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INTERNATIONAL NEWS

How High Can Cotton Prices Really Go?

The big bull is raging, bellowing, stomping, and begging to be fed. He has furiously charged higher the past three weeks, crashing through all overhead price resistance, and sailing above price targets.

It's a worldwide phenomenon. India is experiencing record high cotton prices, and Chinese prices have moved higher and higher. The same with Brazil.

Speculators returned to the cotton market in force at the same time mills began to activate on-call fixations. For the third consecutive Friday, prices traded triple digits higher and experienced limit up trading. On-call sales fixations caught a market void of sellers, and coupled with speculative buyers, the market was overwhelmed, leaving prices to charge higher.

All contracts established record high closes on the week and essentially established three consecutive days of record high closes. The price trend continues to point upward and, in this case, is almost pointing straight up, due north.

Certainly, that cannot be sustained, and a major correction is due. Yet, a correction does not portend to relieve the "dollar plus" scenario for cotton. Dollar cotton will continue through the 2021-22 old crop contracts and be maintained in the new crop 2022-23 contracts. Hopefully, the astute U.S. grower has not missed that the 2023 December contract – or red December as the market lingo calls it (or even pink December) – is trading above 87 cents. Certainly, we know many an international grower has asked about that price.

Based on the existence of the price gap in the 127-128 cent range, the May contract now projects to 140 cents. From there, up to 148 cents is in play. December has all but reached its 112-cent target and the next objective is 119-125 cents.

Yet, there are some suggestions that prices need to back off.

Yet, Texas and Oklahoma are parched.

The very bullish on-call sales versus on-call purchases have made their mark on the market and carried prices beyond expectations – and some have doubted the importance of this very historical fundamental. Some, including the cotton merchant community, have even worked overtime to hide this market indicator from the cotton grower. Unfortunately, textile mills were caught far too short in a market that had strong demand. Market prices ran away from mill fixations as mills just incorrectly kept "betting on the come." They lost, and they lost big.

The on-call sales versus on-call purchases ratio, when as wide as it has been in 2022, has always proven to be an excellent indicator of price moves. Some have questioned its value because, as they say, the use of options distorts the ratio and the fact that many international growths are now traded. Actually, those factors make the use of the ratio a powerful fundamental tool that is much more appealing, truly not less important.

The existing ratio, now 8.2 to 1, is at its highest level of the season. But other factors are beginning to override its predictive power as the marketing season wears thin. At such high price levels, "price gaps" are beginning to appear in the charts.

It's a sign of the times, so to speak.

Presently, market participants, for the most part, are speculators or traders in a bit of trouble. Thus, prices are running off the charts, pun intended. Wild market swings are inevitable. Fundamentals have run their course. They have delivered a market closer to 150 cents than to 100 cents. Price discovery has been accomplished.

Prices have a bit more room to run higher – that is, mills do need make more fixations. Additionally, the 2022 crop is facing a potential weather disaster. Either of those will take prices higher. The market is likely to get a dose of both. However, this past week was the first sign of mills beginning to "loudly" complain of being unable to pass along the rising price of cotton.

Yarn mills are being squeezed, and typically that is the first sign of trouble, price trouble. Mills are openly suggesting they are ready to consider that they need to think in terms of changing their fiber mix. They will ride the current mix for a month, or two months, or even three to four months, but their lead time from buying cotton to selling yarn is extremely short. In their minds, it is even shorter if yarn inventory is building and profits are disappearing.

Retailers continue to suggest their sales are solid, but they caution that instead of 15% sales growth year over year, they are looking at only 6-8% sales growth for 2023. Yet, that is still a healthy level compared to pre-coronavirus years. Too, consumers – especially the American consumer – have cash. Thus, neither a slowdown in cotton consumption nor a slowdown in consumer sales is on the nearby horizon. However, a potential inflation and energy-based price cash crunch is expected during 2023 and 2024.

Cotton's nearby outlook is bolstered by the excellent demand for U.S. cotton export sales and shipments. Most recent weekly shipments were the highest for the 2021-22 marketing year.

Too, we are now discovering that apparently merchants/cooperatives have under-reported export shipments. U.S. Department of Commerce data for cotton loaded on vessels is considerably larger than cotton shipment data collected from cotton merchants/cooperatives. Some one half million bales or more may have been shipped from the U.S. than currently reported by USDA. It must be good to have two sets of books – one for the bulls and one for the bears.

The bull is still in the fattening process, and the impending planting problems facing most of the U.S. acreage cannot go unnoticed. One would correctly say, "Well, they always get enough rain to plant the crop." Yes, they do, or they have. Yet, it should also be noted that soil conditions are drier, and the drought is more widespread than in any previous year.

Something will give. It always does.

Currently, December contract traders are betting on the drought. If so, December futures are undervalued. Prices this high are potentially forcing mills to look for alternatives.

Source: cottongrower.com – Mar 25, 2022

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COVID resurgence in China, rising costs pressurise global supply chain

With China fighting a COVID resurgence and announcing new restrictions and lockdowns in several cities, waiting container ships at several ports there like Qingdao are rising, putting further pressure on a strained global supply chain. The Russia-Ukraine war is also severely disrupting shipping and air freight. As Russian forces cut off shipping routes, logistics firms are suspending services and air freight rates are skyrocketing.

In South Korea too, government data showed outbound container shipping costs shot up in February from a year earlier, posing a big burden to exporters. There is usually a build-up of vessels seeking to enter China following the Lunar New Year holidays, but volumes this year are being exacerbated by lockdowns aimed at curbing outbreaks of the novel coronavirus.

There's also a growing backlog of vessels off the ports of Shanghai, Ningbo and Zhoushan. The situation off Shenzhen and Hong Kong, however, has reportedly eased a bit. Shipping lines like AP Moller-Maersk have cancelled services to Russia and halted some rail shipments from China into Europe.

A continuing surge in global oil and gas prices due to the Russian invasion of Ukraine are adding to inflation risks in China as factory costs remain elevated.

The average rate for a 40-foot container from South Korea to the European Union came to 14.02 million won ($11,300) in February this year, up by 261.5 per cent from a year earlier, according to the data from the Korea Customs Service. Compared with the previous month, the cost was up by 9.5 per cent.

The average freight rate for a 40-foot container from South Korea to the US west coast also surged by 188 per cent year on year to 15.57 million won in February. Industry experts are concerned that container shipping rates could rise further due to increased volatility stemming from Russia's invasion of Ukraine.

Source: sourcingjournal.com – Mar 24, 2022

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China's annual energy production capacity to be 4.6 bn MT coal by 2025

China recently decided to raise its annual comprehensive energy production capacity to over 4.6 billion metric tonnes of standard coal by 2025, with its annual crude production gradually increasing to 200 million tonnes and annual natural gas output exceeding 230 billion cubic metres. It will also gradually develop solar and wind power on a large scale.

According to the modern energy system plan under the 14th Five-Year Plan (2021-25) released by the National Development and Reform Commission and the National Energy Administration on March 22, China's share of non-fossil energy consumption will increase to around 20 per cent by 2025 and the proportion of non-fossil power generation will be around 39 per cent by then, a state-run media outlet reported.

Development of solar and wind power will give priority to local development and utilisation, while speeding up the construction of decentralised wind power and distributed photovoltaic in load centres and surrounding areas, the plan said.

The government also encourages steady construction of coastal nuclear power projects with an emphasis on security. Installed capacity for nuclear power plants in operation will reach 70 million kilowatts by 2025, it said.

