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INTERNATIONAL NEWS

UK announces AfCFTA Support Programme; FCDO to provide up to £35 mn

The UK government recently announced the AfCFTA Support Programme to back the implementation of the African Continental Free Trade Area (AfCFTA) trading bloc. The Foreign Commonwealth and Development Office (FCDO) will provide up to £35 million to offer trade facilitation and trade policy support to the AfCFTA secretariat and member states.

The support will be offered through TradeMark East Africa (TMEA), Overseas Development Institute (ODI) and other regional partners, UK international trade secretary Anne-Marie Trevelyan recently announced.

The announcement came during AfCFTA secretariat secretary general Wamkele Mene's visit to London to discuss how the United Kingdom can continue its work as a strategic partner to the AfCFTA.

As the world's largest free trade area, the AfCFTA has the potential to boost Africa's economic growth by driving industrialisation, generating jobs and delivering prosperity across the continent.

For UK businesses, the trade bloc will remove market access barriers by creating a single continental market, making it easier and more cost-effective for UK businesses to export goods and services across the 54 AfCFTA member states, according to an official release.

The programme builds on existing work from the FCDO and international trade department's trade for development unit to strengthen partnerships and resilience in Africa.

Under the UK's G7 presidency last year, the new British Investment International (BII) group pledged to work with other G7 Development Finance Institutions (DFIs) to invest at least $80 billion in the African private sector by 2027.

Support for projects in Africa from UK Export Finance is also at its highest in decades, backing a range of infrastructure projects in countries from Ivory Coast to Uganda, with more than £2.3 billion of financial support in the past year.

The AfCFTA Support Programme also complements the UK's broader partnership with the African Union as a multilateral institution to promote global values.

Source: fibre2fashion.com – Mar 31, 2022

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USA: The Best of Times and Worst of Times for Cotton?

Charles Dickens' "A Tale of Two Cities" spoke of the best of times and the worst of times while capturing the turmoil of the French Revolution in Paris, a safe haven offered by London, and, of course, the ultimate personal sacrifice.

When looking at today's cotton market, one could make the comparison that we're looking at the best of times and worst of times from a different perspective.

Hopefully, heads will not roll.

In his annual market outlook presentation during the Mid-South Farm and Gin Show, Joe Nicosia of Louis Dreyfus Company said that today's "two cities" are Export Sales versus Export Shipments.

"When we look at the sales we're making today, it's the best of times," he says. "But when we look at what we're actually able to ship in the world, it's the worst of times. When we look at export sales, we can see light at the end of the tunnel. But when we look at how fast we're shipping it, we see a season of darkness.

"Reality is we're doing good. People want our cotton, and we're able to sell. Historically, we have one of the five highest commitment years to date. But our export shipment pace is far behind the five-year average. Right now, we can't even get close."

Nicosia points out that in this 2021/2022 marketing year, the U.S. has shipped 4.6 million bales versus the current USDA projection of 14.8 million – 32.7% of what's needed to meet the export goal.

"If we look at our shipments now as a percentage of our total commitments, we are way behind the 3, 5 and 10-year averages," he notes. "We have to ship more than 400,000 bales a week to get to that USDA estimate. It's only been done once in history, in 2017. But the question is, can we do it under these levels of supply chain problems that we have?"

To be sure, every country is having international shipping issues. But, the U.S. also has accentuated problems on the domestic side to deal with. Lack of warehouse labor. Shortage of truck drivers. Insufficient fleet containers and chassis. Higher drayage rates. Railroad labor shortages. Late pickup of bales. An acute shortage of ocean containers in key loading areas.

Recent BMAS (Bales Made Available for Shipping) reports show that warehouses across the U.S. have almost 900,000 bales available to be picked up. Yet over 300,000 bales a week are not moving out of the U.S.

“Those are our problems, and we need to fix them,” says Nicosia. “The silver lining is that if we can solve this situation, we can move a lot of bales really fast, even with higher freight costs (U.S. up “only” 25%) and crazy vessel scheduling and restrictions.

“We have inefficiencies from resources,” he adds. “Fifteen million containers left the ports empty in 2021. That’s 100 times the total volume of containers we need to ship the entire U.S. cotton export number. And some vessels won’t even go to certain countries anymore, so we have huge increases in costs. These logistical problems could shave thousands of bales off our U.S. exports. If we can’t get our bales sold and shipped, Brazil and Australia are going to take markets away from us.”

The Main Competitors

Let’s start with the main target – China.

For many years, China has dominated the world textile market. But up and coming countries like Vietnam, Pakistan, Bangladesh, and India have been chipping away at China’s textile dominance. In 2006 and 2007, China had more than 20 million bales more than those countries combined. Today, those countries handle 20 million bales more than China.

“I think Chinese consumption has an uphill battle to fight,” explains Nicosia. “It has flatlined over the past 20 years. It’s no longer the engine of the growth of the textile business. It’s still a substantial market, but it’s no longer a growing one. China is a deficit country, using more cotton than they produce. And as their reserve stocks start dropping, China is going to have no choice but to buy their deficit. So, China is now back, and they will be back every year.

“That’s good news. But how much good news is it?”

The U.S. should be poised to hold on to a piece of their current Chinese market. But we'll have to battle heightened challenges from Australia and Brazil for not only China, but also for the emerging markets in Vietnam, Bangladesh, and Pakistan.

Here's why.

Australia has recovered from the drought of the century, during which they produced only about 600,000 bales annually. Last year, the rains returned, and Australia now has enough moisture for at least two more years of cotton crops at maximum capacity. Their production is expected to increase 10x up to roughly 6 million bales.

