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IBTEX No. 56 of 2022 March 24, 2022

US 76.31| EUR 83.79| GBP 100.63| JPY 0.63

NEWS CLIPPINGS

INTERNATIONAL NEWS

Economic growth revives in Feb, outlook darkens amid war: IHS Markit

The pace of global economic growth revived in February after having slumped to a one-and-a-half year low in January, bringing encouraging news of a muted impact from the COVID-19 omicron wave, according to London-based IHS Markit.

Though price pressures remained elevated, linked to ongoing supply constraints and rising energy prices, business optimism rose to the highest recorded for a decade as firms looked to better times ahead with the pandemic's disruptions continuing to wane, the company, which is part of S&P Global, said in a release.

However, Russia's invasion of Ukraine has since changed the economic landscape, posing downside risks to economic growth—notably in Europe—and driving inflationary pressures higher via higher energy and other commodity prices, whilst also disrupting supply chains, it said.

The global economy expanded for a twentieth straight month in February, according to the JPMorgan global purchasing managers' index (PMI) compiled by IHS Markit, with the rate of expansion accelerating from January's 18-month low as the omicron wave showed signs of easing.

The PMI rose from 51.1 to 53.4, a level broadly indicative of global GDP growing at an annualised rate of just over 3 per cent in February after 2 per cent growth was indicated in January.

Both manufacturing and services growth improved in February, the latter recording the steeper acceleration and reflecting the loosening of pandemic containment measures globally after two months of tightening.

The United Kingdom led the major developed economies, with business activity growth surging in February as COVID-19 restrictions were almost entirely withdrawn. Less comprehensive easing of containment measures in the eurozone and the United States also led to faster growth after omicron related slowdowns in January.

While UK growth hit the highest since last June, with the composite PMI up to 59.9 from 54.2 in January, US growth rebounded to the highest since December—an output index of 55.9 against 51.1 in January—while the eurozone saw the fastest growth since last September, with the PMI recovering from 52.3 in January to 55.5.

In contrast, Japan's PMI fell from 49.9 to 45.8 to indicate the steepest decline since last August as containment measures were tightened again.

Looking at the major emerging markets, India and Brazil reported similar rates of expansion with growth accelerating in both cases to result in composite PMI readings of 53.5.

However, while India's expansion was led by stronger manufacturing, helping to offset ongoing modest services growth, the reverse was evident in Brazil, where a fifth monthly decline in manufacturing was offset by resurgent services growth, IHS Markit said.

China, pursuing a 'zero-COVID' policy, broadly stagnated for a second successive month amid increased health restrictions, its composite PMI holding at 50.1 due to a stagnation of both goods and services output. Russia, its PMI at 50.8, was also more or less stalled, as resurgent service sector growth was offset by a renewed manufacturing decline.

Supply shortages meanwhile exerted sustained, albeit slightly reduced, upward pressure on raw material input costs. However, combined with upward pressure on wages as firms sought to attract and retain workers and soaring energy bills, the raw material price increases led for a renewed upturn in global factory selling price inflation.

Source: fibre2fashion.com – Mar 23, 2022

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FTA Appears Unlikely as U.S., UK Pledge New Trade Efforts

U.S. and United Kingdom trade officials agreed this week to pursue closer trade ties even though what that may ultimately look like remains somewhat unclear.

Following two days of talks under the first joint U.S./UK Dialogues on the Future of Atlantic Trade, U.S. Trade Representative Katherine Tai and UK trade secretary Anne-Marie Trevelyan committed to take the following steps.

- build on the G-7's first-ever set of digital trade principles, such as working toward the digitization of paper-based customs and other border agency requirements

- build strong, durable supply chains that can withstand future global shocks
- address third-party market-distorting practices

- tackle forced labor globally

- create trade incentives to transition to a decarbonized economy

- reestablish a small and medium-sized enterprise dialogue to identify ways to further support trade and investment

- harness the benefits of an open and competitive digital economy, with appropriate safeguards for workers, consumers, and businesses

- support the protection of labor rights and the environment with each another and other trading partners

- advance trade policy to consider gender, underserved, and marginalized communities as workers, consumers, entrepreneurs, and producers

USTR said the dialogues will be used to "identify further steps" to advance the bilateral trade relationship and address "shared challenges and opportunities" over the coming months, with the next round of talks expected to take place in the UK in late April.

According to press reports, however, Tai downplayed the idea that the dialogues may evolve into negotiations on a bilateral free trade agreement, even as Trevelyan indicated London's support for an FTA, which the two sides had started discussing under the Trump administration.

While Tai said that FTAs are part of the U.S. "toolbox" and that she doesn't want to "prejudge … where these dialogues take us," she added that FTAs are "a very 20th century tool" and that she wants to avoid spending "years and a lot of blood, sweat and tears working on something that isn't going to be relevant to the needs of our people in our economy." Instead, she said, the U.S. intends the dialogues to raise "new sets of questions" that will enable the two sides to find "outside of the box" ways to boost two-way trade.

Source: strtrade.com – Mar 24, 2022

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Are Ocean Freight Rates, Transit Times Seeing Calm Before Another Storm?

New data suggests that Asia-U.S. West Coast shipping bottlenecks and high freight rates could be easing, according to a pair of reports from ocean shipping specialists who also warned relief could be short-lived.

Transit times for containers moving between ports in China and the U.S. West Coast dropped sharply in March, offering relief for shippers after two tumultuous years, according to new insights from Shifl. Freight rates on the principal trade lanes between China and the U.S. also softened on the back of significant declines in January and February, the digital freight forwarding platform noted.

Drewry's composite World Container Index (WCI) fell 3.8 percent to $8,832.23 per 40-foot container or equivalent unit (FEU) for the week ended March 17, but was still 79 percent higher than a year earlier. The average composite index of the WCI for year-to-date was $9,360 per FEU, which is $6,231 higher than the five-year average of $3,129.

Freight rates on Shanghai to Los Angeles sank 7 percent to $10,154 per FEU and rates on Shanghai-New York dropped 5 percent to $12,276 per FEU, while rates on Los Angeles to Shanghai rose 1 percent.

A separate report from Container xChange noted that in the past month, average container prices have declined 12 percent to 18 percent at the Chinese ports of Shenzhen, Qingdao and Ningbo. The report said these prices are expected to decline for a few days or weeks as these ports in China experience restricted exports, while still importing.

"As Shenzhen city officials announced resuming of transportation and factories from Covid-induced lockdowns, industry analysts are positive about the minimum impact this this hiccup would have on the overall supply chain," Container xChange said.

"The biggest port complex in the U.S., Los Angeles-Long Beach, is finally showing signs of heading towards the 'new normal,' whatever that might look like in the post-pandemic landscape," Shifl founder and CEO Shabsie Levy said. "Transit times and delays at the berth are both moving in the right direction, with gate-out times reaching the sorts of levels we were used to in the busiest months pre-pandemic."

Shifl said the decline in freight rates is likely to continue as pressure for space subsides, especially given the already high level of retail inventories.

“There are signs that the worst is behind the trade between China and the U.S. West Coast, with transit times slashed by 21 days from the peak of 52 days in December to 31 days in March,” Shifl said.

“Transit times from China to Los Angeles were down 20 percent from 39 days to 31 days between February and March. An overall reduction of 40 percent in transit times this year has put shippers back to where they were in September 2021, although transit times need to come down by another 30 percent to reach the lowest level recorded in May last year, but it will take time for the improvement to be reflected in the transit times.”

Dwell times in the ports were also improving, according to Shifl, with containers in Los Angeles-Long Beach and New York-New Jersey now taking four days to leave port compared to 11 days and five days, respectively, in October.

However, the Shifl report also noted that as a result of the zero Covid strategy in China, many factories reopen while others go into shutdown. Container xChange noted that lockdowns in China will not just slow down production slowdown, but cargo movement as well.

Once the Chinese ports fully resume operations, there will be pressure to deliver more containers, which will lead to a rise in average container prices in the next few months as the industry inches closer to the pre-peak season, Container xChange said.

“If persisted, the lockdowns will delay container movement significantly at these ports, which will have the maximum impact on the U.S. shipments,” said Dr. Johannes Schlingmeier, co-founder and CEO of Container xChange.

“Looking in the long term, this will create more chaos as rates climb higher, capacity tightens and shipments delay. The shippers will need to plan their cargo much more in advance in 2022 than the last year, given the geopolitical scenario, the upcoming U.S. West coast contract negotiations in July and the rail route disruptions.”

The contract between the longshoremen's union and the West Coast shipping ports is set to expire on July 1. Container xChange said based on the scenario that the containers from China will make their way to the U.S. ports around the same time in July and August–delayed by the China lockdowns–they would face worsened congestion at the U.S. West Coast ports, as well as at the East Coast ports, which are already struggling to handle the traffic.

"In the coming months, the transpacific route will witness a major disruption, and shippers must think ahead and prepare for the worst as port congestion worsens, freight rates shoot up and capacity deteriorates," Schlingmeier added.

Source: sourcingjournal.com– Mar 23, 2022

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China's GDP in 2021 estimated at 114,367 bn yuan, up by 8.1% over 2020

China's gross domestic product (GDP) in 2021 was estimated to be 114,367 billion yuan, up by 8.1 per cent over the previous year with an average two-year growth of 5.1 per cent. The per capita GDP and the gross national income last year were 80,976 yuan (up by 8 per cent over 2020) and 113,351.8 billion yuan (up by 7.9 per cent over 2020) respectively.