According to the NDRC, the proportion of non-fossil energy in the nation's total energy consumption had risen from 12 per cent in 2016—the starting year of the 13th Five-Year Plan period (2016-20)—to 15.9 per cent by the end of 2020.

Source: fibre2fashion.com– Mar 25, 2022

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China scales up VAT rebates to boost market entities

The country's total VAT credit refunds will reach approximately 1.5 trillion yuan (about 235 billion U.S. dollars) this year, with priority to be given to micro and small firms and the manufacturing industry, Vice Minister of Finance Xu Hongcai told a press conference earlier this week.

"The large-scale tax refunds are the most important part of this year's new package of tax-and-fee policies," said Xu, citing the country's record tax cut and rebate target of 2.5 trillion yuan.

"[Tax refunds] are a direct boost to the cash flow of enterprises, and will benefit them more quickly than tax cuts," said Premier Li Keqiang while presiding over an executive meeting of the State Council on Monday.

Newly added VAT credits will be refunded in full on a monthly basis starting from April 1, while outstanding VAT refunds to micro and small businesses will be completed in one lump sum by the end of June, said a circular jointly issued by the Ministry of Finance (MOF) and the State Taxation Administration.

"These moves will help steady the operation of small and micro firms and promote enterprises in key industries to expand investment and improve production techniques, thus accelerating the high-quality development of the manufacturing sector," said Liu Yi, a professor at Peking University.

The rebate of outstanding VAT credits is a particular highlight, which will fully inject vitality into enterprises, Liu added.

To reconcile the implementation of the preferential tax policies and pressure on local governments, China has rolled out a slew of measures to increase and front-load transfer payments.

In 2022, central government transfer payments to local governments will increase by 18 percent from last year to reach nearly 9.8 trillion yuan, said Xu.

The first batch of transfer payments to support excess tax paid rebates to micro and small businesses, worth 400 billion yuan, had been released on Monday, according to the MOF.

The VAT a firm must pay is its output tax minus the input tax. When the taxpayer's output tax is insufficient to cover its input tax, the difference between the two is called excess tax paid.

A firm can use the excess to offset taxes in the next taxable period, or apply for refunds in the current period.

In recent years, China has been improving the refund system of excess VAT paid to ease the burden on corporate cash flow. In 2016, the country implemented a comprehensive reform in replacing the business tax, a mainstay of local tax revenues, with VAT, and stepped up the reform in 2019 with an improved refund sharing mechanism.

From 2019 to 2021, tax authorities handled a total of 1.23 trillion yuan in excess tax refunds, which played a positive role in shoring up the real economy including the manufacturing industry.

"Excess tax refunds can directly offer cash flow support for enterprises, spur the upgrading of their equipment and expand investment in technology," said Li Xuhong, a senior researcher with the Beijing National Accounting Institute.

The large scale of excess VAT refunding and the improved procedures of tax collection, payment and refunding this year will help refine the country's VAT system, Li said.

Source: china.org.cn– Mar 26, 2022

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Vietnamese Organizations Urge US Inspection Of Cotton Fabric From Vietnam

On December 23, 2021, President Biden signed the Uyghur Forced Labor Prevention Act into law. The legislation, which received widespread bipartisan support in Congress, is an effort to address forced labor in Xinjiang or East Turkestan region. It creates a rebuttable presumption that goods produced in whole or in part in the Xinjiang are produced with forced labor and therefore prohibited from importation.

The Alliance for Vietnam's Democracy, an alliance of several Vietnamese organizations, released a statement today prior to the end of the legislation's public comment period. The alliance alleges that Vietnam has been importing Xinjiang cotton to supply increased market share, helping China bypassing the US sanction prescribed in the Uyghur Forced Labor Prevention Act.

According to the World Bank, between 2002 and 2020, China was by far the largest source of garment imports into the US. In 2020, just when the Trump administration started an import ban on all cotton from western China's Xinjiang, Vietnam suddenly outstripped China as the biggest exporter of garments to the US market, from 16 percent market share the year before.

As of 2019, 85% of cotton grown in China is produced in Xinjiang, constituting approximately 22% of global cotton. In the last several years, China has encouraged the rapid growth of textile and apparel manufacturing in the Uyghur Region.

Nonetheless, international shipping records indicate that cotton goods export shipments from the Uyghur Region direct to the United States have nearly ceased altogether in the last two years. The statement suggests that the cotton and cotton-based yarn, textiles, and finished garments grown and manufactured for export in the Uyghur Region must be transported from the region to Vietnam and other locations before being shipped internationally.

While the United States remained the largest consumer of finished apparel from China, the top two destinations (in terms of both value and weight) for China's export of raw cotton, yarn, and fabric are Bangladesh and Vietnam.

Out of the 53 international intermediary manufacturers that purchase unfinished cotton goods from five leading Chinese manufacturers that have sourced Xinjiang cotton, six are from Vietnam. The Alliance for Vietnam's Democracy cautioned that “several well-known international brands are supplied by those Vietnamese intermediaries and are thus at high risk of having Xinjiang cotton in their supply chains.”

UN Comtrade data reveals that more than half of China’s exports of cotton semi-finished products are destined for countries within Asia, with Vietnam the second most popular destination. Analysis of shipping data suggests that, once there, international intermediary manufacturers produce finished garments from the semi-finished products for export around the world, often with the precise composition of the materials supplied by the suspect Chinese suppliers.

The effect is a “laundering” of Xinjiang cotton—obscuring its movement so that the provenance of a finished garment’s cotton becomes difficult to detect. According to Laura Murphy of the Helena Kennedy Centre for International Justice: "The benefits of such an export strategy may be clear: the end buyer is no longer directly involved in buying Xinjiang cotton—international brands and wholesalers can buy from factories in third countries that have few visible ties with Uyghur Region-based companies. A stable supply of Xinjiang cotton to the international market is thus guaranteed, even as brands, governments, and consumers increasingly turn away from Xinjiang forced-labor-made goods."

Vietnam is the fourth largest importer of cotton or cotton-mixed products from China between 2016 and 2019 in terms of product value ($20 billion) and second in term of weight (2 billion kg). The country is also the second largest export destinations of semi-finished cotton products from China in terms of value ($7.3 billion) and weight (939.3 million kg).

Vietnam, one of the top imports, is also home to a high number of export-grade apparel manufacturers.

All five Chinese cotton enterprises that have been supplied by the Uyghur Region’s cotton industry, Jiangsu Lianfa Group, Luthai Textile Co., Huafu Fashion Co., Texhong Textile Group, and Weiqiao Textile Co., export a significant number of shipments of cotton goods to Vietnam for intermediary manufacturing. One company, Huafu, has production bases in the Xinjiang Uyghur Autonomous Region. Additionally, it has established production facilities in Vietnam. Both Luthai Textile Co. and Texhong Textile Group have also established production bases in Vietnam.

China is also the world's largest apparel producer. Most of these textiles and apparel are exported to the United States, Japan, Vietnam, Hong Kong, Germany, South Korea, and the United Kingdom. Vietnam is also a top exporter of textiles.

The Uyghur Forced Labor Prevention Act creates a rebuttable presumption that goods produced in whole or in part in the Xinjiang are produced with forced labor and therefore prohibited from importation. The statement from the Alliance for Vietnam's Democracy urges, in order to comply with this legislation, "the presumption should also be extended to cotton fabric imported from Vietnam, which, in turn, is importing cotton and other predecessors of finished apparel from Xinjiang."

Source: einnews.com– Mar 27, 2022

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What does the Ukraine conflict mean for West Asia?

Western commentators are struggling to describe the significance of the ongoing war in Ukraine. Fareed Zakaria has described it as a "seismic event," and believes it marks "the end of an age." Francis Fukuyama has called it "a critical turning point in world history." Thomas Friedman simply says, "Our world is not going to be the same again."