Brazil has continued to expand agricultural land, their yields, and double cropping. Brazil now grows the majority of its cotton as a second crop behind soybeans. Production of more than 13 million bales is anticipated, with roughly 8.5 to 10 million bales per year going to export.

"Those two countries combined now produce more cotton than the U.S.," says Nicosia. "Their combined export number is equal to the U.S. We're fortunate in that cotton's not here yet, but it's coming. And it's coming to compete with the U.S.

"The good news is that world consumption of cotton is continuing to grow."

What Do the Numbers Say?

During its 2022 annual meeting, National Cotton Council economists pointed to several key factors that will shape the U.S. cotton industry's 2022 economic outlook.

The global economy recovered at a much faster pace than expected as COVID-19 restrictions were relaxed, and world economies reopened. Strong world cotton demand has resulted in the highest cotton prices in a decade. Yet, caution is still recommended due to potential volatility due to the continued impacts of the COVID-19 pandemic, rising energy prices, supply chain disruptions, geopolitical tensions, higher than expected inflation, and slowing economic growth.

The results of the NCC Annual Planting Intentions survey projects 2022 U.S. cotton acreage to be 12.0 million acres – 7.3% higher than 2021. Based on the state-level 10-year average abandonment rates and five-year average yields, 2022 harvested area is estimated to be 9.8 million acres with an overall abandonment rate of 18.9%. U.S. production is estimated to be 17.3 million bales with an average yield of 850 pounds per acre, which includes 16.8 million upland bales and 438,000 extra-long staple bales.

World production is estimated to increase to 122.6 million bales in 2022 due to higher acreage. World mill use is projected to increase to 125.9 million bales for the 2022 marketing year, which represents an all-time high for cotton demand. With expanded consumption in key importing countries, world trade is projected to increase to 48.3 million bales.

U.S. exports are projected to increase to 15.8 million bales in the 2022 marketing year. When combined with U.S. mill use, total offtake exceeds expected production, and ending stocks are projected to fall to 3.1 million bales. If realized, U.S. stocks would represent one of the lowest levels in the last 20 years.

Those numbers are likely to be adjusted as planting begins. In its preliminary acreage projection, USDA expects 12.7 million cotton acres. Dr. O.A. Cleveland, in an interview in the March 9 episode of the Cotton Companion podcast, believes pressure from other healthy commodity prices and unknowns from the Ukraine conflict will push the final cotton acreage number into the 12.2-to-12.3-million-acre range.

Is the Market Still Bullish?

For the most part, yes. But we're going to need a good U.S. cotton crop in 2022.

"Cotton prices are great," notes Nicosia, "but so are the prices of everything else. Looking at the Mid-South as an example, the returns on everything, except peanuts, are substantially higher. And what about the returns on your variable costs? If you're making almost the same money but are able to invest substantially less in soybeans and corn than you are in cotton, your return on your variable costs looks better for grains side than for cotton.

The good news is growers have a lot of good choices, even with cotton prices at a dollar," he says. "I think we're going to see more people stay with their traditional rotation because they can make money in everything. I just don't think we're going to have this giant influx of cotton acres into the United States unless we get water in West Texas.

We are back where we were last year in West Texas at this point with the drought situation. We're in a critical condition in the most important spot in the world with the highest concentration of cotton production."

Make no mistake. At these prices, there's a lot of risk in the marketplace. But short of rescuing rains in West Texas and/or an unexpected black swan event, Nicosia doesn't believe new crop prices have much room to go down.

Exports will remain heavily influenced by Chinese buying. And don't forget the always present threat from man-made fibers (although recent increases in oil prices have helped close the price gap between cotton and polyester).

"If Texas production has problems, new crop prices will exceed this year's prices," concludes Nicosia. "There's high volatility. I can easily see the price changing 25-to-50 cents for cotton, and that's not only in one direction. We have quite a few major influences of things that are here. $1.00 to $1.20 is not an area of equilibrium."

Source: cottongrower.com– Mar 31, 2022

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Global manufacturing rebound falters as war takes its toll

The manufacturing resurgence in Europe and Asia softened in March as factories saw worsening supply shortages and soaring costs after Russia's invasion of Ukraine.

It's the latest signal of how far the ripple effects from the war have spread, and another setback for countries that were poised to rebound more strongly from the latest wave of Covid-19 infections.

The purchasing managers' index for the euro area sank to a 14-month low, though at 56.5 remained well above the 50 level that separates expansion from contraction. Germany and France, the currency bloc's two top economies, both lost steam.

"Just as the fading of the latest pandemic wave was creating a tailwind for the euro-zone manufacturing recovery, with economies reopening and supply-chain bottlenecks easing, the war in Ukraine has created an ominous new headwind," Chris Williamson, chief business economist at S&P Global, said Friday.

In Asia, manufacturing hubs South Korea and Vietnam saw the sharpest downturn in their PMIs. Taiwan, Thailand and Malaysia also declined, with the latter slipping below 50.

Japan's gauge accelerated as dwindling virus cases allowed factories to ramp up production, according to compiler au Jibun Bank. Indonesia and the Philippines also saw improvements.

Asian economies are relying on their factory sectors to help drive recoveries, while virus curbs hold back traditional growth engines of consumption.

Rising energy costs and ongoing supply disruptions mean the region's PMIs will likely soften further, said Chua Hak Bin, senior economist at Maybank Investment Banking Group in Singapore.

For China, a private gauge of manufacturing activity dropped in March by the most since the pandemic's onset as Covid lockdowns took a toll on production and sales. The Caixin Manufacturing Purchasing Managers' Index fell to 48.1 from 50.4 in February, Caixin and S&P Global said in a statement.

That reading came a day after both the official manufacturing and non-manufacturing PMIs for March posted larger-than-expected declines and slipped to contraction territory for the first time in roughly half a year.