Of the total GDP, the value added of the primary industry was 8,308.6 billion yuan, up by 7.1 per cent over 2020; that of the secondary industry was 45,090.4 billion yuan, up by 8.2 per cent; and that of the tertiary industry was 60,968.0 billion yuan, up by 8.2 per cent.

The value added of the primary industry accounted for 7.3 percent of the GDP; that of the secondary industry accounted for 39.4 percent; and that of the tertiary industry accounted for 53.3 per cent, according to an official statistical communiqué on the 2021 national economic and social development.

The contribution of the final consumption expenditure to GDP growth rate was up by 5.3 percentage points, that of the gross capital formation to GDP growth rate up by 1.1 percentage points and that of the net exports of goods and services to GDP growth rate up by 1.7 percentage points.

In 2021, the sown area of grain was 117.63 million hectares, an increase of 0.86 million hectares compared with the 2020 figure. The sown area of cotton in 2021 was 3.03 million hectares, a decrease of 0.14 million hectares. In 2021, the output of cotton was 5.73 million tonnes, down by 3 per cent over the previous year.

Source: fibre2fashion.com– Mar 23, 2022

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Vietnam, India see ample room for trade, investment cooperation: Forum

Vietnam and India have enough scope to expand trade and investment cooperation, including in digital technology, e-commerce and retail, participants noted at the 2nd Vietnam-India Business Forum in Ho Chi Minh City last week. Bilateral trade rose from $200 million in 2000 to over $13 billion in 2021 and the two sides are aiming for $15 billion this year.

The event was jointly organised by the Indian consulate general in the city, the Indian Chamber of Commerce (ICC) and the municipal Investment and Trade Promotion Centre (ITPC).

Indian Ambassador to the country Pranay Verma said bilateral trade and investment ties are not yet commensurate with the nations' potential, and this is the perfect time to work on promoting cooperation toward better effectiveness, according to Vietnamese media reports.

As of February 2022, India ranked 25th out of 140 countries and territories investing in Vietnam with 315 valid projects worth more than $918 million, mostly in the processing industry, manufacturing, electricity production and distribution and mining.

On the other hand, Vietnam had nine investment projects, mainly wholesale and retail ones, in India, whose total value exceeded $6 million.

Source: fibre2fashion.com– Mar 23, 2022

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UK economy to grow more slowly in 2022, inflation to jump

Sunak is under pressure to offer more help to Britons who are facing their worst cost-of-living squeeze in at least 30 years and he announced a cut to fuel duty of 5 pence per litre starting later on Wednesday and lasting until March next year.

Britain's economy will grow more slowly this year than previously predicted and inflation will be much higher, finance minister Rishi Sunak said as he gave a budget update which included measures to ease a cost-of-living squeeze.

Sunak, announcing forecasts drawn up by the Office for Budget Responsibility (OBR), said on Wednesday the economy was likely to grow by 3.8% in 2022, a sharp slowdown from a forecast of 6.0% made in October.

Inflation, as measured by the consumer price index, is now seen at 7.4% in 2022, compared with October's forecast of 4.0%.
Sunak is under pressure to offer more help to Britons who are facing their worst cost-of-living squeeze in at least 30 years and he announced a cut to fuel duty of 5 pence per litre starting later on Wednesday and lasting until March next year.

Earlier, data showed Britain's consumer price inflation hit a 30-year high of 6.2% last month, driven by soaring costs for energy and food, which poorer households especially may find hard to cut back on.

The International Monetary Fund estimates British gross domestic product will grow by 4.7% in 2022, the fastest among Group of Seven nations. The British economy suffered a COVID-19 slump of more than 9% in 2020 and grew by over 7% in 2021.

The OBR forecast that gross domestic product would grow by 1.8%, 2.1% and 1.8% in 2023, 2024 and 2025, Sunak said.

In October, the OBR had forecast growth of 2.1%, 1.3% and 1.6% over the next three years.

Source: financialexpress.com– Mar 23, 2022

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Global textile technology leaders get ready for ITM Istanbul

International Textile Machinery (ITM) Exhibition, which will be held at Istanbul Tüyap Fair and Congress Centre from June 14-18, 2022, will be the first and largest international textile machinery exhibition to be held after a three-year break. The leading brands of world textile technologies will launch their latest machines at ITM Exhibition 2022.

The textile industry, which is among the leading sectors in Turkiye's exports, demonstrated its power to the whole world, especially during the pandemic outbreak period. Achieving an increase of up to 40 percent in exports of textiles and raw materials, Turkiye also broke records after records in medical textile, technical textile, and indoor textile exports.

Ranking in the top three in the most important market for the European textile machinery manufacturers, Turkiye also attracted attention with its production performance during the pandemic outbreak. Many European machinery manufacturers, who spoke highly of Turkiye's performance, announced that their machinery sales to Turkiye increased in 2020 and 2021. Turkish textile companies, which increased their production capacity because they were unable to keep up with the demands, continue their new investments and modernisations, ITM said in a press release.

ITM 2022 Exhibition will make significant contributions to the success of the Turkish textile industry in production and exports. The textile machinery industry will make a big leap forward with the latest technologies to be introduced at ITM 2022 and new investment decisions will be taken. Trade committees and textile investors from many countries where textile production is active such as Pakistan, Bangladesh, Uzbekistan, India, and Egypt will prefer the ITM 2022 Exhibition. Due to the machinery sales and business partnerships of manufacturers from all over the world, the exhibition will create a great vitality in the Turkish and world economy.

Leading brands of textile technologies such as Picanol, Itema, Toyota, Saurer, Rieter and Trützschler are among the companies that will exhibit their latest innovations at the ITM 2022. “We foresee a significant growth for the Turkish textile industry in the coming years,” said Erwin Devloo, Picanol marketing and communication manager. “ITM 2022 will be the first international textile machinery exhibition where the recently introduced novelties will be on display: PicConnect, OmniPlus-i Connect and OptiMax-i Connect.”

“The ITM 2022 Exhibition will be the first exhibition after the long forced stop caused by the pandemic. That's why ITM 2022 will provide the perfect stage to present all the latest innovations we've been working on over the last two years,” Itema sales director Ferdinando De Micheli said.

Toyota has announced that it will introduce its latest model in Air-Jet technology at ITM 2022. Toyota operations director Markus Lichtenstein, said, “Our expectations from ITM are always high as Turkiye has become one of our most important markets in the world.”

“Turkiye has always been one of the most important textile markets for us. We observed an outstanding demand for our latest spinning preparation machinery solutions in Turkiye. At the ITM 2022, we will introduce our newly developed combing machine TCO 21,” head of global marketing of Trützschler Group Dr Bettina Temath said.

“Considering the importance of the Turkish textile market, ITM is an excellent platform to meet our customers and influences the whole region,” said Pia Terasa, head of marketing and market intelligence Saurer Spinning Solutions, adding that they will introduce the Autocoro 10 open-end spinning machine to the visitors at ITM 2022.

Underlining that the ITM 2022 Exhibition is the organisation that will bring together the best and the newest in the industry, Rieter CEO Norbert Klapper said, “We look forward to a stunning display of the latest in yarn manufacturing technology that is both good for business and good for the planet.”

Reminding that a brand new stenter machine, which is the 4th Generation of EFFE Pasha Stenter Machine, counts the days to meet the end users, Ihsan Mokanoglu, EFFE Makine Endüstri Tic AS general manager and member of the board gave the following information about the machines they will launch at ITM 2022.

“We will also launch the Steaming Machine, 3 of which we have produced so far and 2 of which are on the production line, at the ITM 2022 Exhibition. Moreover, a new machine will be presented to the customers at the exhibition. We are getting ready to present a machine that is very familiar to users with the EFFE vision and production approach to our customers.”

Reminding that ITM 2022 will be the first international textile machinery exhibition to be held after a long break, Halis Gencer, Tachyon sales and marketing manager said, “We will be at the exhibition with the innovations we carried out on Pura, the world's most effective

ITM 2022 Exhibition will be held in Istanbul Tüyap Exhibition and Congress Centre in cooperation with TEMSAD and in partnership with Tüyap Tüm Fuarcilik Inc. and Teknik Exhibitions Inc. The latest ITM Exhibition hosted the world textile industry with 1200 exhibitors from 64 countries and 60,000 visitors from 94 countries. ITM 2022 Exhibition will set new records as one of the most important global organizations to be organised after the pandemic outbreak period. The latest technologies and new products that will be exhibited at the ITM 2022 Exhibition will meet with textile investors from all over the world.

Source: fibre2fashion.com– Mar 23, 2022

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Shippers Hunt for Port Options Ahead of Looming Labor Talks

Companies looking to get out ahead of any potential West Coast dockworker disruption will have to weigh their alternatives carefully as other ports grapple with increasing congestion and wait times.

That's the word from Everstream Analytics, a company that helps shippers analyze risks to their supply chain through the analysis of millions of data points. The company on Wednesday outlined alternative route options shippers could use in the event of a partial or full-on strike should dockworkers and terminal operators not be able to agree on a new contract by July 1, when the current one expires.

The parties involved in those talks are the International Longshore and Warehouse Union (ILWU), which counts about 29,000 members across 29 ports along the West Coast, and the Pacific Maritime Association (PMA), representing some 70 terminal operators.

While there's been plenty of talk about moves to the East and Gulf coasts, along with Canada, in preparation for potential disruption, there's likely no escaping congestion.

"Congestion has been increasing on the East Coast if you compare early- to mid-February at one of the biggest ports," said Everstream director of intelligence solutions Mark Woizik.

He cited the Port of Charleston, where roughly 25 container ships are waiting to berth. The average wait time ranges from 10 to 16 days. That compares to eight-and-a-half days in the middle of February and seven-and-a-half days in early February.