These cataclysmic prognostications from Western sources have not had the same reverberations in West Asia. Four years of the anarchy wreaked in the region by Donald Trump, followed by one year of Joe Biden's insipid and shaky presidency, have already created a diplomatic churn, with regional states pursuing fresh engagements and alignments, interactions that are independent of the US. The region, in short, has come of age and is anxious to define its own interests, and shape its own policy approaches and alignments.

This is best exemplified by the first reactions of the region's principal role-players—despite many being long-standing US allies, not one of them, besides Kuwait, has sided with the US in sharply condemning Russia; not one of them has imposed harsh sanctions to cripple the Russian economy.
Regional responses to the war

On February 23, a day before the Russian invasion, the UAE and Russian foreign ministers spoke telephonically about regional and international developments and emphasised their "keenness to enhance the prospects of UAE-Russian cooperation." On February 25, the UAE abstained on a UN Security Council (UNSC) resolution that was critical of Russia. Two days later, it again abstained on a procedural resolution to refer the invasion to the UN General Assembly. Soon thereafter, Russia rewarded the UAE by abstaining on a UNSC resolution that described the Houthis in Yemen—who fired drones on Abu Dhabi on January 17 this year—as a "terrorist" organisation.

Saudi Arabia, a US ally from 1945, in response to the US' sanctions on energy exports from Russia, refused to increase its oil production to bring down global oil prices. In fact, the Wall Street Journal reported that Crown Prince Mohammed bin Salman of Saudi Arabia and his UAE counterpart, Sheikh Mohammed bin Zayed, both refused to take calls from Biden when he was seeking to make personal appeals to them to increase oil production. Later, both of them took calls from President Putin and also spoke to Ukraine's

President Volodymyr Zelenskyy, in an apparent mediation effort. A little later, when an American journalist asked Crown Prince Mohammed bin Salman if Biden had misunderstood him, the prince answered, "Simply, I do not care."

Qatar, the world's major gas producer, has been courted by both the US and Russia. The emir of Qatar, Sheikh Tamim bin Hamad Al-Thani, was the first Gulf leader welcomed in Biden's White House in January this year, with his country being conferred the status of a "major non-Nato ally." Biden's interest was to encourage Qatar to divert some of its gas to European markets to make up for reduced Russian supplies following the energy-related sanctions that the US imposed on March 8. In response, Putin addressed a letter to the emir setting out how bilateral relations could be expanded. Rather than choose sides, the Qatari foreign minister took the mediation route by making calls to his Russian and Ukrainian counterparts.

Click here for more details

Source: thedailystar.net– Mar 28, 2022

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Bangladesh garment exports rise 30.73% in July-February 2021-22

Readymade garment (RMG) exports from Bangladesh increased by 30.73 per cent to $27.497 billion in the first eight months of fiscal 2021-22 compared to exports of $21.033 billion in the same period of the previous fiscal, according to the provisional data released by the Export Promotion Bureau. Knitwear exports gained more than woven RMG exports.

Knitwear exports increased by 32.87 per cent to $15.069 billion in July-February 2021-22, as against exports of $11.341 billion during the comparable period of the previous fiscal, as per the data.

Exports of woven apparel increased at a slower rate of 28.23 per cent to $12.427 billion during the period under review, compared to exports of $9.691 billion during the comparable period of 2020-21.

Woven and knitted apparel and clothing accessories' exports together accounted for 81.24 per cent of $33.843 billion worth of total exports made by Bangladesh during July-February 2021-22.

Meanwhile, home textile exports (Chapter 63, excluding 630510) also rose by 35.98 per cent to $993.764 million during the eight-month period under review, compared to exports of $730.820 million during July-February 2020-21.

In the fiscal ending June 30, 2021, readymade garment exports from Bangladesh increased by 12.55 per cent to $31.456 billion compared to exports of $27.949 billion in the previous fiscal. However, this value was lower than $34.133 billion exports made during July-June 2018-19.

If the present growth trend continues, Bangladesh, this fiscal, should surpass the value of RMG exports achieved in 2018-19, and may also surpass the garment export target of $35.144 billion set for the ongoing fiscal year.

Source: fibre2fashion.com– Mar 28, 2022

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Pakistan: Indonesia to help expand trade

Speaking at the National Press Club on Friday, the envoy said that a free trade agreement (FTA) had been signed between Indonesia and Asean, which could help enhance Pakistan's trade with the region through Indonesia.

He added that Asean members, Asia-Pacific nations, Australia and New Zealand were included in the FTA, which provided an opportunity to Pakistan to benefit from the emerging markets of those countries.

"Today, regionalism is on the rise in the trading world and Asean is one of the largest trading blocs, which is important for global trade," he said.

"This century is the century of Asian region and the emerging economies of Asia can generate massive trade and economic opportunities for the world."

The ambassador was of the view that economies such as that of Pakistan needed to be connected to the global supply chain to reap the benefits of international trade.

"China has a large share in the global supply chain and by joining hands with it, countries can tap a huge chunk of global trade."

He noted that Pakistan and Indonesia had a combined market of about 500 million people and there was a need to tap all the available opportunities for mutual benefit.

Tugio said that the trade volume between Pakistan and Asean nations, including Indonesia, was not according to its true potential.

"Additional efforts are required to find the untapped sectors in Asean and Pakistan," he said. "There are ample opportunities in the global market for Pakistan's textile sector and agricultural products."

Recalling that Pakistan and Indonesia had inked a preferential trade agreement, he added that the two countries were close to signing an FTA to further prop up the two-way trade.

He cited that Pakistan and Indonesia had ample opportunities for cooperation in tourism.

"Media can play a vital role in strengthening relations between Pakistan and Indonesia and in this regard a series of discussions will be started with the National Press Club," he announced.

In response to a question, the ambassador said that a large number of Pakistani students were studying in the universities of Indonesia and most of them were on scholarships.

"Indonesia has provided the highest number of foreign scholarships to Pakistani students this year and the two countries need to further enhance cooperation in the field of education," he stressed.

Comparing the two places, he said that both nations had similarities in food and culture.

Last month, Tugio said that the business community of Pakistan should play its due role in promoting trade and investment in Asean markets such as Indonesia.

Talking to a delegation of the Rawalpindi Chamber of Commerce and Industry (RCCI), he pointed out that there were ample opportunities for the Pakistani business community in the $1 trillion market of Indonesia.

"The two nations have immense potential for cooperation in diverse fields including tourism, trade, e-commerce, textile, automobile, pharmaceutical and defence."

The envoy pointed out that Indonesia had a rich culture of tourism and hospitality and its government sought to fetch 10% of the annual national income from that sector alone but due to the Covid-19 wave, it was unable to achieve the objective.

"There are many avenues for people going to Indonesia from Pakistan for tourism," he said and noted that Bali and other islands held an important place in the world of tourism.

Source: tribune.com.pk- Mar 26, 2022

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NATIONAL NEWS

Export feat suggests domestic supply chains getting stronger: Prime Minister Narendra Modi

Days after India realised a record merchandise export target of $400 billion for FY22 ahead of schedule, Prime Minister Narendra Modi on Sunday made a renewed pitch for being "vocal for local".

The stellar export performance, he stressed, is a testimony to the fact that demand for Indian products is growing globally and the country's supply chains are getting stronger by the day. In his monthly Mann Ki Baat radio broadcast, Modi said: "At first instance, it (record export) might come across as a matter related to the economy; but more than the economy, it is related to the capability of India, the potential of India."