A slowdown in Asia has potential knock-on effects for the rest of the global economy. The region is the world's top manufacturing base, and its exports ranging from energy to food are critical in augmenting supplies and tamping down prices in nations beginning to emerge from the pandemic.

In a warning sign for global demand given its status as a weather vane for trade, South Korean new export orders fell by their quickest pace since July 2020. Input price inflation hit a three-month high.

"Manufacturing firms noted the impact that economic sanctions on Russia and the war with Ukraine had on international demand," Usamah Bhatti, an economist at S&P Global, said in a release.

Source: economictimes.com– Apr 2, 2022

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Russia-Ukraine war to hamper EU's economy, lower global growth

The Russia-Ukraine war, which has entered its second month, will impact the EU's economy as well as lower the global economic growth in 2022. The United Nations Conference on Trade and Development (UNCTAD) recently downgraded its global economic growth projection for 2022 to 2.6 per cent from 3.6 per cent due to the war and changes in macroeconomic policies.

Deloitte said in a recent report that the war is not likely to derail post-pandemic US economic recovery but will push up inflation in the short run. Europe's heavy dependence on Russian natural gas suggests that the EU's economy will experience slower growth—or, in the extreme case, a recession. The crisis is likely to make things more difficult for US exporters.

Inflation and related problems, such as tangled supply chains, may continue to challenge business leaders and policymakers, but the US economy is performing well by most measures, Deloitte said in a note.

In an update to its Trade and Development report published on March 24, UNCTAD said the ongoing war in Ukraine is likely to reinforce the monetary tightening trend in advanced countries following similar moves that began in late 2021 in several developing countries due to inflationary pressures, with expenditure cuts also anticipated in upcoming budgets.

While Russia will witness a deep recession this year, significant slowdowns in growth are expected in parts of Western Europe and Central, South and South-East Asia, it said.

UNCTAD is worried that a combination of weakening global demand, insufficient policy coordination at the international level and elevated debt levels from the pandemic, will generate financial shockwaves that can push some developing countries into a downward spiral of insolvency, recession and arrested development, the UN body said in a release.

Source: fibre2fashion.com– Apr 2, 2022

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USA: March Jobs Growth Slows as Consumer Confidence Improves

In the U.S., nonfarm payrolls grew by 431,000 in March, while consumer confidence inched up slightly.

Job growth

The economy added 431,000 jobs in March, missing economists' consensus estimate of 490,000 and marking a slowdown from February's 750,000-job expansion for a 3.6 percent unemployment rate.

Most March job gains were in leisure and hospitality, although retail trade increased by 49,000 jobs, according to the U.S. Department of Labor. That's an improvement from the February's 37,000. Within retail trade, gains in general merchandise stores rose by 20,000. Total retail trade employment is 278,000 above February 2020. The average hourly earnings rose 0.4 percent.

Consumer confidence for March

The Conference Board's Consumer Confidence Index rose slightly in March to 107.2, up from 105.7 in February. Although January and February readings reflected a decline in confidence, consumers appeared buoyed somewhat by strength on the jobs front.

The Present Situation Index rose to 153.0 from 143.0 in February. However, the Expectations Index measuring short-term outlook fell to 76.6 from 80.8, reflecting inflationary concerns and higher gas prices, as well as the war in Ukraine.

"Nevertheless, consumer confidence continues to be supported by strong employment growth and thus has been holding up remarkably well despite geopolitical uncertainties and expectations for inflation over the next 12 months reaching 7.9 percent—an all-time high.

However, these headwinds are expected to persist in the short term and may potentially dampen confidence as well as cool spending further in the months ahead," Lynn Franco, senior director of Economic Indicators at The Conference Board, said.

More than half of consumers (57.2 percent) said jobs were "plentiful," up from 53.5 percent in February and representing a new historical high. However, respondents to The Conference Board's survey weren't as optimistic about their outlook for short-term business conditions, with 23.8 percent expecting a decline, up from 19.9 percent in February.

Jack Kleinhenz, chief economist for the National Retail Federation, wrote in the retail trade group's April Monthly Economic Review that the U.S. economy is showing "strong momentum," though consumers are now preoccupied with inflation Russia's war in Ukraine where Covid had been top of mind.

"Complicating the picture is the very high uncertainty associated with the war in Ukraine and its effect on the world economy," Kleinhenz said. "While the United States has a limited trade link with Russia, the war continues to overshadow economic news and could have a potentially serious effect on prices for energy and commodities, adding to inflation concerns.

The bottom line is that there are just as many uncertainties weighing on the outlook for growth as there were a year ago even if some of the forces at play have changed."

Kleinhenz expects gross domestic product growth of 3.5 percent this year, and NRF forecasted annual retail sales growth of 6 percent to 8 percent, or $4.86 trillion to $4.95 trillion.

Source: sourcingjournal.com– Apr 1, 2022

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UAE e-commerce market value expected to exceed $8 billion by 2025

Total e-commerce in the UAE is anticipated to surpass $8 billion by 2025, as per the report launched by EZDubai, the fully dedicated e-commerce zone in Dubai South, in partnership with Euromonitor International, the world's leading provider for global business intelligence, market analysis and consumer insights. In 2021, the market value reached just over $5 billion.

According to the report's findings, more consumers in the UAE made online purchases across all categories during 2021 compared to 2020, with an average 75 per cent of respondents typically purchasing online. The fastest-growing sectors by industry from 2021 – 2025 will be homewares & home furnishings, food & beverage, and media products. EZDubai was designed to attract leading e-commerce companies and create a benchmark with its infrastructure.

