022. Benefits have been provided to 50.81 lakh beneficiaries through 1.33 lakh establishments till 28.02.2022.

Pradhan Mantri Mudra Yojana (PMMY) is being implemented by the Government for facilitating self-employment. Under PMMY, collateral free loans upto Rs. 10 lakh, are extended to micro/small business enterprises and to individuals to enable them to setup or expand their business activities. Upto 04.03.2022, 33.91 crore loans were sanctioned under the scheme.

Government had launched the Garib Kalyan Rojgar Abhiyaan (GKRA) of 125 days on 20th June, 2020 to boost employment and livelihood opportunities for returnee migrant workers and similarly affected persons including youth in rural areas, in 116 selected districts across 6 States of Bihar, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh. The Abhiyaan has achieved an employment generation of 50.78 crore person days with a total expenditure of Rs. 39,293 crore.

PM GatiShakti is a transformative approach for economic growth and sustainable development. The approach is driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure. This approach is powered by Clean Energy and Sabka Prayas leading to huge job and entrepreneurial opportunities for all.

The Government has put emphasis on railways, roads, urban transport, power, telecom, textiles and affordable housing amid continued focus on the National Infrastructure Pipeline. Budget 2021-22 launched Production Linked Incentive (PLI) schemes, with an outlay of Rs. 1.97 lakh crore, for a period of 5 years starting from 2021-22. All these initiatives are expected to collectively generate employment and boost output in the medium to long term through multiplier-effects.

The Government of India is encouraging various projects involving substantial investment and public expenditure on schemes like Prime Minister's Employment Generation Programme (PMEGP) of the Ministry of Micro, Small & Medium Enterprises, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) & Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) of the Ministry of Rural Development, Deen Dayal Antodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) of the Ministry of Housing & Urban Affairs etc. for employment generation.

Besides these initiatives, various flagship programmes of the Government such as Make in India, Digital India, Smart City Mission, Atal Mission for Rejuvenation and Urban Transformation, Housing for All, Infrastructure Development and Industrial Corridors are also oriented towards generating employment opportunities.

This information was given by Shri Rameswar Teli, Minister of State, Ministry of Labour & Employment in Lok Sabha today.

Source: pib.gov.in– Mar 14, 2022

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