"So, you already see that there is a big push [for port alternatives]. Customers have reacted to this six weeks ago and this is clearly being shown in the number of vessels arriving and kind of overwhelming the port already," Woizik said.

The other potential East Coast risks include rail and chassis constraints.

Other alternative port options are in Mexico, which would face its own congestion challenges if there was a surge in volume, amid the continued risk of cargo theft and potential for rail disruptions. Meanwhile, Canada could offer a buffer for shippers, but congestion there should also be weighed.

There's also the Gulf Coast ports, such as Tampa or Houston. However, Everstream said shippers should take note of hurricane season timing and elements such as fog that could cause their own set of delays. Houston is also what's considered a break-bulk port, meaning cargo arriving on ship is not typically in containers. Los Angeles and Long Beach, in contrast, are known for their handling of containers.

Ocean carriers have responded to the potential customer demand for alternative routes. However, given the uncertainty about which way the labor contract talks could go, there hasn't been a surge in additional offerings to the East Coast or other port options outside the West Coast, according to Everstream Intelligence Solutions analyst Anthony Yanchuk.

However, Yanchuk confirmed Everstream has noted an uptick in expressions of interest from customers wanting to move to alternative ports than what's been seen in the past. The big question is can those alternate ports handle the increased volume? Woizik said 12 months ago the industry got a glimpse of what happens when shippers divert cargo to other West Coast ports, such as Oakland and Seattle. Oakland's less than a day-long wait bumped to 20 days because the port was overwhelmed by the influx of cargo amid a labor shortage.

The case could be made that is likely to occur on the East and Gulf coast ports, Woizik said. "All of these ports might not be in a position where they can take a lot of these re-routed ships. Maybe to handle one or two, but if there's something arriving out of schedule, it would quickly overwhelm the port," he said.

If there are any bright spots for shippers in search of backup options, Mobile, New Orleans and Baltimore could potentially handle increased volumes. Miami is another promising option with its current 24-hour wait times, Yanchuk pointed out.

Source: sourcingjournal.com– Mar 23, 2022

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Vietnam aims to become industrialised world exporter by 2030

Việt Nam has set a target of becoming an industrialised country with highly competitive industries, and among the world's top 15 largest exporters by the end of 2030.

According to a report by the Ministry of Industry and Trade (MoIT), the country's immediate target is to develop 20 products with strong international brands, to strengthen its position in the global supply chain, to bring its supporting industry's capacity to meet 70 per cent of domestic demand and localisation of production to 45 per cent.

The country's supporting industry, which remained underdeveloped and overly reliant on imports, has been identified as a major weakness for Việt Nam, especially in key industries such as electronics, textile, leather and footwear, manufacturing and automobile.

The effect has been made painfully clear since the pandemic as Việt Nam's top suppliers of parts, including Chia, South Korea and Japan, were hit hard by COVID-19, causing severe disruptions to production in Việt Nam.

In addition, over-reliance on outside supplies has crippled the development of indigenous supporting industries while cutting deep into domestic firms' profitability. For example, the Southeast Asian economy relies on China and South Korea for as much as 90 per cent of the input materials for textile, footwear and electronics. Experts have long raised concerns over the country's inability to contribute more to product value, putting it at high economic risk in the event large international corporations decided to move production elsewhere.

In order to address the issue, the MoIT has proposed a restructuring plan for Việt Nam's industries with a focus on the development of supporting industries. According to the ministry, significant progress had been made in the 2011-20 period with industrial production accounting for around 27.45 per cent of the country's total GDP annually.

The ministry advised the government to focus on qualitative development instead of quantitative and to take measures to improve productivity, one of the main weaknesses of the economy. The ministry said by the end of 2030, industrial production is to account for 40 per cent of total GDP, manufacturing value added per capita over US$2,000 with a 45 per cent contribution from high-tech industries.

The ministry said among the top priorities for the next ten years is how to restructure many State-own enterprises under their own management, which have been underperforming and causing losses in the billions of dollars for decades now.

Source: einnews.com - Mar 23, 2022

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Pakistan: Textile sector welcomes industrial package

Textile exporters have welcomed the industrial support package, announced by Prime Minister Imran Khan, and stated that it focused on industrialisation, foreign exchange inflows and revival of sick industrial units. They added that the scheme sets pro-growth measures in place to steam up industrialisation, boost exports and place the country's economy on path of sustainable growth.

Appreciating the government's initiative on Tuesday, Pakistan Textile Exporters Association (PTEA) Chairman Sohail Pasha termed the industrial package right move and argued that it would trigger industrial revolution and boost economic productivity in the country.

"The protection of the stakes of the industrial sector and rapid economic progress is must to tackle the ongoing challenges," he added. "This package will steer growth-led revenue generation for Pakistan, help it overcome revenue and current account deficit and revive the idle capacity."

He stated that during the last decade, sizable textile capacity turned non-functional and the number of sick units rose on account of bad business conditions.

In absence of any mechanism for rehabilitation, the textile industry was unable to produce as per its installed capacity.

"Now with this package, the activation of idle capacities in the value-added textile sector has become possible which will significantly help in fetching additional $1.5 billion worth of foreign exchange and generate over 100,000 employment opportunities," he said.

Appreciating the government's assistance in boosting export growth, PTEA Vice Chairman Ameer Ahmad said that the leadership was serious about pushing exports as it came up with export facilitation policies including Export Facilitation Scheme and competitive energy prices in the key export industries.

Source: tribune.com.pk- Mar 23, 2022

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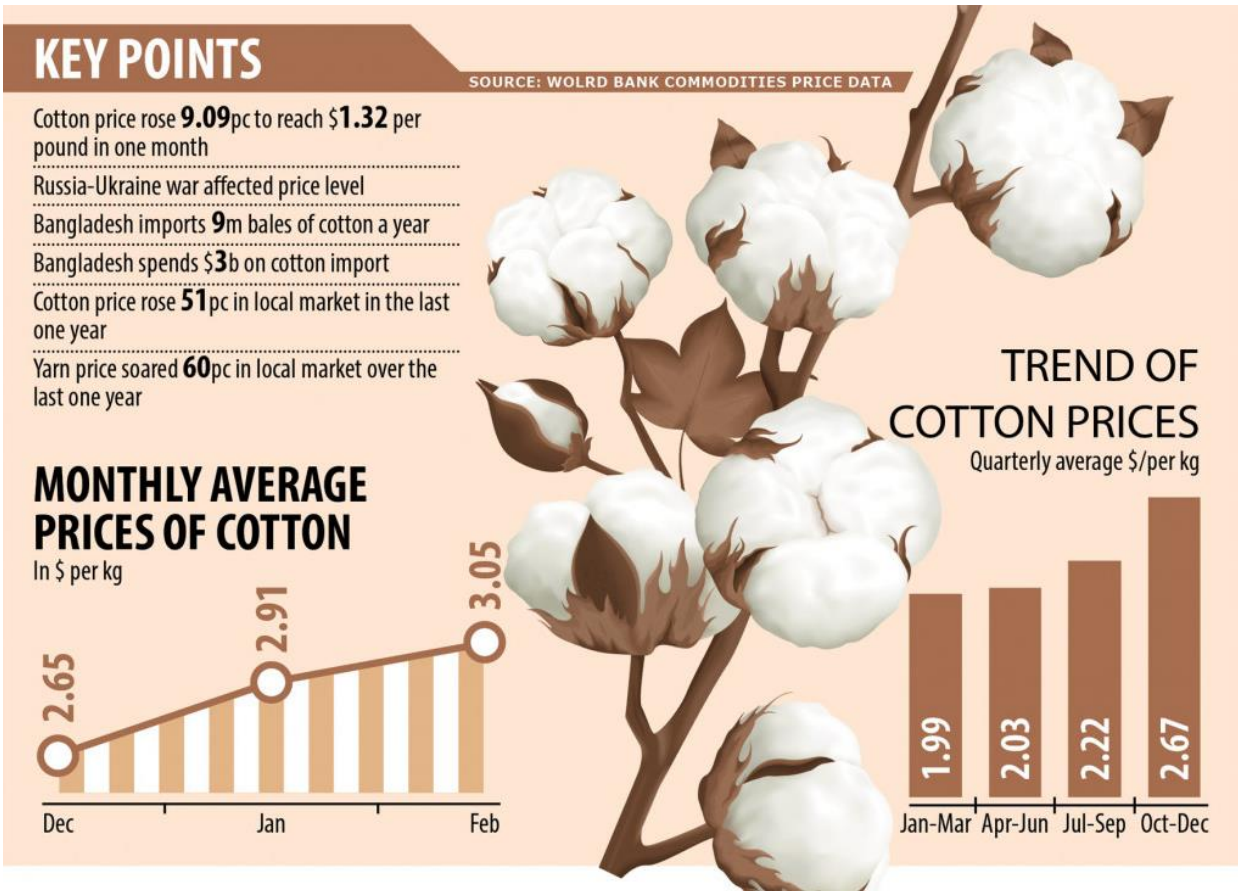
Bangladesh: Surge in cotton price to weigh on RMG exports

Cotton prices surged to more than a decade high in global market in the wake of the Russia-Ukraine war, abnormal hike in freight charge and drought in the US, which will drive up the production cost for readymade garment (RMG) makers in Bangladesh, thus affecting their profitability.



The price of the plant fibre reached $1.3171 per pound (about 453 grammes) on the key US futures contract on Monday, the highest since July 2011, according to a report of the AFP news agency.