Countries in the Middle East are in a strong position to enable further e-commerce development thanks to high GDP per capita and internet penetration. The UAE and Qatar are in the strongest position, with GDP per capita above $40,000 and internet penetration above 90 per cent. Both countries have successfully implemented fibre access in homes and have the highest active mobile-broadband subscriptions in the region.

E-commerce in the MENA region is fast catching up with global powerhouses, such as China, with many online retailers scaling up services during COVID-19; by 2021, the total market size was estimated at $31.7 billion.

The expansion of e-commerce in the MENA region is mainly driven by strong internet penetration rates, high possession of digital devices, rising incomes, improving logistic advancements, and the increasing presence of global and recognised players that have brought variety and availability to local consumers amidst the pandemic.

While the MENA is mostly a cash-based economy, after the pandemic, consumers shifted quickly to adopt credit and debit cards, driven by increased trust and the improvement of company operations. According to the report, in the UAE, credit/debit cards are the preferred method of payment.

“We are pleased to launch the second e-commerce report in partnership with Euromonitor and share the latest insights on the sector with our stakeholders. The growth of e-commerce that is witnessed in the UAE and the MENA region encourages us to work harder and closer with our e-commerce players in order to boost the sector, so that the emirate’s e-commerce market becomes a global powerhouse.

The relentless government support as well as the services and solutions that we tailor for our clients to fulfil their objectives, are key factors in the advancement of the sector. At EZDubai, we will continue to cater to the rising demand that comes in tandem to the growth of online buyers and internet penetration,” Mohsen Ahmad, CEO of the Logistics District - Dubai South, said.

“The launch of the second e-commerce report in the MENA region, is due to several factors, among which is the growth of the e-commerce sector that reached over $31.7 billion in 2021. We are delighted to present the report in partnership with EZDubai, and to provide industry players with a strong understanding of the key opportunities in the e-commerce industry through market growth performance, key success factors and category analysis,” Hussein Doughan, general manager of Euromonitor International in Dubai, said.

Source: fibre2fashion.com– Apr 1, 2022

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FDI in Vietnam rises by 7.8% YoY to $4.42 bn in Q1 2022

Foreign direct investment (FDI) in Vietnam rose by 7.8 per cent to $4.42 billion in the first quarter of this year compared to the figure in the corresponding period in 2021—a five-year record. Up to $4.06 billion of capital was added by foreign businesses to 228 operating projects during the period—up by 93.3 per cent year on year (YoY), according to the General Statistic Office (GSO).

GSO said 322 new foreign projects, capitalised at $3.21 billion, were licensed in the first three months—up by 37.6 per cent in the number of projects, but down 55.5 per cent in capital YoY.

The country’s Foreign Investment Agency (FIA) attributed the substantial decline in newly-registered capital to fact that some large-scaled projects worth over $100 million were already registered in the first quarter of 2021. Capital pledged to such projects accounted for 75.3 per cent of the country's total registered capital in the reviewed period, Vietnamese news media reported.

The quarter saw only a single foreign-invested project worth over $1 billion—a LEGO Manufacturing Vietnam plant valued at $1.32 billion in Binh Duong province, FIA said.

Meanwhile, foreign investor capital contributions and share purchases doubled over the same period last year to $1.63 billion, which brought the total foreign investments into the country in the first quarter to $8.9 billion, equivalent to 87.9 per cent of the figure during the same period last year.

The agency said many projects on manufacturing electronic and high-tech products have raised their level of capital in the first three months of the year.

The processing and manufacturing sector lured the largest share of FDI with over $5.3 billion, accounting for 59.5 per cent of the country's total capital.

From January to March this year, Singapore was Vietnam’s leading foreign investor with nearly $2.29 billion, making up almost 25.7 per cent of the total FDI registered in the country. South Korea followed with more than $1.61 billion or 18 per cent, and Denmark with $1.32 billion or 15 per cent.

Vietnamese firms, meanwhile, invested $211.5 million overseas in the first quarter, down by 63 per cent YoY, FIA said.

Of that sum, over $180 million came from 24 newly-licensed projects—up by 28.5 per cent, while the remaining $31.2 million came from three capital-added projects, a yearly decline of 93 per cent.

Source: fibre2fashion.com– Apr 1, 2022

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Pakistan: Cotton rate stable amid low buying

The rate of cotton remained stable during last week. Fluctuation was seen in international cotton market. The government has set a target of production of 11.034 million bales of cotton for the next season. It is expected that cotton crop may be affected due to water shortage. There was some recession in markets related to cotton, cotton yarn and textile products.

In the local cotton market during the last week the rate of cotton remained stable. Very few textile mills were involved in buying. The stock of cotton is almost over with ginners. An international organisation that is involved in selling of cotton also ran short of stock. Hence it could be said that stock of cotton in the country is almost over. Though some ginners had still limited stock of cotton of low quantity but they were demanding high rates.

Generally, there was almost no business activity in the country due to prevailing political uncertainty. The trader community is not showing any interest in transactions because of the uncertainty. Moreover, there is a financial crunch in the market. Ramadan has already started. Usually there is hustle and bustle in the market during these days but presently the market is lacklustre. There is uncertainty in the market also due to high rate of inflation.

In the local cotton market the stock of cotton is almost over but a bullish trend prevails in the market, especially there is a fluctuation of three to four Cents in the rate of future trading of New York Cotton on daily basis. News regarding Russia- Ukraine war also affects the market to some extent.

Due to local political uncertainty there is also an uncertainty in the cotton and yarn markets of the country. There is very cautious buying while the situation of payments in the market is worse.