At one time, exports were languishing at just $100 billion, which subsequently grew to $150 billion or $200 billion and above. But today, India has recorded $400 billion in exports, he said. New products from all corners of the country are reaching foreign shores, he highlighted.

Leather products from Hailakandi in Assam or handloom products from Osmanabad, fruit and vegetable from Bijapur or black rice from Chandauli, the exports of all of these are increasing. "Now, you will also find the world-famous apricot of Ladakh in Dubai and in Saudi Arabia, you will find bananas shipped from Tamil Nadu. Most importantly, an array of new products are being sent to ever newer countries," he said.

"When each and every Indian is vocal for local, it does not take long for the local to become global. Let's make the local 'global'…" the prime minister said. Merchandise exports are now expected to cross the FY22 target to hit $410 billion, surpassing the previous peak of $330 billion in FY19. In the last fiscal, exports had shrunk by almost 7% due to the Covid outbreak.

Modi also lauded the performance of the government e-Marketplace (GeM) portal, which facilitated purchases of a record `1 trillion by various ministries and departments this fiscal. Before the latest performance, procurement through the portal had breached the Rs 1-trillion mark only in about four-and-a-half years. Modi said close to 1,25,000 small entrepreneurs and shopkeepers from various parts the country sold their goods directly to the government through this portal.

“There was a time when only big companies could sell goods to the government. However, the country is changing now; the old systems are also changing.

Now even the smallest of shopkeepers can sell one’s goods to the government on the GeM Portal — this is the New India,” Modi said.

Source: financialexpress.com– Mar 28, 2022

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Surpassing $400 bn exports signifies India's potential, capability: PM Modi

In his monthly Mann Ki Baat radio broadcast, Modi says 'vocal for local' helped the nation

Prime Minister Narendra Modi on Sunday applauded India's growth potential as the country achieved its export target of $400 billion in this financial year. The Prime Minister noted that India's strength is its MEME sector, the farmers, engineers, weavers, among others.

Speaking at the 87th edition of the monthly radio broadcast, Mann ki Baat, Modi noted that 'Vocal for local' has aided in India popularising its products on the global arena.

"It is only due to their hard work that the goal of exporting to the tune of $400 billion has been achieved and I am happy that this power of the people of India is now reaching new markets in every nook and corner of the world," the Prime Minister said.

He further said, "When each and every Indian is vocal for local, it does not take long for the local to become global. Let's make the local 'global' and augment the prestige of our products further."

India is blessed with many cultures, languages and foods. Diversity is something that unites us, Modi noted adding that the country is taking massive steps towards economic progress. India is now thinking big and working to realise that vision.

New products from India being exported to new destinations, 'Made in India' products are now more visible abroad, Modi said, adding, "I applaud our farmers, youngsters, MSMEs. Earlier it was believed only big people could sell products to the government but the GeM Portal has changed this, illustrating the spirit of a New India".

Entrepreneurs praised

Applauding the efforts of the entrepreneurs that they are taking new products from all corners of the country to foreign shores, the Prime Minister cited leather products from Hailakandi in Assam, handloom products from Osmanabad, fruits and vegetables from Bijapur and black rice from Chandauli.

“Now, you will also find the world famous apricot of Ladakh in Dubai, too, and in Saudi Arabia, you will find bananas shipped from Tamil Nadu. Most importantly, an array of new products are being sent to newer countries,” he added.

India’s goods exports crossed the $400 billion target set for fiscal year 2021-22, (from March 23) nine days ahead of schedule, touching a new peak, propelled by sectors such as engineering goods, electronics, farm products, petroleum products, textiles and chemicals.

Source: thehindubusinessline.com– Mar 27, 2022

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FY23 export target in works, will build on this year's $400 billion

The commerce and industry ministry has begun drawing up export strategy for the next financial year, which will build on the milestone achievement of over $400 billion export turnover in FY22. The ministry is setting up a dedicated 'trade promotion body' to drive overall promotion strategy, export targets, and execution to achieve $2 trillion in exports by 2027.

"The exercise to set the target for the next fiscal is on and should be complete in a month," an official told ET.

The ministry has started talks with commodity boards, export promotion councils and Indian embassies abroad for next year's export plan.

The government had for the current year roped in overseas missions and the overall export target was also distributed country-wise, covering even the smallest country. As many as 200 country or territory targets were set and export plans were finalised product-wise and state-wise as well. A special attention was also given to exploration of new markets as also to re-establish presence in those where market share had been lost.

A similar approach will be followed for FY23 as well.

Another official said that the export roadmap will be finalised in a month as the government is watchful of the high commodity and oil prices, and is unlikely to set an unachievable target.

"Given the rise in prices this year, there is a thought that setting an unachievable, ambitious target will not be correct," said the official.

The public-private SCALE committee has suggested the government to double the exports of manufacturing goods in five years, reduce the imports about 2/3 over and target a 9% growth in domestic consumption from the current 7% with incremental value added of about $350 billion.

As per another official, there is a view that though input prices may not soften anytime soon, a conservative estimate would be realistic for the exporters to meet and a special focus is likely on those countries where actual exports have exceeded their respective targets in FY22.

Of the 200 countries to which India exports its goods, the outbound shipments have exceeded their original projections in more than 50 countries.

"The ministry has given a tentative target for FY23 but we have suggested a lower number as we are not sure of the push that input prices will offer this year given the situation in Russia and Ukraine," said a representative of an export promotion council.

The Confederation of Indian Industry has identified 14 product categories including pharmaceuticals, electrical machinery, vehicles, plastics, furniture and textiles for India to clock $1 trillion merchandise exports by 2030.

Source: economictimes.com– Mar 28, 2022

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India, UAE trade pact may come into force from May 1: Commerce and Industry Minister Piyush Goyal

The free trade agreement between India and the UAE is likely to come into effect from May 1 this year, under which domestic exporters of as many as 6,090 goods from sectors like textiles, agriculture, dry fruits, gem and jewellery would get duty-free access to the UAE market, Commerce and Industry Minister Piyush Goyal said on Sunday.

The Comprehensive Economic Partnership Agreement (CEPA) was signed by India and the United Arab Emirates (UAE) in February which aims to boost bilateral trade to USD 100 billion in the next five years from current USD 60 billion.

The minister said that the detailed text of the pact has been released in public domain and now “we are trying to complete all our paperwork, all the customs notifications expeditiously. We hope it can be operationalised by May 1, 2022”.

Overall, the UAE is offering duty elimination on over 97 per cent of its products which account for 99 per cent of Indian exports here in value terms.
Immediate duty-free access covers all labour-intensive sectors such as gems and jewellery, textiles and apparel, agricultural and fish products, leather, footwear, and sport goods, Pharmaceuticals and Medical devices, and many engineering products.

“Currently, we are exporting about USD 26 billion worth of goods to the UAE , almost 90 per cent of them will get total tariff (or customs duty) elimination on Day 1 itself. Going forward in the next 5-7 or ten years, the rest of the 9.5 per cent (about 1,270 goods) will also get zero duty,” Goyal said at the Dubai Expo here.

Explaining the importance of the pact, he said the UAE also opened doors for the rest of the Middle East, some parts of Africa and Europe.

“This opens up huge opportunities for Indian businesses,” he said adding the pact also opens doors to several service sectors which will expand job opportunities for Indian young boys and girls.

Key areas of India’s interest are computer related services, audio visual, education, health, tourism, travel, professionals services like nursing, engineering, and accountancy.

“We are also working for mutual recognition agreements (MRAs) of professionals and skilled services , so that if they approve our nursing colleges then the nursing degree from that college will get automatic recognition here and vice versa,” he said.