Even before the Russian-Ukraine war, the price of the key textile raw material had surged in the international market for pent-up demand following the reopening of economies after the pandemic-led lockdowns.

Because of the drought in some cotton-growing regions in the US, petroleum price hikes in the global markets, and the high volume of cotton purchase by China pushed up the price of the white fibre by 9.09 per cent in the past month.

As a result, the cost of production for garment manufacturers and exporters will go up further since Bangladesh is fully dependent on imported cotton to feed its main export earning sector.

Local growers can supply less than 2 per cent of 9 million bales of cotton consumed annually in the country, forcing the country to spend nearly $3 billion to import the raw material for the growing apparel industry. Some 480 pounds, or 218 kilogrammes, make a bale.

Importers and millers say if the war prolongs, the price of cotton would jump further. This will ultimately increase the price of yarn in the local markets, which will raise the cost of production for garment manufacturing. This will put the exporters in a difficult situation because while the cost of production may go up quickly whereas they might not get higher prices from their international buyers since the process involves intense negotiation.

A Matin Chowdhury, managing director of Malek Spinning Mills Ltd, a major cotton importer and user, says the cost of yarn production will go up locally since cotton is the main raw material for the item.

Apart from the war, the abnormal hike in shipping cost, Chinese voluminous cotton purchase from the international markets, drought in the US and speculation are also responsible for the cotton price hike, he said.

Shahadat Hossain Sohel, chairman of Bangladesh Terry Towel and Linen Manufacturers and Exporters Association, says the country's garment exporters would face difficulties in the shipment of goods because of the cotton price hike as the country does not produce the raw material.

He has been complaining about the price hike of yarn in the local markets over the last one year as the thread's price has rocketed by nearly 60 per cent in keeping with the rise in demand for garment items in the western world following the improvement in the Covid-19 situation.

According to Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association, if the buying price is $1.32 per pound, another 20 US cents will have to be added to the total price because of the freight charge and other variable costs before they enter the mills.

"The prolonged war may hit the cotton and yarn markets further, which may also affect the garment export from Bangladesh."

Following the cotton price spike globally, the prices of yarn may go up in the local markets logically, he added.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, said local spinners used to increase yarn prices by 30 US cents to 40 US cents on the sales of a kilogramme of the item in the local markets before August last year whenever their price went up globally.

Since August, spinners increased the price by 70 US cents to 80 US cents because of the surge in the cotton price internationally, Hatem said.

"Sometimes, the spinners increased the price by $1 per kg in recent months."

Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue, says the higher cost of cotton will hurt the profitability of garment exporters.
In the volume-driven garment business, international retailers and brands are not absorbing the additional cost of production. It is the local exporters who are bearing the burden, he said.

Cotton price rose 51 per cent year-on-year in February. The price of the white fibre has increased further and this means a further squeeze on the profitability for garment exporters, Rahman said.

The fresh hike of cotton price is expected to affect the export of garment items from Bangladesh at a time when the industry is recovering from the severe fallout of Covid-19.

Source: thedailystar.net– Mar 24, 2022

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NATIONAL NEWS

India achieves $400 billion merchandise exports well before target date – Shri Piyush Goyal

The Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, today said that the achievement of USD 400 billion exports was the result of a concerted, collective effort by every sector, every stakeholder in the nation.

Merchandise exports from India have crossed $400 billion in the current financial year, 9 days ahead of schedule. This is far higher than the previous record of USD 330 billion achieved in 2018-19.

Hon'ble Prime Minister Shri Narendra Modi has tweeted the following:

"India set an ambitious target of $400 Billion of goods exports & achieves this target for the first time ever. I congratulate our farmers, weavers, MSMEs, manufacturers, exporters for this success.

This is a key milestone in our Aatmanirbhar Bharat journey."

The Minister was addressing a Press Conference held to mark the occasion in New Delhi today. Shri Goyal said that the achievement of the lucrative export target showed the world that inspite of facing numerous challenges, with sheer grit, determination, capability and talent, India would surmount all obstacles.

The Minister expressed his gratitude to all the exporters, farmers, weavers, MSMEs, manufacturers, Indian missions abroad and all other stakeholders who he said, were the real heroes behind this achievement.

He thanked the Prime Minister, Shri Narendra Modi for leading from the front and for his relentless focus on exports. It was the clarion call given by the Prime Minister that inspired the industry to make a quantum jump in exports, he said.

The Minister said that there was a detailed strategy in place, including specific targets set - country-wise, product-wise & EPC-wise, monitoring and course correction, behind the achievement of the export target.

Shri Goyal said that the 'whole of govt approach' had been taken to the next level to 'whole of country approach' to acheive this remarkable target.

He also said that the achievement was not just about meeting targets but about building confidence and about exploring new markets. The Minister applauded the media for consistently encouraging businesses through positive reporting, encouraging editorials, helping making this a national mission.

Underscoring the direct linkage that exports have with employment generation, especially in labour intensive sectors, the Minister said that when products of a brass trader from Moradabad and farmers from Varanasi get appreciated in the global market, it is a testimony to the fact that employment and prosperity is increasing from exports

The Minister also appreciated Indian exporters for maintaining the momentum throughout the year despite challenges caused by successive COVID-19 waves. The Minister said that the achievement truly called for a celebration and added that it sent out the message of a confident future for the nation. India is ready for the World with a new identity of quality and reliability, he said.

Keeping in view the critical role of exports in catalyzing economic activities which were impacted by the COVID-19 pandemic, the Department of Commerce embarked upon the inspiration provided by Hon'ble PM Shri Modi during his Address and interaction with exporting community, Ambassadors / HCs / Commercial Missions, Line Ministries/ Departments, State/UTs, EPCs, Commodity Boards/ Authorities, Industry/Trade Associations, etc on 6th August 2021 on the theme of "Local Goes Global - Make in India for the World".

During the Address, Hon'ble Prime Minister set an ambitious target of US$ 400 billion of merchandise exports for 2021-22 for the nation to achieve. He exhorted the exporting community to search for new products in the export basket, look for newer destinations and ensure deeper penetration of the existing product and markets.

Thus, in order to achieve the target and approach set by the Hon'ble PM, the Department of Commerce disaggregated the $400 Billion target in terms of regions and countries as well as product/commodity groups. The government prepared a detailed strategy for achieving the targets and an elaborate monitoring system.

The disaggregated targets have enabled tight monitoring by Country/Region/Mission/Export Promotion Councils.

The Commodity Divisions of Department of Commerce have held regular review meetings with the concerned EPCs under their jurisdiction.

Thus, notwithstanding the challenges posed by successive waves of Covid, India's merchandise trade performance has shown impressive growth and exports remained above USD 30 Billion for eleven consecutive months (likely to be twelve consecutive months at the end of March) during April to February wherein December 2021 in particular recorded the highest ever monthly merchandise exports recorded at USD 39.3 billion.

Engineering goods exports have gone up by nearly 50% vis-à-vis last year. Higher engineering exports, apparel and garment export, etc. indicate that the misconception of India being a major exporter of primary commodities is gradually changing. We are now exporting more and more value added and high end exports and this effort by our technology driven industries should continue. Export of Cotton Yarn/Fabrics/Made-ups, Handloom Products etc, Gems and Jewellery, Other Cereals and Man-Made Yarn/Fabrics./Made-up etc. have registered a growth rate between 50%-60%.

Agriculture sector has made noteworthy progress, especially during the pandemic, with India emerging as a major global supplier of food / essential agriculture products. Agriculture exports buoyancy is driven by commodities such as rice (both basmati and non-basmati), marine products, wheat, spices and sugar, among others, recording the highest ever agricultural products export in 2021-22.

Till 21st March 2022, Australia, Taiwan, Korea Rp, Bangladesh Pr, Poland, Brazil, Indonesia, Belgium, Saudi Arab, Turkey, Italy, Japan, Canada, U S A, South Africa, Netherland, Nigeria, Egypt and Mexico are the major countries which have achieved more than the export target. The Major Countries Thailand, Israel, Nepal, Vietnam Soc Rep, China, France and Sri Lanka Dsr which have achieved between 90% to 100% of total export target.

Till 21st March 2022, Organic & Inorganic Chemical, Other Cereals, Petroleum Products, Cotton Yarn/Fabrics/Made-ups, Handloom Products Etc., Mica, Coal and Other Ores, Minerals Including Process, Engineering Goods and Plastic and Linoleumare the major Commodities which have achieved more than the export target.

The Major Commodities Rice, Marine Products, Jute Mfg. Including Floor Covering, Carpet, Cereal Preparations And Miscellaneous Processed Item, Electronic Goods, Coffee, Gems And Jewellery and Handicrafts Excl. Hand Made which have achieved between 90% to 100%of the total export target.

The government has been working round the clock to provide a conducive environment and infrastructure for our industry and exporters to enhance their export performance. Policies and schemes aligned with the goal are being introduced and implemented for their benefit.

The smooth roll out of RoDTEP and ROSCTL even in the midst of the pandemic reflects the strong resolve of the government to walk the talk. The Interest Equalisation Scheme has been extended to exporters and is likely to benefit a large number of MSME exporters.

Rigorous efforts for domestic capacity enhancement for deepening integration in the Global Value Chains are being made by working in close partnership with the industry to identify areas where India's competitive advantages. We will therefore work on strengthening our capabilities and create for the world on the lines of Make in India. PLI schemes for 13 key sectors of manufacturing starting from FY 2021-22 have been announced.

A policy shift in the approach envisaged in the Districts as Exports Hub (DEH) initiative has been adopted to boost local production and make Districts active stakeholders in driving export growth of local products/services. Consistent efforts to build and provide export promoting infrastructure are being undertaken via providing appropriate funding, insurance, credit provisions etc.