Farmers and organisations related to cotton are very active before the start of new season. Seminar and workshops are held on daily basis. Prime Minster Imran Khan had established Pakistan Cotton Authority in order to increase production of cotton in the country. Vice President Pakistan Central Cotton Committee briefed about the main characteristics of the authority.

It is pertinent to mention here that it is expected that next year the production of cotton will increase but according to the information received from the lower areas of Sindh it is estimated that sixty percent of the cotton production may be affected due to acute water shortage.

In this situation, it is suggested that concerned departments should take immediate action; otherwise, cotton production will be severely affected. According to the sources in these areas wheat crop was also affected due to water shortage. It is demanded that steps should be taken to end water crisis in the cotton growing areas. Moreover, availability of DAP and energy should be ensured on suitable rates. According to the forecast of the metrological department this year there will be extremely hot weather, as well as, a longer rainy season

The rate of quality cotton of Sindh and Punjab which is available in limited amount is in between Rs 18,000 to Rs 21000 per maund. There is an increasing trend in the rate of Banola, Banola Khal and oil. The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 500 and closed it at Rs 20,500 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that a bullish trend prevails in international cotton market. Fluctuation of three to four cents was observed in the rate of Future Trading of New York Cotton. According to the weekly export report of USDA two lac thirty four thousand bales were sold which is twenty four percent less as compared to the sales of last week. China was on number one buyer with one lac seventy seven thousand bales; Vietnam was on number two with more than twenty thousand bales while Turkey was on number three with more than thirteen thousand bales.

The Federal Committee on Agriculture (FCA) on Thursday fixed the cotton production target at 11 million bales from cultivation over an area of over 3.1m hectares of land.

The committee meeting chaired by Minister for National Food Security and Research Syed Fakhar Imam set production targets for important Kharif crops in 2022-23 and expressed satisfaction over the availability of inputs particularly fertilisers and irrigation water. It noted that the production of wheat during the outgoing Rabi season recorded a decrease of 2.5 per cent over the last season.

The committee was informed that 65 per cent of cotton was grown in Punjab while the rest was grown in Sindh. Nearly 26pc of farmers grow cotton, and over 15pc of the total cultivated area is devoted to this crop. A negligible area comes under the cotton crop in Khyber Pakhtunkhwa and Balochistan.

The committee fixed 8.6m tonnes production target for rice from an area of 3.1m hectares. Pakistan harvested record rice production of 8.9m tonnes during the last Kharif season, up from 8.4m tonnes the prior year. Fertiliser subsidy scheme has contributed to higher yields

Pakistan is the 10th largest rice producer and the country's exports make up more than 8pc of the world's total rice trade.

The target for sugarcane, the third-largest Kharif crop, was set at 78.6m tonnes over an area of 1.2m hectares for the season of 2022-23. Last year, sugarcane production increased to 75.9m tonnes, which was higher than 66.8m tonnes from the previous year.

Despite an increase in sugarcane production, the country witnessed instability in the sweetener's availability for end-users amid high prices.

While reviewing the performance of the Rabi crops for 2021-22, the committee observed that the gram production for 2021-22 has been estimated at 354.7 thousand tonnes from an area of 866.6 thousand hectares; the increase in production is 51.6pc over the last year.

The FCA was informed that the potato production for 2021-22 has been estimated at 7.74m tonnes from an area of 0.3m hectares; the increase in production is 34.8pc over the last year.

The committee also discussed the production achievements of other essential crops like lentil, onion and tomato.

Regarding the availability of water for the Kharif season, the committee was informed that water availability in canal-heads will remain 65.84 million acres feet (MAF) as against last year which was 65.08 MAF. Presently, all the provinces are getting satisfactory water supplies.

Source: brecorder.com– Apr 4 2022

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Pakistan: Need stressed for Pak-Italy trade

Italian ambassador Andreas Ferrarese met a business delegation on Saturday and discussed prospects for improving bilateral trade and economic relations between the two countries.

The envoy met Islamabad Chamber of Commerce and Industry led by Muhammad Shakeel Munir, where Ferrarese stressed on need further strengthen trade and economic relations with Pakistan to achieve mutually beneficial outcomes.

He said Pakistan could achieve multiple benefits for its economy by developing close cooperation with Italy. “More awareness in the Italian business community about Pakistan will help in enhancing trade relations.”

He suggested the business community to focus on value addition of its products, saying Italy could help it with its advanced technology in various fields including marble and tourism.

Speaking at the occasion, Muhammad Shakeel Munir, president ICCI said bilateral trade between Pakistan and Italy was not reflective of their true potential and urged both the countries to focus on developing strong business linkages between their private sectors to increase bilateral trade volume.

He said technological cooperation of both the countries in textiles, construction, marble, pharmaceuticals, agriculture, processed food, dairy, livestock, and other sectors would enable the country to upgrade its industrial capacity and produce value added products for exports promotion.

The envoy said Pakistan has huge reserves of marble and granite and Italian technology would help it to produce value-added marble products and boost their exports.

He stated that Pakistan was offering incentives to foreign investors and Italian companies should take benefit of these opportunities by exploring JVs and investment in Pakistan.

Source: thenews.com.pk– Apr 04, 2022

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WTO urges Pakistan to focus on diversifying export base

The member countries of the World Trade Organisation (WTO) have urged Pakistan to further concentrate on diversifying its export base and making use of the multilateral trading system to further its development objectives.

The WTO member countries gave their suggestions during the 5th Trade Policy Review (TPR) of Pakistan which concluded on April 1, 2022. The Pakistani delegation was led virtually by Muhammad Sualeh Ahmad Faruqui, Federal Secretary of Commerce. Over 30 officers from more than 20 government ministries /departments participated virtually in the meeting, while Pakistan's Permanent Mission to the WTO was physically present at the WTO in Geneva.