On the other hand, India has offered significant concessions on goods of export interest to the UAE and that include dates, petroleum products (crude, LPG, Naptha), petrochemicals (polyethylene, polypropylene and poly vinyl chloride), metals (aluminium, copper, nickel, iron and steel), minerals (limestone, cement).

India will be giving duty-free access to 7,694 goods on the day of implementation of the agreement. Around 2,400 goods would get zero duty in 5-10 years time period.

As part of protective measures in the pact, there are stringent rules of origin criteria that reflect the requirement for substantial processing of up to 40 per cent for most of the products and wholly obtained criteria for agricultural products.

When asked about free trade agreement with the Gulf Cooperation Council (GCC), Goyal said: “we are at an advanced stage of discussion on the scope of the agreement. I believe that discussions will get over in the next 15-20 days”.

After that, he said, “we hope to launch formal negotiations for a broad based FTA with all the GCC nations and that will open up the entire Middle East market for Indian goods and services”. Goyal, who will participate in the India-UAE Business Forum meet on March 29, said the aim of the meeting is to expand business to business engagements between the countries.

The meeting is expected to be attended by businesses including Anish Shah from Mahindra and Mahindra, Bajaj Finserv CMD Sanjiv Bajaj, Vedanta Resources Chairman Anil Agarwal, ITC CMD Sanjiv Puri, Apollo Hospitals Joint MD Sangita Reddy, Bharti Airtel Joint MD Rajan Mittal, Dr. Reddy’s Laboratories Ltd Chairman Satish Reddy, and Byju’s cofounder Byju Raveendran.

There is also a Roundtable on Startups on March 28. About 20 startups are expected to participate in this meet and that include Ritesh Agarwal from OyoRooms, Deepinder Goyal from Zomato, Nishant Pitti from EaseMyTrip, Prashant Prakash from Accel Ventures, and Vineet Rai from Aavishkaar Group.

Talking about the India pavilion here at Dubai Expo 2020, Goyal said that it would be a permanent structure here.

"India has been given the honour along with the UAE and Saudi Arabia , and Morocco…We will continue to get the chance to use that (India Pavilion) area to act as a facilitator or little bit of India in UAE," he added.

Source: financialexpress.com– Mar 27, 2022

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India, UAE to establish Investment Council as part of CEPA

India and the UAE on Sunday have agreed to set up a technical council on Investment, Trade Promotion and Facilitation, as part of the Comprehensive Economic Partnership Agreement (CEPA) signed between the two countries last month.

India and the UAE on February 18 had signed CEPA with a view to boosting bilateral trade to USD 100 billion over a five-year period and creation of lakhs of jobs.

The pact covers areas including goods, services, rules of origin, customs procedures, government procurement, intellectual property rights, and e-commerce.

Under the agreement, the two trading partners reduce or eliminate customs duties on the maximum number of goods traded between them. “UAE will be chaired by the Under Secretary of the Ministry of Finance, or the authorised representative thereof, and India will be chaired by the Joint Secretary (or equivalent), Department for Promotion of Industry and Internal Trade, Government of India,” the text of the CEPA agreement released on Sunday said.

The objectives of the council are to promote and enhance investment and trade cooperation and facilitation between the parties; monitor investment and trade relations, identify opportunities for expanding investment and trade, and to identify issues relevant to investment and trade that may be appropriate for further discussion, the text said.

It will also hold consultations on specific investment and trade matters of interest to the parties besides working toward the promotion of investment and trade flows, it said.

The council will also identify and work towards the removal of impediments and facilitate investment and trade flows and seek views of the private sector.

“The parties shall avail themselves of the opportunity to discuss and resolve the issue amicably in the council keeping in mind the objective of promoting and facilitating trade and investment,” it added.

The UAE is India's third-largest trade partner.

Bilateral trade between India and the UAE stood at USD 43.3 billion in 2020-21.

Exports were worth USD 16.7 billion and imports aggregated at USD 26.7 billion in 2020-21.

The two-way commerce stood at USD 59.11 billion in 2019-20.

Source: financialexpress.com– Mar 27, 2022

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India-UK conclude second round of FTA negotiations

All 26 identified policy areas discussed; next round in April to be hosted by India

India and the United Kingdom have concluded the second round of talks for an India-UK Free Trade Agreement (FTA) with discussions taking place in as many as 26 policy areas, according to the Commerce & Industry Ministry. “A delegation of Indian officials undertook technical talks in London. The negotiations were conducted in a hybrid fashion, with some negotiators in a dedicated UK negotiations facility, and others attending virtually,” an official statement issued on Friday pointed out. The round took place on March 17.

The third round of negotiations will be hosted by India in April 2022.

Commerce & Industry Minister Piyush Goyal and UK International Trade Secretary Anne-Marie Trevelyan formally launched the India-UK FTA negotiations on January 13 this year, setting a year-end deadline for concluding the agreement. The two Ministers also expressed hopes of finalising an interim deal comprising a limited number of items within a few months.

On January 28, India and the UK concluded the first round of negotiations covering 26 policy areas including trade in goods, trade in services including financial services & telecommunications, investment, intellectual property, customs and trade facilitation, sanitary and phytosanitary measures, technical barriers to trade, competition, gender, government procurement, SMEs, sustainability, transparency, trade and development, geographical Indication and digital.

The India-UK bilateral trading relationship is already significant, and both sides have agreed to double that bilateral trade from about $50 billion at present to $100 billion by 2030, as part of Roadmap 2030 announced by Prime Minister Narendra Modi and British Prime Minister Boris Johnson in May 2021.

Source: thehindubusinessline.com– Mar 25, 2022

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20 years of GM crops in India: Cottoning on agri-innovation

Millions of cotton growers have been agitating for a fair price of cotton for a long while. For the first time in history, the ginners, yarn manufacturers and textile industrialists have raised their voices through agitation. Actually, they have chosen this path due to the increasing prices of cotton. It is the first time that prices of cotton have gone beyond ₹10,000 per quintal during the last 75 years. In many places, various trades were done at ₹11,320, which is almost double than the minimum support price (MSP) or guaranteed price of ₹6,025.

Prices above ₹ 10,000

Increasing prices of cotton are also a concern for the country's textile industry. Cotton textile associations across India were demanding to control the cotton prices in the open market, when it crossed ₹7,000 per quintal in October 2021. They tried their best at all levels to stabilize rates by seeking the central government's intervention to control the open market price surge.

Therefore, the textile lobby has given a signal of agitation by shutting down the units or downsizing procurements. However, the price hike is a global phenomenon driven by the demand and supply of cotton-based textile products. A small step to stabilize prices could be taken by abolishing import duty. Except this, there is a need to revive and boost the supply of cotton by fast-tracking approval of new technologies to control the widespread infestation of devastating pink bollworm and boll rot disease and efficient management of weeds to salvage losses and increase cotton production.

Technology Fatigue

Twenty years ago, India's Atal Bihari Vajpayee government approved the first genetically modified Bt cotton for commercial cultivation on March 26, 2002. Then, in 2006 the Government approved double gene Bt cotton resistant to a voracious American bollworm complex including pink bollworm. But the pink bollworm, a pest of the American bollworm complex is back to haunt cotton farmers. It has lately lost its potency to pink bollworm although it continues to ward off Helicoverpa armigera, popularly known as American bollworm, a principal pest of cotton.