Thus, an effort has been made to set up a firm backward - forward linkage, starting from the district level to the overseas market with the help of multiple stakeholders.

In between, the emphasis has been effective and efficient coordination among all stakeholders i.e. district units, State and Central Governments, line Ministries, EPCs, MSMEs exporting communities and our mission overseas to ensure breaking of silos to achieve a coherent and coordinated action for fulfilment of exports target.

Source: pib.gov.in– Mar 23, 2022

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Commerce ministry to extend foreign trade policy for some more months

The commerce ministry will extend the existing foreign trade policy (FTP) for some more months beyond March 31, Union minister Piyush Goyal said on Wednesday.

Last year in September, the government extended the Foreign Trade Policy 2015-20 till March 31, 2022, due to the COVID-19 pandemic. The present policy came into force on April 1, 2015.

The policy provides guidelines related to imports and exports in India. The ministry announces the policy every five years.

"I think many events that are unfolding are making us work over time to make that policy much more contemporary and more real time, more to the needs of the new india...The existing policy will be continued for some more months," Goyal told reporters here.

A separate foreign trade policy cell was created to coordinate with various officials in the formulation of the policy under the supervision of an officer of the level of joint secretary to the Government of India.

Director General of Foreign Trade Santosh Kumar Sarangi said a notification with this effect will come in a day or two. "It is likely to be extended by few months," he said.

Source: business-standard.com– Mar 23, 2022

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Export Promotion

Government is encouraging and promoting Indian exports in international markets and initiate suitable interventions from time to time. The key schemes/interventions taken are:

1. Market Access Initiative (MAI) Scheme provides assistance to Export Promotion Organizations/Trade Promotion Organizations/National Level Institutions/ Research Institutions/Universities/Laboratories, Exporters etc., for enhancement of exports through accessing new markets or through increasing the share in the existing markets.

2. 'Transport and Marketing Assistance (TMA) for Specified Agriculture Products' provides assistance for the international component of freight, to mitigate the freight disadvantage for the export of agriculture products, and marketing of agricultural products, is under implementation.

3. Assistance to the exporters of agricultural products is also available under the Export Promotion Schemes of Agricultural & Processed Food Products Export Development Authority (APEDA), Marine Products Export Development Authority (MPEDA), Tobacco Board, Tea Board, Coffee Board, Rubber Board and Spices Board.

4. 'Districts as Export Hubs Initiative' for products and services with export potential have been identified in all districts of the country.

5. Trade Infrastructure for Export Scheme (TIES) provides assistance to Central and State Government agencies for creation of appropriate infrastructure for growth of exports.

6. Remission of Duties and Taxes on Exported Products (RoDTEP) provides remission of Central, State and Local duties/taxes/levies which are incurred in the process of manufacture and distribution of exported products, but are currently not being refunded under any other duty remission scheme.

7. Common Digital Platform for Certificate of Origin to facilitate trade and increase FTA utilization by exporters.

8. 12 Champion Services Sectors have been identified for promoting and diversifying services exports by pursuing specific action plans.

9. Active role of EPCs, Commodity Boards and Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.

Bringing in a new legislation to replace the extant SEZ law would involve consultations with Central Government Ministries/ Departments, State Governments as well as relevant stakeholders. The details of the new legislation will take into consideration the consultations held.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Mar 23, 2022

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CBIC issues guidelines for scrutiny of GST returns for FY18, FY19

The Central Board of Indirect Taxes & Customs (CBIC) has issued a standard operating procedure for the scrutiny of GST returns for financial years 2017-18 and 2018-19, the first two years of the roll-out of the new taxation regime.

"Till the time a module for online scrutiny of returns is made available on the CBIC-GST application, as an interim measure, the following Standard Operating Procedure (SOP) is being issued by the board in order to ensure uniformity in selection/ identification of returns for scrutiny, methodology of scrutiny of such returns and other related procedures," the CBIC said.
It said that selection of returns for scrutiny is to be based on specific risk parameters. The Directorate General of Analytics and Risk Management (DGARM) has been assigned the task to select the GSTINs registered with central tax authorities, whose returns are to be scrutinised, and to communicate the same to the field officers from time to time.

The guidelines aim to ensure that during the scrutiny, the interface with the taxpayer be kept minimal and data/details made available through various sources like DGARM, GSTN, e-way bill portal, etc. be relied upon for this purpose.

In case any discrepancies are found, a notice may be issued by the department quantifying the amount of tax, interest and any other amount payable in this regard. Also, such communication should be specific in nature.

Experts have mixed opinions on the new guidelines.

"This SOP only details the broad guidelines to be followed by central tax officers; however, eyeing the current GST landscape, officers would need a more technology-driven holistic handholding for assessments," AMRG & Associates Senior Partner Rajat Mohan said, adding, the CBIC has clearly stipulated that even after almost half a decade of GST implementation, online scrutiny module is not ready.

Nangia Andersen India Director-Indirect Taxation Tanushree Roy said, such structured guidelines are expected to help both the department as well as the assessee to ensure that fraudulent activities are kept at bay and at the same time the scrutiny is completed by the tax officers within a given time frame.

“It would, however, be interesting to see the degree of implementation of the said SOPs by the tax authorities,” Roy added.

Source: financialexpress.com– Mar 23, 2022

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Export-surge shows promise for $1 trillion ambition

A dynamic shift has taken place in India's external engagement with the landmark achievement of the export target of $400 billion for 2021-22. This reflects the country's accelerated growth graph post the pandemic moderation of 2020, but more emphatically, it moves the export needle from the level of the past few years.

While raising the confidence of the business community regarding its global competitiveness, the achievement also sets a strong base for resurgent export growth of the future. We can now credibly target $1 trillion of merchandise exports and a similar level for services exports by 2030.

India has demonstrated effectively that it is fully capable of meeting global demand, adhering to international quality standards and ramping up capacity with flexibility within a short time period.

The surge in global demand in the aftermath of the pandemic-related disruptions of 2020 caused unprecedented supply chain blockages, with shortages of containers, lockdowns in key manufacturing hubs, worker shortages and other factors affecting global trade. That Indian exports were able to overcome all of these challenges is indeed a heartening signal.

India's robust performance over April 2021 to February 2022, crossing 46% growth over the same period for 2020-21, is remarkable also because it came at a time when the country was still dealing with its own lockdowns following the second wave of the pandemic.

The total export was also about 28% higher than the same period in 2019-20, before the pandemic hit the shores. The inherent resilience and flexibility of Indian manufacturing companies was underscored convincingly during the year, setting a precedent for coming years.

While commodity price increases have contributed to the overall growth of about $118 billion over the previous year, the growth in non-oil, non-gems & jewellery exports stands at almost 34%, which is a significant jump-shift.

Excluding these two large export sectors, the products that have displayed high growth include iron and steel at close to $10 billion, machinery ($5.6 billion), vehicles ($5.5 billion), and electronics ($4.9 billion). Another 14 products exhibited additional exports of more than $1 billion over the previous year, including cotton, organic chemicals, cereals, plastics and fish products, attesting to India's diversified export base.

It is to the credit of the central and state governments that despite the global and domestic challenges arising from various factors during the year, the manufacturing environment remained well functioning across the supply chain.

A stable rupee exchange rate, stability in policies, credit support to MSME sector and trade facilitation measures also helped exporters to keep their supply chains running smoothly. Schemes to promote electronics, food processing, and marine products, among other policies, contributed to building the requisite capacity to ramp up domestic production.

The $400-billion export milestone represents a platform to further expand exports with dedicated efforts in mission mode. The Government has often called for making in India for the world, and this is now entrenched as a new path for Indian goods.

While global trade growth may revert to its usual trend line next year, India can strategize to acquire greater share of global exports by building manufacturing in its existing product base as well as looking at emerging products.

According to an analysis by CII, the highest export potential exists in the sector of electronics, which would continue to remain among the top globally traded items due to rising intensity of digitalization. Machinery, vehicles, pharmaceuticals and plastic products are the others in the top five categories that have the potential to contribute the most to the $1 trillion target.

Traditional items of strength such as textiles and apparel, food processing and leather products can also be stepped up. Some products where India enjoys the capability to capture larger export share are organic chemicals, optical and medical equipment and essential oils.

Apart from these, India should also look at emerging sectors such as solar panels, wearables and hearables, drones, robotics and so on. The recent production linked schemes in some of these sectors would go a long way in raising manufacturing investments and production.

It is also important for India to look beyond manufactured goods to agricultural products, where the country has recently performed well, and to services. The service sector growth during April 2021 to February 2022 (estimated) over the same period last year was robust at 22%. However, most of this is concentrated in the categories of software and other business services.

Globally, trade in services is led by sales through the establishment of foreign controlled affiliates (mode 3) and cross-border services transactions (mode 1) also has a high share. India should introduce a strategy for enhancing its overseas investments to gain greater share in global services exports.

The $400 billion export achievement is indeed laudable and strengthens Indian industry resolve to look outward for its growth with the encouragement of the government.

Source: financialexpress.com– Mar 23, 2022

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Cotton inventory may drop to 3-year low on buoyant demand

Cotton advisory board pegs output the lowest since 2018-19

India's ending cotton stocks are estimated to drop to a three-year low this season to September on buoyant global demand and Centre's export promotion policies.

Cotton production has also been pegged at a three-year low by the Committee on Cotton Production and Consumption (CCPC).

The lower closing stock and firm demand will likely keep cotton prices higher in the coming days.