Dr Bettina Waldmann, the Permanent Representative of Germany to the WTO, was Pakistan's discussant and provided an insightful comment on Pakistan's trade policies in both her opening and closing remarks.

According to Commerce Ministry, all WTO members are subject to a review and the frequency of members' trade policies and practices depends on their shares in world trade. Pakistan's last trade policy review took place in March 2015. The WTO General Council meets as the Trade Policy Review Body (TPRB) to undertake trade policy reviews of members under the Trade Policy Review Mechanism (TPRM). The review engages in surveillance of national trade policies and as such is a fundamentally important activity running throughout the work of the WTO.

TPR is a very rigorous activity spanning almost a year and culminates in the production of two reports, one by the WTO Secretariat and one by the government under review. These reports are the basis for the review process where members provide their feedback, ask for clarifications, and make recommendations.

During the review, which took place for two days, close to 320 questions covering a broad range of areas from trade and economic perspectives were asked by member countries in writing. A committee comprising members from various federal government departments, including Pakistan's Permanent Mission to the WTO was constituted in the Ministry of Commerce, to respond to the queries raised by member states.

MoC states that 33 member countries intervened to give their comments on Pakistan's policies, to ask supplementary questions, and to provide feedback on cross-cutting issues.

Members noted, in particular, Pakistan's economic resilience in tackling shocks of Covid-19 and its rapid economic recovery. Members appreciated Pakistan's policies of tariff rationalization, its move towards an increase in exports, and shrinking current account deficit, particularly, in the wake of the Balance of Payment crisis and the shock of the Covid-19 pandemic.

Pakistan was commended for its effective implementation of the Trade Facilitation Agreement and the installation of the National Single Window which would gel in with the national priorities of regional connectivity of facilitation and trade transport, and integration into global and regional value chains.

Members noted the legislative enactments in the areas of trade and industrial expansion, including STPF 2020-25, mobile manufacturing policy, automobile manufacturing policy, SME development and youth entrepreneurship, e-commerce policy, Ehsaas Programme and GI Law, amongst others. With its eye on the future, Pakistan's focus on a green economy and gender mainstreaming, in line with SDG 5, were also noted. Pakistan's openness towards foreign direct investment and streamlining of regulatory practices were also lauded by the members.

Source: aaj.tv– Apr 03, 2022

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NATIONAL NEWS

'This is a watershed moment,' says PM Modi as India, Australia sign trade pact

India and Australia on Saturday signed an economic cooperation and trade agreement under which Canberra would provide duty-free access in its market for over 6,000 broad sectors of India, including textiles, leather, furniture, jewellery and machinery. The agreement is likely to be implemented in about four months.

The India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA) was inked by Commerce and Industry Minister Piyush Goyal and Australian Minister for Trade, Tourism and Investment Dan Tehan in a virtual ceremony, in the presence of Prime Minister Narendra Modi and his Australian counterpart Scott Morrison.

Goyal said the agreement would help in taking bilateral trade from USD 27.5 billion at present to USD 45-50 billion in the next five years. He further said the pact will contribute towards large employment generation, which is estimated at around 10 lakh over the next 5-7 years as the labour-intensive sectors are likely to gain the most.

Under the pact, Australia is offering zero duty access to India for about 96.4 per cent of exports (by value) from day one. This covers many products which currently attract 4-5 per cent customs duty in Australia.

Labour-intensive sectors which would gain immensely include textiles and apparel, few agricultural and fish products, leather, footwear, furniture, sports goods, jewellery, machinery, electrical goods and railway wagons. On the very first day of the implementation of the pact, over 6,000 tariff lines would be available for Indian exporters at zero duty. Australia trades in about 6,500 tariff lines, while India has over 11,500 tariff lines.

Since Australian exports are more concentrated in raw materials and intermediates, many industries in India will get cheaper raw materials which will make them competitive, in particular sectors like steel, aluminium and fabric/ garments. To safeguard sensitive sectors, India has several goods in the exclusion category in which no duty concessions will be accorded to Australian imports.

Such goods will include milk and other dairy products, toys, sunflowers, seed oil, walnuts, pistachio nuts, platinum, wheat, rice, bajra, apple, sugar, oil cake, gold, silver, chickpeas, jewellery, iron ore and most medical devices.

The agreement will also have a safeguard mechanism that includes stricter rules of origin to prevent any routing of products from a third country; safeguard mechanism to deal with any unusual surge in imports; and similar norms for the steel sector.

For the pharma segment, the pact would provide fast-track approvals and fast-track quality assessment/inspections of manufacturing facilities. In the services sector, benefits for India include post study work visa of 2-4 years for Indian students on reciprocal basis; and work and holiday visa arrangement for young professionals, Goyal said.

“Post study work visas will provide extended options for working in Australia to eligible Indian graduates, post graduates and STEM (science, technology, engineering and mathematics) specialists,” he said, adding that currently, there are more than 1 lakh Indian students enrolled in various courses in Australia.

He added that Australia has agreed to resolve the double taxation issue being faced by domestic IT companies in that market.

Canberra has also agreed to amend its domestic tax law to stop the taxation of offshore income of Indian firms providing technical services in Australia. On the other hand, India will be offering zero duty access for over 85 per cent of its tariff lines for Australia which will include products like coal, sheep meat, wool, LNG, coal, alumina, metallic ores, including manganese, copper and nickel; titanium and zirconium.

Coal accounts for about 74 per cent of imports from Australia and currently, it attracts 2.5 per cent duty. About 73 per cent of the coking coal, used mostly by steel players, is imported from Australia. India also imports thermal coal from that nation.

India will also provide duty concessions to Australian wines in a phased manner over a period of 10 years. Concessions would be provided on Australian wines depending upon prices.