However, the outbreak of pink bollworm was reported for the first time in 2013-14 in Gujarat. Then it spread to Maharashtra, Andhra Pradesh and Telangana. By Kharif 2021, the pest infested cotton planted in three cotton growing zones in India. Pink bollworm is now damaging all areas of cotton varying from 15-30 per cent depending on the intensity of infestation. Punjab government has issued a subsidy of ₹416 crore to cotton growers only for losses due to pink bollworm in Kharif crop 2021.

Moreover, last season's heavy rains and floods harboured boll rots and sucking pests. It affected cotton production adversely. The outbreak of pink bollworm at the maturity of boll caused 25-30 per cent damage in multiple cotton picking. Due to higher cost of cultivation and the sharp decline in production, demand for price control is unjustified.

However, the price control of cotton has always been a preferred policy intervention by the Government of India. The unending price control of cotton seeds under the Cotton Seed Price (Control) Order, 2015 is a classic example of how the short-sighted policy matters has ruined the prospects of R&D, hybridization, the introduction of new technology and product development & commercialization to tackle emerging problems of sucking pest, boll-rot and pink bollworm. Cottonseed price control has stalled introduction of much needed technologies of weed management and thus fuelled the growth of illegal market for herbicide-tolerant cotton in India.

Farmers' Uprising

The rising cotton prices have become a double-edged sword for the Government. On one hand, the Government has to decide the cotton seed MRP amidst the growing cost of production and all-time high procurement price for seed companies. On the other hand, it has to deal with farmers who openly defy the law to cultivate unauthorised Bt/HT cotton seeds in the quest to access new technologies, pending approval for commercial cultivation for long time.

Government fixes the maximum retail price (MRP) of Bt cotton seeds every year, irrespective of cotton genetics, hybrid vigour and agronomic performance under the Cotton Seed Price (Control) Order, 2015. Such lopsided policy deters R&D and product development and has impeded the growth of seed and biotech industry in India. This year, the Government has to announce MRP of cotton seeds while factoring it into the cost of production of cotton seed.

It should also be adjusted for the survival of cotton seed industry while ensuring the fair price for small cotton farmers.

Cotton farmers have benefited enormously from Bt cotton resulting in substantial increase in cotton production from 13 million bales in 2002 to 35 million bales in 2020-21. While Bt cotton continues to provide protection against American bollworm, the yield losses to pink bollworm, boll rot and sucking pest coupled with expensive weed management has become a nightmare for the cotton sector. Farmers do not want to lose even a kg of cotton to pests and diseases. Therefore, they opt for unauthorized Bt/Ht cotton seeds and illegal cultivation to secure their crop, until the Government considers approval of Bt/HT cotton pending for commercial approval.

Technology to the rescue

While the genetic modification is debated, the South Asia Biotechnology Centre and Agrovision Foundation with the help of PI Foundation carried out a novel experiment on mating disruption over 300 acres in Kharif 2021 in Vidarbha to control pink bollworm under the guidance of Cotton Research Institute Nagpur. Mating disruption using 'PBKnot' technology involving the use of gossyplure sex pheromones to prevent male insects finding females thus eliminating the possibility of egglaying and pest population.

The mating disruption technique effectively controls PBW. The outcome of the field demonstration over 300 acres is encouraging as it recorded 90% reduction in losses due to pink bollworm and registered yield increase by 1.5 to 2 quintals of cotton per acre. The percentage of flower and locule damage was reduced significantly. Cotton growers need to manage the crop's enemy such as pink bollworm and prevent losses. Unshackling cotton sector from price control and the infusion of technology could only save cotton sector in India.

Source: thehindubusinessline.com– Mar 26, 2022

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Nepalese PM Deuba to meet Modi next week, review bilateral ties

Nepal's Prime Minister Sher Bahadur Deuba will hold a review of Indo-Nepal bilateral relations and cooperation in areas such as trade, health, power and connectivity, with his Indian counterpart Narendra Modi in New Delhi next week, a source has said.

"This visit is in the tradition of periodic high level exchanges between the two countries. It would give both sides an opportunity to review the entire gamut of bilateral relations, including development and economic partnership, trade, cooperation in health sector, power, connectivity, people to people links and other issues of mutual interest," the source told BusinessLine.

Deuba's visit, scheduled on April 1-3, will be his first bilateral visit abroad after becoming PM in July 2021. He will meet Modi on April 2 and will also visit Varanasi, the source added. The Nepalese PM is also scheduled to meet other Indian leaders and senior officials.

Deuba had visited India in each of his four earlier stints as PM. The most recent visit in his capacity as PM was in 2017.

An earlier visitplanned in January this year, when Deuba was scheduled to participate in a business summit in Gujarat, had to be postponed due to rising cases of Covid-19 in the country. The meeting next week, however, will not be the first between Modi and Deuba, since the latter's election in July last year. The two had met in Glasgow, Scotland in November last year on the sidelines of the UN climate conference.

Source: thehindubusinessline.com– Mar 26, 2022

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Exports of $400 billion may help India break into top 15 in global merchandise export ranking

India surpassed its ambitious export target of $400 billion in March and moved a step closer to being "atmanirbhar". While the export of engineering goods rose by 50% in F22, India was also seen to be exporting more of high-value and value-added products in this financial year.

"Merchandise exports from India crossed $400 billion in the current financial year, 9 days ahead of schedule. This is far higher than the previous record of $330 billion achieved in 2018-19," a Press Information Bureau (PIB) release stated.

Prime Minister Narendra Modi hailed India's achievement calling it a "key milestone in India's Atmanirbhar Bharat journey".

It is expected that exports will reach $410 billion by the end of March.

The release further highlighted that engineering goods exports have gone up by nearly 50% vis-à-vis last year. Export of cotton yarn/fabrics/made-ups, handloom products, gems and jewellery, other cereals and man-made yarn/fabrics/, among others, registered a growth rate of 50%-60%.

In the agriculture sector, India was seen to emerge as a major global supplier of food and 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," it added.

Attesting these claims, Arun Singh, Global Chief Economist, Dun & Bradstreet, says that the surge in India's merchandise exports was primarily led by petroleum products, iron and steel, and precious stones. "Products such as jewellery, organic chemicals and aluminium also witnessed robust growth. India's bilateral trade has strengthened significantly with the US, the UAE, Bangladesh and the Netherlands."

Vicky Bahl, Partner, Grant Thornton Bharat, says a number of factors have contributed to helping the country achieve this target. "When Covid started, a lot of supply chain reorganisation took place among the major industries globally, as their supply chains were dependent on China and some other countries massively. India was the 'Plus One' alternative that was on the top of the list for a lot of companies. The steps taken by the government also came at the right time, along with the global sentiment of people not wanting to be dependent on China completely anymore."

Bahl adds that initiatives like the Production-linked Incentive (PLI) scheme attracted a lot of investments and India is starting to reap the benefits of such measures. He also mentions that high commodity prices and pent-up demand played a role in pushing up the export numbers this financial year. "Commodity prices have gone up and that has pushed the number up. But it still should not take away the sheen of the growth rates as they were in excess of even 30% for some months that we exported," he adds.

Industry experts are of the view that exports can have a good run in the future if some key aspects are taken care of. Singh of Dun & Bradstreet says, "While the PLI schemes will lend to this momentum in the long term, India needs to improve its logistics infrastructure to make our exports more competitive."

Pradeep Multani, President, PHDCCI, says the government needs to provide continuous facilitation to the domestic industry for becoming globally competitive. "To keep the momentum going, further improvement in logistics infrastructure and trade facilitation measures would enhance India's exports growth trajectory and create millions of new job opportunities," he says.