In its cotton budget for 2021-22 (October-September), CCPC, earlier known as Cotton Advisory Board, has estimated closing stocks at 45.46 lakh bales (of 170 kg each), the lowest after 44.41 lakh bales in 2018-19.
CCPC, represented by all stakeholders in the cotton textiles industry starting from growers, has estimated cotton production at 340.62 lakh bales, also the lowest since 2018-19.

The estimates are in line with those of the Agriculture Ministry but below that of industry body Cotton Association of India (CAI) at 343.13 lakh bales. The closing stock estimates are also lower than the 48.13 lakh bales projected by CAI last month.

Closing stocks at the start of the current season were 71.84 lakh bales.

The CCPC pegged imports at 18 lakh bales and exports at 40 lakh bales, lower than last season. According to trade sources, 33 lakh bales of cotton have been exported until last weekend.

The overall supply of cotton has been projected at 430.46 lakh bales against consumption of 345 lakh bales.

Carryover concern

The top 63 industry representatives from the entire textile value chain including the top three Indian agencies — Cotton Corporation of India, CAI and Confederation of Indian Textile Industry — attended the meeting on Tuesday.

Industry sources said the drop in carryover stocks was a concern, though they said a more scientific collection of data using the latest technology was the need of the hour.

The Cotton Corporation of India, which operates the minimum support price programme on behalf of the Centre, has not made any procurement this season as prices have consistently been higher given the short supply in the market, sources said.

The government had fixed the MSP for the medium staple cotton at ₹5,726 a quintal for this season against ₹5,255 last season, while for long staple cotton it is ₹6,025 (₹5,550) a quintal.

Currently, cotton prices are hovering above ₹8,000 a quintal.

Robust exports

The CCPC meeting, originally scheduled last month, was postponed as the latest crop data was unavailable.

After a tough last season, exports of cotton textile products such as made-ups, fabrics and yarns have already surpassed the government target of $12.50 billion to touch $14 billion in the first 11 months of this fiscal.

Shipments were boosted by the Government move to extend the RoSCTL (rebate on state, central taxes and levies) scheme for made-ups and garments for three years until March 31, 2024, and by covering the entire value chain of textile products under the RoDTEP (rebate on duties and taxes on exported products) scheme.

Both schemes reimburse duties and taxes, including embedded taxes incurred on export products, making them more competitive in international markets.

Source: thehindubusinessline.com– Mar 23, 2022

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Aiming to seal interim trade deal with Australia soon: Commerce and industry minister Piyush Goyal

India and Australia are engaged in "very active discussions and negotiations" for a proposed interim trade deal and are working towards its early conclusion, commerce and industry minister Piyush Goyal said on Wednesday, amid speculations that the signing of the pact may be delayed.

Asked about the time-frame for clinching the deal, Goyal said it's always difficult to set a deadline for such negotiations. Prime Minister Narendra Modi and his Australian counterpart Scott Morrison held virtual talks on Monday. "They have both reiterated the commitment of both the countries for an early conclusion of the interim trade deal," Goyal said.

The statement comes at a time when India is under pressure from Western nations to take a stand against Russia's invasion of Ukraine. A senior trade executive and a diplomat said the issue might have weighed on the decision on the trade deal as well, apart from possible last-minute changes in the negotiating position. However, a senior government official ruled out any impact of the Ukraine war on the decision to delay the interim deal.

Just before the India-Australia virtual summit on Monday, both the sides were hoping to seal the interim deal before the end of March; some expected it to be hammered out as early as Tuesday.

In fact, on February 11, both the countries had announced that the interim trade pact would be signed within a month, and a broader free trade agreement, to be called the Comprehensive Economic Cooperation Agreement (CECA), would be hammered out within a year of the operationalisation of the early-harvest deal.

Sources have told FE that India will likely allow high-end Australian wine at a concessional duty as part of the interim trade deal but keep dairy products and certain sensitive farm items out of its purview. India is expected to get duty concession in some labour-intensive sectors, including agriculture and textiles, and greater market access in pharmaceuticals.

India had a merchandise trade deficit of $7.2 billion with Australia in the first ten months of this fiscal. It shipped out goods worth only $6.3 billion, while its imports stood at $13.5 billion. Major traded items include mineral fuels, pharmaceutical products, organic chemicals and gem and jewellery.

Ukraine war could cause some disruptions

Goyal said the ongoing Russia-Ukraine conflict can potentially cause some disruptions in trade and the government is in regular talks with exporters to address any issue emerging from it. The challenges may be in the form of elevated global commodity prices, higher inflationary pressure, disruption in shipping routes and spurt in freight charges.

"Those challenges are there before us and that certainly may lead to some kind of disruption because it is coming along with Covid, which is also rearing its head. But we are completely on top of these issues and are in continuous dialogue and hand holding our exporters on a regular basis," Goyal said.

UAE FTA to be in force in six weeks

Goyal said the India-UAE FTA is already ratified by Abu Dhabi and it would be in force in about six weeks. Both the countries signed the FTA last month, which was India's first such pact in a decade.

FTP to be extended

Goyal said given the lofty level of exports and new challenges, the validity of the current foreign trade policy (FTP) could be extended for some more time. This would allow the ministry to firm up a new FTP, factoring in new global challenges as well as opportunities.

About the new SEZ law, Goyal said the ministry will start stakeholder consultations from April.

Source: financialexpress.com– Mar 23, 2022

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Challenges due to Russia-Ukraine war may lead to trade disruptions: Goyal

The government is in continuous dialogue with exporters to address the problems and challenges that are emerging due to the ongoing Russia-Ukraine war and could lead to some kind of disruption in trade, Commerce and Industry Minister Piyush Goyal said on Wednesday.

He said that there are challenges of commodity prices, inflation, disruption in shipping lines, and container shortages.

"Those challenges are there before us and that certainly may lead to some kind of disruption because it is coming along with Covid, which is also rearing its head. But we are completely on top of these issues and are in continuous dialogue and hand holding our exporters on a regular basis," Goyal told reporters.

Bilateral trade between India and Russia stood at USD 9.4 billion so far this fiscal, against USD 8.1 billion in 2020-21. The bilateral trade with Ukraine stood at USD 2.3 billion so far this fiscal, as against USD 2.5 billion in the last fiscal.

Due to the war, challenges would definitely increase, but "we would deal with that".

When asked about the implementation of India-UAE free trade agreement, Goyal said the UAE has formally ratified the pact. "It (implementation of the pact) could happen anytime in the next six weeks time," he added.

When asked about the proposed India-Australia trade pact, the minister said negotiations are going on and "we are working towards" concluding the talks for interim trade pact.

About the new SEZ law, he said that the ministry will start consultations with stake holders from the next month.

On disruptions in shipping lines and container shortages, Director General of Foreign Trade Santosh Kumar Sarangi said that the shipping ministry is holding fortnight meetings on the issue and is monitoring the situation.

On exports to CIS (Commonwealth of Independent States) region, he said there is a port in Georgia which is still operational and it is receiving cargo.

"So that is an entry point which is still open. Exporters are also trying out other routes like Qingdao Port in China through which they are sending (goods) to other CIS countries...But to a large extent, some degree of trade to other CIS countries has been impacted," Sarangi said.

On the proposal about rupee-rouble trade with Russia, an official said that talks are going between department of financial services, the RBI and concerned stake holders to find a way on this.

Source: financialexpress.com– Mar 23, 2022

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Ease of Doing Business

Department for Promotion of Industry and Internal Trade (DPIIT), in coordination with Central Ministries/Departments, States and Union Territories (UTs), has spearheaded various reforms to improve business regulatory environment in the country. On the lines of annual assessment done by the World Bank for its Doing Business Report (DBR), DPIIT spearheads a dynamic reform exercise called Business Reforms Action Plan, which ranks all the States and UTs in the country based on implementation of designated reform parameters.

The focus of the reforms has been on streamlining the existing regulations and processes and eliminating unnecessary requirements and procedures.

The Action Plan covers number of reform areas such as Investment Enablers, Online Single Window System, Land administration and Transfer of Land and Property, Construction Permits Enablers, Labour Regulation Enablers, Environment Registration Enablers, Inspection Enablers, Paying Taxes, Obtaining Utility Permits, etc.

The Ministry of Labour and Employment has taken several initiatives towards simplification of Labour Laws for ease of doing business. The Government has notified four Labour Codes, namely, the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 by simplifying, amalgamating and rationalizing the relevant provisions of 29 Central Labour Laws.

Through Labour Codes provisions have been made for one registration for an establishment instead of multiple registrations, one license and one return in place of multiple licenses and returns.

Shram Suvidha Portal (SSP) is a major IT initiative of the Ministry, towards ease of doing business and reducing the complexities in labour law compliance.