Tariffs on wine with a minimum import price of USD 5 per bottle will be reduced from 150 per cent to 100 per cent on the deal's implementation and subsequently to 50 per cent over 10 years.

Similarly, the duty on bottles with a minimum import price of USD 15 will be reduced from 150 per cent to 75 per cent, and subsequently to 25 per cent over 10 years.

According to a statement by the Australian Trade Ministry, duties up to 30 per cent on avocados, onions, shelled pistachios, cashews in-shell, blueberries, raspberries and blackberries will be eliminated over seven years.

"Tariffs on pharmaceutical products and certain medical devices will be eliminated over five and seven years," it said. "Sheep meat tariffs of 30 per cent will be eliminated on entry into force, providing a boost for Australian exports that already command nearly 20 per cent of India's market."

Tehan said the pact will create new opportunities for jobs and businesses in both countries, while laying the foundations for a full free trade agreement. Both countries will facilitate the recognition of professional qualifications, licensing, and registration procedures between professional services bodies.

There will be eight chapters in the agreement — goods, services, rules of origin, sanitary and phytosanitary measures, technical barriers to trade, customs procedure and trade facilitation, legal and institutional issues and movement of natural persons, and trade remedies.

The interim deal will pave the way for a Comprehensive Economic Cooperation Agreement (CEPA) with Australia. It will be the second such pact after the one with the United Arab Emirates (UAE), which was signed in February. Australia is the 17th largest trading partner of India, while New Delhi is Canberra's 9th largest partner. India's goods exports were worth USD 6.9 billion and imports aggregated to USD 15.1 billion in 2021

Modi said signing of the pact in such a short span of time reflects the depth of the mutual confidence between the countries. He also underlined the huge potential that exists in the two economies to fulfil each other's needs, adding that this agreement will enable the countries to fully leverage these opportunities.

"This is a watershed moment for our bilateral relations…On the basis of this agreement, together, we will be able to increase the resilience of supply chains, and also contribute to the stability of the Indo-Pacific region," Modi noted.

This agreement, he said, will also facilitate the exchange of students, professionals, and tourists between the two nations.

Terming the signing of the pact as another milestone in the growing relationship between India and Australia, Prime Minister Morrison said the agreement further develops on the promise of the relationship.

Apart from increased trade and economic cooperation, he said, the agreement will further deepen the "warm and close ties" between the people of the two countries by expanding work, study and travel opportunities.

The Australian Prime Minister said the agreement would create enormous trade diversification opportunities for domestic producers and service providers bound for India, valued at up to USD 14.8 billion each year.

"This agreement opens a big door into the world's fastest growing major economy for Australian farmers, manufacturers, producers and so many more," he said, adding by unlocking the huge market of around 1.4 billion consumers in India, "we are strengthening the economy and growing jobs right here at home".

Further, he said the agreement is great news for lobster fishers in Tasmania, wine producers in South Australia, macadamia farmers in Queensland, critical minerals miners in Western Australia, lamb farmers from New South Wales, wool producers from Victoria and metallic ore producers from the Northern Territory.

"This agreement has been built on our strong security partnership and our joint efforts in the Quad, which has created the opportunity for our economic relationship to advance to a new level," he noted.

Source: financialexpress.com– Apr 02, 2022

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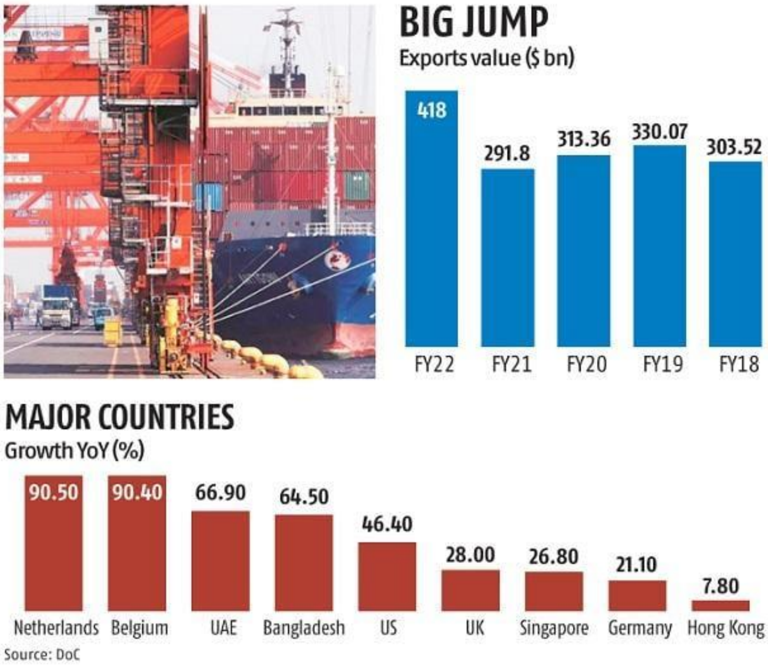
Exports rise 40% to touch $418 bn in FY22, surpass govt target by 5%

The value of goods exported from India witnessed 40 per cent growth during the financial year 2021-22, hitting a record $417.8 billion and surpassing the target set by the government by 5 per cent, according to the commerce and industry ministry.

During the month of March, exports touched $40.38 billion, as compared to $34 billion during the same period a year earlier. The growth was driven by higher demand for items in the petroleum, gems and jewellery, engineering products.



"India has exported $418 billion, for the first time in its history. This is more than the set target. Exceed $40 billion in exports in March alone which is the history of highest export in a single month," commerce and industry minister Piyush Goyal told reporters on Sunday.