Multani points out that the domestic manufacturing industry has become more integrated into global value chains with significant growth witnessed in engineering goods, petroleum, gems and jewellery, organic and inorganic chemicals, ready-made garments of all textiles, cotton yarn/fab/made-ups, electronic goods, plastic & linoleum, marine product, and man-made yarn/fabrics.

Such growth has come in the backdrop of a severe Covid second wave that had gripped the nation at the start of the financial year.

Commerce and Industry Minister Piyush Goyal said there was a detailed strategy in place — including specific country-wise, product-wise and EPC-wise targets, monitoring and course correction — behind the achievement of the export target.

Some experts claim that this can help India improve its global merchandise export ranking. “With this extraordinary milestone of $400 billion exports, India can move up from the current 20th position to 15th by surpassing the UAE, Switzerland, Spain and other countries in 2022,” says Vijay Kalantri, chairman, MVIRDC World Trade Centre-Mumbai — a trade facilitating body.

Exports are a significant contributor to employment generation, boost manufacturing and also help in enhancing GDP levels. They also help to elevate MSMEs who form an integral part of the economy.

Bahl of Grant Thornton Bharat draws a parallel with developed countries such as Germany which show that MSMEs contributed significantly to their exports. “That entire layer now in the country has access to capital, access to technology and tools for them to become more export oriented in their thinking.

The MSME layer will really start acting at the frontier of India’s export growth over the next five years. And they will play a critical role, armed with all this new tech talent, working capital, capital financing and government policies. All of that put together will act as a strong catalyst towards reaching the $1 trillion target by FY28,” he adds.

Source: economictimes.com– Mar 26, 2022

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Flurry of bilateral deals in offing: India will engage from a position of strength, says Piyush Goyal

Union minister for commerce & industry, consumer affairs, textiles, food and public distribution Piyush Goyal on Friday strongly rebutted the notion of a slight protectionist twist in India's foreign trade outlook and asserted that the country was actually looking for much greater engagement with the world markets with "definitive offensive interests".

The country's combined goods-and-services exports would cross the $2-trillion mark in a decade or earlier, enabling it to blossom into the 'big league' of world trade, the minister said.

Speaking at the fifth edition of the FE CFO Awards here, the minister said the flurry of free trade agreements being signed by New Delhi with its leading trade partners bore testimony to the country's commitment to being an integral part of a global trading system so long as it was "rule-based, transparent and fair". "It is (not going to be) an India which closes its doors to the rest of the world, but one that would engage with the world from a position of strength," he said.

He, however, made it clear that the Modi government won't reconsider its decision to pull out of the China-dominated Regional Comprehensive Economic Partnership (RCEP), as Beijing's trade and pricing policies remained opaque.

The recent Comprehensive Economic Partnership Agreement (CEPA) with the UAE, India's first shot at a bilateral trade deal in over a decade would be followed by an array of deals with the whole of the Gulf Cooperation Council, Australia, Canada, the UK, European Union and Israel, the minister said.

Terming the India-UAE CEPA an 'excellent pact', he said, its full text would be made public in a couple of days. "We are emboldened with the success of (UAE pact) and it will help expand bilateral trade from around $65 billion now to $100 billion very soon," he said, pointing out that the UAE would serve as a gateway for India to not only West Asia but also Africa and some European countries. India was poised to take huge strides towards Atmanirbharta (self-reliance), thanks to assorted policy steps meant for improving the scale and competitiveness of the Indian industry, the minister said, adding that this would help the country become a trusted trade partner of the developed world.

No country in the world has achieved sustainable economic growth without international engagement. We are, therefore, keen to expand our footprint in the developed world." he said. The minister, however, stressed that the interests of India's small-scale industries and the farm sector would need to be safeguarded when multilateral/bilateral trade decisions were taken.

India's merchandise exports exceeded an ambitious target of $400 billion for FY22 nine days before the fiscal was set to end; the previous high was $330 billion exports recorded in FY19.

Goyal said the country may end up with goods exports of $410 billion in the current fiscal, while services exports too would be a record $250 billion.

These thresholds, the minister said, would serve as stepping stones for the country. India's goods and services exports would 'converge' (to be on a par) in the next few years, the minister said, implying that the growth in services segment is expected to be much higher.

The production-linked incentive schemes for 14 sectors involving government expenditure of Rs 2 trillion would enable the Indian industry to achieve economies of scale and global competitiveness, the minister said. These schemes, he noted, laid special emphasis on frontier sectors like technical textiles, drone manufacturing and specialty steel, in keeping with their vast potential.

Goyal said the PM Gati Shakti mission would help India develop infrastructure in an organised manner and bring down the country's high logistics costs.

India had pulled out of the RCEP talks in Bangkok on November 4, 2019, and made its return incumbent on adequate redressal of its concerns. New Delhi was unwilling to budge on its demands for an "auto-trigger" mechanism for safeguarding its industry from dumping, and strict rules of origins of imported products to check the abuse of tariff concessions. Also, New Delhi was steadfast in certain demands, including credible steps and market access to address India's $105-billion trade deficit with RCEP members, change in the base year to implement the tariff abolition from 2014 to 2019 and a more balanced deal on services.

Source: financialexpress.com– Mar 26, 2022

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Foreign trade: Current policy to be extended by six months to Sept 30

The government is set to extend the validity of the current foreign trade policy (FTP), which provides a road map for boosting external commerce in goods and services, by six months through September 30, a senior official told FE.

The extension will lend predictability to the policy regime for exporters and enable them to continue to get incentives under a clutch of extant programmes without any hiccups at a time when the Russia-Ukraine war has caused massive disruptions in global supply chains and impaired their ability to honour supply commitments on time.

A new FTP, which is being firmed up keeping in view fresh external headwinds as well as opportunities, is expected to be hammered out by then. Merchandise exporters are currently entitled to support under a clutch of programmes, including tax remission schemes (RoDTEP and RoSCTL), interest equalisation scheme and transport subsidy scheme (for farm exports).

The validity of the current FTP for 2015-20 was already extended by two years through March 31, 2022, in the wake of the Covid-19 pandemic, mainly to maintain policy stability and soften the blow to exporters.

The government has earmarked Rs 21,340 crore for the Remission of Duties and Taxes on Exported Products and the Rebate of State & Central Taxes and Levies in the Budget for FY23. Similarly, under the interest equalisation scheme, the government has budgeted Rs 2,622 crore for FY23, against Rs 3,151 crore (RE) for FY22.

Under the recently-revamped equalisation scheme, large manufacturing and merchant exporters will get an interest subsidy of 2% on pre-and post-shipment rupee credit for the outbound shipment of 410 products. Similarly, the subsidy for manufacturing MSMEs is pegged at 3%.

The incentives are crucial to achieve sustained growth in exports and bolster the country's share in global merchandise shipments, which stood at just 1.7% in the pre-pandemic year of 2018 and 1.6% in 2020.

Earlier this week, India's merchandise exports exceeded an ambitious target of $400 billion for FY22 nine days before the fiscal year is set to end, staging a smart rebound after a 7% slide last fiscal in the wake of the Covid outbreak and surpassing the previous high by a wide margin.

The government now expects goods exports to hit $410 billion by the end of this fiscal.

Source: financialexpress.com– Mar 26, 2022

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India-UAE Comprehensive Economic Partnership Agreement: Dairy goods kept out of FTA

India has kept sensitive dairy products out of the purview of its free trade agreement (FTA) with the UAE and pledged phased reduction of tariffs on certain key farm and food items, mainly meat, to safeguard the interests of domestic players.

The details of the India-UAE Comprehensive Economic Partnership Agreement (CEPA) show New Delhi, which taxes bovine meat and chicken imports at 30%, will trim the duty to 27% in the first year of the FTA, followed by a phased reduction of 300 basis points each year until it reaches 15%.