Department of Justice (DoJ) and Department of Legal Affairs have taken following measures for timely disposal of commercial cases which promote Ease of doing Business:

1. The Commercial Courts Act, 2015 has been enacted to deal specifically with commercial disputes in India. It was amended in 2018, providing for the constitution of commercial courts at the district level and Commercial Division in all the High Courts. To streamline their functioning, the pecuniary value of commercial cases which can be entertained by the commercial courts has been reduced to Rs. 3 lakh from earlier Rs. 1 crore. The Commercial Courts Act, 2015 is administered by the Department of Legal Affairs.
2. Designated Special Courts for hearing Infrastructure projects related disputes have been set up in 23 High Courts alongwith Special Commercial Benches in High Courts for dealing with high value commercial disputes i.e. above Rs. 500 crores have been set up in 8 High Courts.
3. Alternate Dispute Resolution Mechanism by way of Pre-Institution Mediation & Settlement (PIMS) has been provided in the Act. It provides an opportunity to the parties to resolve commercial disputes outside the ambit of the courts at the very outset which has reduced the clogging of cases in Commercial Courts.
4. The Act mandates holding of Case Management Hearing (Pre-Trial Conference) to complete the trial in a time bound manner. This has been institutionalized leading to speedier resolution of commercial cases.
5. Commercial cases are now randomly and automatically assigned to Judges using Case Information System (CIS) software eliminating human intervention this enhancing judicial transparency. To ensure compliance of three adjournment Rule a facility of colour banding in CIS software has been created which provides information regarding the number of adjournments in a case and facilitates speedy decision making.
6. .Electronic filing of commercial cases (E-Filing) has been operationalised in most Commercial Courts to reduce the time taken to file cases. Electronic service of Summons (E-Summons) of commercial cases has been operationalised in few commercial courts which reduces the delay in sending summons to parties. Electronic Case management tools (ECMT) for Judges and Advocates have been integrated into one single CIS Software, which has enhanced judicial productivity and made the justice delivery system more accessible, reliable and transparent. Dedicated Websites have been started for Commercial Courts.
7. The Government has notified the Commercial Courts (Statistical Data) Rules, 2018 for making available detailed data points on

various aspects of commercial cases for effective monitoring of time taken in case disposal by these courts.

DPIIT, in coordination with Central Ministries/Departments, States and UTs, spearheads the exercise of reducing compliance burden for improving overall business regulatory environment in the country. The objective of this exercise is to improve Ease of Doing Business and Ease of Living and Government to Business and Citizen interface hassle-free. The key focus areas of the exercise are:

1. Rationalization/Auto-renewal of licenses/certificates/permissions
2. Risk-based / Third-party Inspections and Audits
3. Standardized and simplified return filing
4. Rationalized maintenance of registers
5. Minimize / eliminate display requirements
6. Digitization and simplification of manual forms and records
7. Decriminalization of minor technical and procedural defaults
8. Repeal or amendment of redundant laws

Ministry of Micro, Small and Medium Enterprises has undertaken various steps towards improving the ease of doing business that include, inter alia, introduction of Online Registration – Udyam Registration (completely online and no fees), constitution of Review Committee to monitor the progress of the implementation of the Policy, opening of a grievance cell to redress the Grievances of MSEs and launch of “MSME Sambandh Portal” to monitor the progress of procurement by the CPSEs from MSEs, etc.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Mar 23, 2022

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A total of 17 Preliminary Project Proposals received from State Governments for PM MITRA Parks Scheme are under scrutiny for consideration by Project Approval Committee

The Government has approved setting up of 7 (Seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks in Greenfield/Brownfield sites to develop world class infrastructure including plug and play facility with an outlay of Rs.4445 Crore for a period of seven years upto 2027-28.

All State Governments were requested to send proposal along with Preliminary Project Report to the Ministry for consideration. The last date for submission of proposals was 15th March 2022.

A total of 17 Preliminary Project Proposals have been received from State Governments. The proposals are under scrutiny for consideration by Project Approval Committee. The details of the proposals received in the Ministry are as under: -

S.No.	Name of the State	No. of proposals (proposed site)
1	Karanataka	2(Two) - (i) Vijaypura, (ii) Gulberga
2	Andhra Pradesh	Kadapa
3	Rajasthan	Jodhpur
4	Odisha	Ganjam
5	Gujarat	Navsari
6	Madhya Pradesh	4(Four) (i) Ratlam, (ii) Devas, (iii) Dhar& (iv) Katni
7	Telangana	Warangal
8	Punjab	Ludhiana
9	Chhattisgarh	Mahasamud
10	Uttar Pradesh	Luck now/Hardoi
11	Bihar	West Champaran
12	Tamil Nadu	Virudhnagar
13	Maharashtra	Amravati

The parameters devised for selection of sites for PM MITRA Parks are:-

The Scheme focuses on development of a large area which is envisaged to become a fertile ground for carrying out textile sector business activities by all the players of entire textile value chain.

S.No.	Parameters	Weightage (in percentage)
1	Connectivity to the site	25%
2	Existing Ecosystem for Textiles	25%
3	Availability of Utilities Services at Site	20%
4	State Industrial /Textile Policy	20%
5	Environmental & Social Impact	10%

It is expected to generate 1 lakh direct and 2 lakh indirect jobs per PM MITRA Parks benefiting the area and its citizenry where it is located. There is also a provision for social infrastructure. This will ultimately enhance the overall income and uplift the quality of life of all textile workers associated with the PM MITRA Park.

This information was given by the Minister of state for Textiles Smt. Darshana Jardosh in a written reply in the Lok Sabha today.

Source: millenniumpost.in– Mar 22, 2022

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ATTRACT FDI IN FUTURE

To promote Foreign Direct Investment (FDI), the Government has put in place an investor-friendly policy, wherein most sectors except certain strategically important sectors are open for 100% FDI under the automatic route. Further, the policy on FDI is reviewed on an ongoing basis, to ensure that India remains attractive & investor friendly destination.

Changes are made in the policy after having consultations with stakeholders including apex industry chambers, associations, representatives of industries/groups and other organizations. Government has recently undertaken a number of reforms across sectors. In the recent past, reforms in the FDI policy have been undertaken in sectors such as Insurance, Petroleum & Natural Gas, Telecom etc.

Foreign Direct Investment inflows serve to augment domestic investments, promote industrial development and employment generation across sectors and ancillary industries.

Further, such investments bring international best practices and latest technologies which facilitate in skill development, export promotion and improvement of overall competitiveness of economy leading to overall economic growth and development of the country. The major sectors which received highest FDI equity inflow during April, 2000 to December, 2021 are Services Sector, Computer Software & Hardware, Telecommunications, Trading and Automobile Industry.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri Som Parkash, in a written reply in the Lok Sabha today.

Source: pib.gov.in– Mar 23, 2022

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FDI INFLOW

The total FDI inflow includes equity inflow, equity capital of unincorporated bodies, re-invested earnings and other capital. During the calendar year 2021, total FDI inflow of US$ 74.01 billion has been reported in India. The State wise details are maintained only for FDI equity component and are given below in ANNEXURE – I.

As per Reserve Bank of India (RBI) data, total FDI inflow of US$ 74.01 billion has been reported in calendar year 2021 compared to US$ 87.55 billion in calendar year 2020.

FDI is largely a matter of commercial business decisions and FDI inflow depends on a host of factors such as availability of natural resource, market size, infrastructure, political and general investment climate as well as macro-economic stability and investment decision of foreign investors. In calendar year 2021, the FDI inflow decreased by 15% as compared to calendar year 2020.

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ANNEXURE – I

STATEMENT ON STATE WISE FDI EQUITY INFLOW
FROM January 2021 to December 2021

Click here for more details

Source: pib.gov.in– Mar 23, 2022

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Sagarmala project: Poor planning on container traffic haunting shippers

Since January this year, Indian exporters have begun to dread the shipping news. That's because most of it would be about another lot of shipping companies deciding to avoid Indian ports on account of delays.

With the global supply chain crisis showing no signs of a let-up, the container shortage has persisted. Shipping lines, therefore, are wary of ports that choke the supply of containers. India is one of those. The development has thrown up a critical shortcoming of the seven-year-old Sagarmala prog-ramme that was meant to expand the role of Indian shipping: the relative lack of imp-ortance given to expansion of container tra-ffic capacity at the Indian ports. Of the total volume of India's overseas cargo, 17 per cent is through containers.

The turnaround speed at Indian ports is much slower at an average of 66.24 hours (according to the shipping ministry), aga-i-nst the top global ports' median time of less than a day. This has encouraged shipping lines to sometimes opt for Colom-bo or even avoid dealing with India-desti-ned cargo altogether.

SAILING ON STAGNATION

Years	Traffic size (MT)	Container cargo ('000 twenty equipment unit–TEU)
FY16	606.37	8.20
FY17	647.43	8.42
FY18	679.36	9.14
FY19	699.05	9.88
FY20	704.93	9.98
FY21	672.60	9.61
FY22	406.98*	6.42

*half year

THE BIG PICTURE

- Total port capacity of 1,534.91 million tonnes (MT) per annum
- Capacity addition to grow @ CAGR of 6% till 2025
- Cargo handled 672.60 MT (FY21)
- Cargo handled 406.98 MT – FY22 (till October, 2021) –14.59% year-on-year
- Sagarmala project: more than 574 projects worth about ₹5.53 trillion for implementation between 2015 and 2035

Includes

- Ship building financial assistance policy (2016-26)
- Revision of the criteria for Right of First refusal (ROFR)
- Subsidy support to Indian shipping firms
- Integration of inland and coastal shipping
- Cabotage relaxation (foreign flag vessels to travel across Indian ports)

Adding to the mix, the costs of containers have shot up, making exports more expensive. Data shared with Parlia-ment shows hire charges for the smal-ler containers (20 feet) for a North Euro-pe-an voyage from India have shot up from $500-550 in January 2020 to $5,600-5,700 now.

The Sagarmala programme that began in 2015 to address the pain points of Indian foreign trade has, thus, missed the bus. The vision of the Rs 5.53 trillion programme is to reduce logistics cost for foreign and domestic trade, but "with minimal infrastructure in-vestment" (according to the shipping min-istry's annual report).

The pr-o-gramme failed to factor in the critical role of containers in global sea trade; it also got caught up trying to do too many things even as its political ownership has been di-luted. Minister Nitin Gadkari had begun the programme only to cede space to Man-sukh Mandaviya and now Sarbananda Sonowal.

So, progress has been sporadic at the 13 government-run major ports. The slack has been picked up by private ports such as Mundra, run by Adani Ports and Special Economic Zone Limited. Mundra, Kandla and Jawaharlal Nehru Port Trust (JNPT), all on the western seaboard, rank as the top three for the largest traffic handling capacity measured in million tonnes. But except for JNPT, they are focused on bulk cargo.

"Currently, almost 70 per cent of container capacity is between JNPT and Mundra, so there is a need to diversify the capacity to other ports. Otherwise this congestion will continue," said Arunava Paul, associate director, at ratings agency CareEdge.

But JNPT, the country's top container port, is hobbled as the Railways' dedicated freight corridor to link the port with the North Indian hinterland is still not comple-ted. The port is, therefore, choked for most of the year. Mundra scores instead with an operational 210 km rail network to Adipur where it connects with the main line. Kandla, now known as Deendayal Port, too, is primarily a port for handling bulk cargo.

Far away from them, the port with plenty of spare capacity to handle containers and where the turnaround time has imp-ro-ved massively to less than two days is the Tuticorin port. The port is, however, situated too far from the manufacturing heartlands of Gujarat to Haryana to make it cost effective for traders. It is, therefore, confined mostly to unloading cement and coal for Tamil Nadu's coastal power plants.

Thanks to Sagarmala, the cargo handl-ing capacity at major ports has risen to 1,535 million tonnes by FY20, a 59 per cent inc-rease in four years since FY16. But the actual cargo handled by the major ports has only reached 704.93 million ton-nes, leaving a vast capacity un-utilised. For instance, on the eastern coast, six major ports compete for peanuts. Compared with Kandla, which picked up almost 20 per cent of the overseas cargo, the ports on Bay of Bengal picked up just a combined 24 per cent of the overseas cargo. Looming as a further threat for them is another Adani-run port, that of Krishnapatnam in Andhra Pradesh.

Faced with these conflicting aims, Sag-a-rmala has struggled. The shipping minis-try's bandwidth this year is now taken up with the global container shortage. An inter-disciplinary task force with representatives from the ministries of commerce and ind-ustry, and Railways, and finance ministry bodies such as the Central Board of Indirect Taxes and Customs, and user organisations like the Federation of Indian Export Org-anisations are grappling with the shortage.

One of the biggest examples of how the Sagarmala programme has slipped is in its aim to develop 14 Coastal Economic Zones (CEZ) as employment nodes, using the ex-panded activity around the ports as a cata-lyst. Three of these zones were to come up in Tamil Nadu. But pretty soon the Sagar-mala Development Company Ltd entr-usted with the project figured that these zones would overlap with "other initiatives of Government of India such as National Industrial Corridor Programme, Bharat-mala Connectivity Programme and Dedi-cated Freight Corridors", according to a Parliament reply. So, only one was planned as a pilot project at Sirkazhi in Tamil Nadu.

Here, too, the anchor investor — public sector NLC India Limited (formerly Neyveli Lignite Corporation) — dropped out. An alternative plan for a port was dropped due to resistance from fishermen groups and local public. Finally, a new project feasibility report identified Kanyakumari as a possible PPP port. "However, in view of the development of (Tuticorin Port) nearby as transhipment hub, the ministry was advised to cancel the expression of interest."

Source: business-standard.com– Mar 24, 2022

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Polyester-cotton yarn price rises in India; PSF may also increase

Polyester-cotton (PC) yarn prices increased further by ₹5-7 per kg today in Indian markets. It is because major spinning mills have raised their offer prices owing to the continuing upward trend in the price of natural fibre. Polyester spun fibre (PSF) remained steady, but it may also increase due to price rise in crude oil which is the basic raw material.

Market sources said that price of cotton continued to rise in domestic market, and it neared to ₹85,000 per candy of 356 kg each today. ICE cotton noted some respite in early trade of previous session, but it ended with gentle gains. Costlier cotton forced spinning mills to raise prices of PC yarn by ₹5-7 per kg. PC yarn of both combed and carded varieties was quoted higher by the mills.

Traders said that PC yarn demand was slightly better, which is also supportive for price hike. Fabric manufacturers are buying as they are getting better trade enquiry from garment units for domestic supplies. Actually, an optimism for better demand was noticed in the entire value chain particularly for domestic summer buying.

Ludhiana, the country's most prominent man-made yarn market, noted increase in prices by ₹5-7 per kg, while recycled PC and acrylic yarn remained steady. 30 count PC combed yarn (48/52) was sold higher by ₹5 at ₹285-295 per kg (GST extra). 30 count PC carded yarn (65/35) was also priced up by ₹5 at ₹245-255 per kg, according to Fibre2Fashion's market insight tool TexPro. 20 count PC (recycled-O/E) PSF yarn (40/60) was traded higher at ₹175-185 per kg. Acrylic NM (2/48) was priced at ₹315-320 per kg and acrylic NM (2/32) at ₹265-270 per kg. PSF was noted stable at ₹123 per kg.

Meanwhile, yarn market is waiting for reaction in PSF due to increase in crude oil prices, which rose on Wednesday, erasing losses from the previous session, after industry data showed US crude stocks fell last week, underlining how tight global supplies are amid the hit to Russian output from economic sanctions on Moscow.

Brent crude futures climbed $1.06 or 0.9 per cent to $116.54 a barrel. US West Texas Intermediate (WTI) crude futures rose 87 cents or 0.8 per cent to $110.14 a barrel. There was steady trend in intermediary products, which is likely to see spike in next month when Reliance Industries Limited will revise its sale prices. RIL's prices are considered as benchmark for domestic market. RIL's prices are currently as: PTA ₹88.90 per kg, MEG ₹62.30 per kg and MELT ₹97.64 per kg.

ICE cotton futures recorded gentle rise after losses in early session due to profit booking. A prominent agricultural research firm announced that cotton acreage will be slightly lower in the US in next season. Cotton contract for May 2022 closed at 130.04 cents, up 3 points; July 2022 closed at 126.29 cents, up 8 points; December 2022 closed at 108.01 cents, down 15 points.

Cotton prices surged by ₹100 to ₹200 per candy of 356 kg in north Indian markets for the third consecutive session on Wednesday amid continued buying by the mills, while daily arrivals declined in mandis. In Punjab, the prices were quoted at ₹82,700-84,000 per candy.

In Haryana, cotton prices were quoted at ₹80,700-83,000 per candy. In Upper Rajasthan, cotton was sold at ₹83,000-84,000 per candy. In Lower Rajasthan, cotton was priced at ₹77,800-79,900 per candy.

Source: fibre2fashion.com– Mar 23, 2022

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Tamil Nadu govt dedicates Rs 15.32 cr to enhance cotton produce

To improve the cotton productivity in Tamil Nadu, the state government has allotted a budget of Rs 15.32 crore in its state budget for FY22-23. Similarly, to encourage the development of cotton, it has introduced the sustainable cotton cultivation mission to encourage cotton development.

Rs 33,007.68 crore has been allotted to the Agriculture Department for the farmers to benefit. Commenting on the budget allocation to the sector and various initiatives, Ravi Sam, Chairman, The Southern India Mills' Association (SIMA) thanked Chief Minister M K Stalin and Minister for Agriculture M R K Paneerselvam for the budget allocated to the agriculture sector.

He said that it would greatly benefit the farmers at large and cotton farmers in particular. The government has allocated Rs 5,157.56 crore for free electricity supply to the farmers and will set up 3,000 solar powered pump sets for farmers across the state.

About Rs 150 crore has been allocated to use machinery to overcome labour shortage. Sam also expressed his appreciation with regards to the announcement of executing various special programmes jointly with the industry to create skilled labour force.

The economic growth of the country will receive an impetus owing to the establishment of new industrial parks in 5 districts including in Vellore, Coimbatore and Perambalur, attracting investment of over Rs 50,000 crore.

"The ambitious target of 14 per cent growth rate would encourage the textile industry in Tamil Nadu to scale up the production, make investments in green field projects," he added.

The textile industry of Tamil Nadu accounts for a major chunk of India's total textile market which provides direct employment to about 60 lakh people which is chiefly cotton based.

Source: knnindia.co.in– Mar 23, 2022

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Cotton season to close with comfortable stock

Total consumption by textile mills estimated o be 329 lakh bales

The Committee on Cotton Production and Consumption has estimated the current cotton season (October 2021 to September 2022) to close with a stock of 45.46 lakh bales.

At a meeting held on Wednesday, the Committee estimated the total consumption by textile mills to be 329 lakh bales, including 305 lakh bales by non-SSI mills, and exports at 40 lakh bales. The production is expected to be about 340 lakh bales. As against a total supply of 430.46 lakh bales (including opening stock and imports), the demand is likely to be 385 lakh bales.

Atul S. Ganatra, president of Cotton Association of India , said with cotton prices reigning high, spinning mills are making losses and many in the South have decided to close the mills for two days a week.

However, Ravi Sam, chairman of Southern India Mills' Association, urged the government to revisit the estimates as consumption by non-SSI textile mills will be higher at 325 lakh bales. He contended that with high demand, the mills are operating at full capacity and cannot afford to stop or slowdown.

Similarly, exports are likely to be higher as already more than 26 lakh bales have been shipped this season. "After the Committee's meeting, cotton prices are said to have increased by ₹3,000 a candy. Even at this price, the mills are not getting cotton. Farmers have already sold the cotton with them. Hence, the government should immediately permit duty-free cotton of about 40 lakh bales," he said.

Source: thehindu.com– Mar 23, 2022

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