Buffalo meat alone contributed about $2.8 billion to India's farm export kitty until January this fiscal. Of course, in some other meat segments where it's not a big player, the duties will be abolished immediately.

A broad range of dairy products, including milk, yogurt, butter, ghee and cheese, which typically attract duties of 30-60%, are excluded from the ambit of the agreement. The fact that New Delhi didn't grant concession to the UAE, which isn't a large dairy player (unlike Australia), suggests the sensitivity it attaches to the dairy sector that was at the forefront of opposing a deal with the Beijing-dominated RCEP partners.

The details were unveiled by commerce and industry minister Piyush Goyal in Dubai on Sunday. New Delhi signed the CEPA — its first FTA with any economy in a decade — with the UAE in February and it will come into force on May 1.

Interestingly, India will scrap a 20% duty for the UAE on gold jewellery, subject to a quantitative cap of 2.5 tonne annually in five years. This could help several Indian companies like Kalyan Jewellers and Malabar Gold & Diamonds that have operations in the UAE to supply from there.

Both the sides have also agreed to a separate document on pharmaceuticals to facilitate greater access of Indian products, including automatic registration and marketing authorisation, in 90 days for several items that meet specified criteria.

According to the pact, the UAE will allow as many as 99% of Indian goods (in value terms) at zero duty in five years from about 90% in the first year. Similarly, India would allow duty-free access to 80% of goods from the UAE now and it would go up to 90% in ten years.

The UAE is India's second-largest merchandise export destination and bilateral trade (both goods and services) hit $60 billion in the pre-pandemic year of FY20. Through the CEPA, both the sides are aiming to raise bilateral trade (both goods and services) to $100 billion in five years.

New Delhi has also kept certain sensitive sectors and products, including most of those covered under the production-linked incentive schemes, out of the FTA's purview. These products include fruit, vegetable, cereals, tea, coffee, sugar, food preparation, tobacco, petroleum waxes, coke, dyes, soaps, natural rubber, tyres, footwear, processed marbles, toys, plastics, scrap of aluminium and copper, medical devices, TV pictures, auto and auto components.

Indian jewellery exporters will get duty-free access to the UAE, which currently slaps a 5% customs duty on such products. This will substantially raise its jewellery exports.

As for services trade, New Delhi has offered market access to Abu Dhabi in about 100 sub-sectors, while Indian service providers will have access to 111 sub-sectors there encompassing 11 broad service sectors. These are business services, communication services, construction and related engineering services, distribution services, educational services, environmental services, financial services, health related and social services, tourism and travel related services, recreational cultural and sporting services and transport services.

The UAE, however, has kept energy and energy-related services out of the purview of its commitments.

Interestingly, for the first time, India has included a digital trade chapter in the FTA, unlike those that were signed in the past. This suggests India is willing to discuss prospects in such emerging areas bilaterally.

Source: financialexpress.com– Mar 28, 2022

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A total of 1947 units are operational across the country under Scheme for Integrated Textile Park

With an objective to provide financial assistance to group of entrepreneurs to establish state–of-art infrastructure facilities in a cluster for setting up their textile units, Ministry of Textiles has been implementing Scheme for Integrated Textile Park (SITP). The scheme has provisions to support setting up units of textile value chain viz. spinning, weaving, processing and garmenting etc. Under SITP, 1947 units are operational across the country. Out of 1947 units, 454 units are operational in South Region, of which 42 units are operational in the State of Karnataka.

In order to create an integrated workspace and linkages based entrepreneurial ecosystem for (i) promoting entrepreneurship in apparel manufacturing; (ii) creating additional manufacturing; (iii) generating additional employment opportunities; Scheme for Incubation in Apparel Manufacturing (SIAM) was launched during the 12th Five Year Plan. During this period three project were approved viz.

1. Incubation Centre in Gwalior;

2. Incubation Centre in Apparel Manufacturing at Bhubaneshwar

3. Incubation Centre in Apparel Manufacturing at Panipat.

Steps taken by the Government to promote apparel manufacturing and its export in the country are:-

(i) Production Linked Incentive (PLI) Scheme for textiles for Man Made Fibre Fabrics & Apparel, and Technical Textiles has been launched in 2021-22. It is expected to attract investment of Rs. 19000 crore for manufacturing of notified product of the sector and will be able to provide employment opportunity for 7.5 lakh persons.

(ii) PM Mega Integrated Textile Regions and Apparel (MITRAs) Parks Scheme to set up 7 Mega Textiles Manufacturing Parks in the country has also been launched in 2021-22. This will reduce logistics cost and will improve Competitiveness of Indian textile manufacturing. Once completed each park is expected to provide employment to 1 lakh persons directly and 2 lakh persons indirectly.

(iii) In order to make textiles products cost competitive and adopting the principle of zero rated export, the Union Cabinet has given approval for continuation of Rebate of State and Central Taxes and Levies (RoSCTL) on exports of Apparel/Garments (Chapters-61 & 62) and Made-ups (Chapter-63) till 31st March 2024. The other textiles products (excluding Chapter 61, 62 and 63) which are not covered under the RoSCTL are eligible to avail the benefits, if any, under RoDTEP along with other products.

(iv)Apart from this, the Government is also running Schemes viz. Amended Technology Up-gradation Scheme (ATUFS), Integrated Processing Development Scheme (IPDS), National Technical Textile Mission (NTTM), etc. for holistic development of textile sector.

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

Source: pib.gov.in– Mar 25, 2022

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Gujarat tops export index, other coastal states also fare better

Gujarat retained the top rank even as most of the coastal states emerged better performers on the Niti Aayog's Export Preparedness Index 2021, data for which was released on Friday.

Among the states and Union Territories, Gujarat has the highest score of 78.86 out of 100 and Lakshadweep with the lowest score of 2.12.

"Gujarat has topped the index with a strong display in various sub-pillars such as export promotion policy, business environment and infrastructure," according to the report. Notably, other coastal states such as Maharashtra and Karnataka occupy the index's second and third positions. All three states have performed consistently across pillars, thus consolidating solid scores. These states are among the top states in the export contribution of more than 50% in India in 2020-21, it said.

While the central government plays an active role in enhancing India's exports, it is also essential for the state governments to actively strategise their industrial policies to achieve more significant exports. Moreover, the states have the predominant role in the allocation of factors of production – land, labour, electricity, water, infrastructure, etc. Therefore, India's export policy has to be more decentralised and state-specific, the report noted.

India's merchandise exports exceeded an ambitious target of $400 billion for FY22 nine days before the fiscal is set to end, staging a smart rebound after a 7% slide last fiscal in the wake of the Covid-19 outbreak and surpassing the previous high by a wide margin.

India faces stiff competition on its cost-effective exports from countries like Vietnam, Laos, Cambodia and the Philippines. The report explores the possibilities of expanding the long-term productivity of Indian exporters and further developing complex, unique, and value-added Indian products for the world.

The Export Preparedness Index (EPI) is a data-driven endeavour to identify the fundamental areas critical for subnational export promotion.

The EPI ranks states and UTs on 4 main pillars — policy, business ecosystem, export ecosystem and export performance — and 11 sub-pillars

— export promotion policy, institutional framework, business environment, infrastructure, transport connectivity, access to finance, export infrastructure, trade support, R&D infrastructure, export diversification and growth orientation.

Releasing the report, Niti Aayog vice chairman Rajiv Kumar said it will help the states plan and execute sound export-oriented policies for ensuring a conducive export ecosystem, to make maximum utilisation of their export potential.

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