"We have been able to achieve such wonderful results without any specific subsidies and grants and that is the way to go...You can handhold up to a level, but ultimately we have to stand on our own feet, we have to engage with the world from a position of strength, with self confidence, with the basis of our confidence and high quality and that is reflected in our achievement today," Goyal said.

While the government is yet to release the import data for the month of March, it is expected that inbound shipments will also touch record high. Imports grew 51 per cent on year to $589 billion during 1 April 2021- 21 March 2022, resulting in widening of the trade deficit to $189 billion. Considering these numbers, India's total trade, in a first, is set to exceed $1 trillion.

Director General of Foreign Trade (DGFT) Santosh Sarangi told reporters that India’s export basket is not confined to intermediate goods or raw materials, but is gradually moving towards manufactured goods. “Our engineering and electronics goods export indicates this,” Sarangi said.

While electronics goods are one of the top items in India’s import basket, after gold, Sarangi said that electronic goods witnessed a 40 per cent jump in FY22, as it got a massive push from the production-linked incentive scheme (PLI).

Export of non-petroleum goods grew by close to a third at $352.76 billion.

Sarangi further said that India has seen a significant jump in exports to developed markets as well such as the United States, Netherlands, Singapore, Hong Kong, United Kingdom, Belgium, Germany. On the contrary, till now substantial amounts of goods were exported to neighbouring countries, predominantly to the Association of Southeast Asian Nations (ASEAN).

The minister had earlier said that in order to achieve the export target, a detailed strategy was in place, including specific country-wise, product-wise and export promotion council-wise target, monitoring and course correction.

Engineering goods exports topped $111 billion in FY22 and is expected to sustain the growth momentum in the current fiscal too despite challenges emerging out of global geo-political tensions, EEPC India Chairman Mr Mahesh Desai said.

“The volatility in commodity prices, supply chain disruptions and a possible change in world political order would certainly have its impact on trade and economy. Some of the leading rating agencies have in the past few weeks lowered India's GDP forecast. So, clearly the impact would be felt but it should not be severe," Mr Desai said.

Source: business-standard.com– Apr 03, 2022

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Why India-Australian interim FTA is more about strategy than trade ?

India and Australia have signed a comprehensive, but interim free trade agreement on Saturday. It is certainly a major trade deal at a time when geo-political situation is chaotic and volatile.

But the Australia-India Economic Cooperation and Trade Agreement (AI-ECTA) must not be seen from the prism of business alone. It is a strategic bilateral tie-up both in terms of timing (the Russia-Ukraine war) and partners (as both are reckoned as key political powers in the world).

The first major factor is hidden behind the deal is India's prowess to reject world's largest multilateral trading block -- the Regional Comprehensive Economic Partnership (RCEP) -- at the eleventh hour and after couple of years forge a separate tie up with one of the key RCEP partners, which is Australia.

Secondly, this deal for India is first major FTA with a developed world after many years. Although the deal took place close on the heels of a similar agreement with the United Arab Emirates (UAE), which is valuable both strategically as well as economically because it is one of the largest trading partners of India and all set to become a gateway to Europe, Africa and Middle East.

The third crucial factor is the timing of the deal. It has happened in an unusual time when the world is divided in camps – for Ukraine and for Russia with a balanced position taken by India. The US and particularly the European Union grumble over India's balance, but today they are not in a position to dictate their unilateral terms to New Delhi, thanks to a strong political leadership in PM Modi. The independent position of India is respected by many countries and the deal brings Australia into it.

The most important message to the world through this deal is the supremacy of India's independent, consistent, honest and transparent thinking in terms of global politics. Even as it is a member of Quad with other powers – the US, Japan and Australia – it has guts to follow its own way when it comes to its own national interest. And the deal shows one of the members of Quad respects India's independent position. This is despite Australia asserted that it will take further action to increase the economic costs to Russia following its illegal invasion of Ukraine by applying an additional tariff of 35% for all imports from Russia and Belarus, an ally of Russia.

The India-Australia trade agreement is due the consistent approach of PM Modi and his friend and Australian counterpart Scot Morrison towards deepening of bilateral ties between maritime neighbours sharing Indian Ocean. The two countries and leaders have similar approach to Indo—Pacific and political will to take decisive steps. This is one strategic relationship that will only grow in the coming years.

Source: hindustantimes.com– Apr 02, 2022

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Goods exports up 33% from pre-pandemic levels: Piyush Goyal

India's goods exports grew 43.2% in 2021-22 to nearly $418 billion dollars, rising over $125 billion over the COVID-hit year 2020-21, with March recording the highest ever outbound shipments worth $40.38 billion, the Commerce and Industry Ministry said on Sunday.

The record exports in the year gone by constituted a 33.33% surge over the pre-pandemic levels of 2019-20. Commerce and Industry Minister Piyush Goyal said total exports were about 5% higher than the $400 billion target for the year, which had been crossed by March 21.

The government did not release data on imports that usually accompanies the official monthly export figures. Total merchandise imports had crossed $550 billion by February 2022, leading to a trade deficit of $175.75 billion in the first eleven months of the year. Goods imports in 2020-21 stood at $393.6 billion.

A bulk of the merchandise exports growth was attributed to engineering goods and agriculture products' exports, both of which hit an all-time high in 2021-22. Engineering goods exports grew 46% over the year at $111 billion, of which about $16 billion worth goods were shipped to the U.S. alone. Agricultural exports are reckoned to have crossed $50 billion with a sharp growth in rice, wheat, marine products, coffee and dairy products.

"Even a pandemic like COVID-19 and the war like situation has not deterred our export target for the year. These results reflect what is possible when there is decisive leadership from a leader like PM Narendra Modi with a 'whole of government' and 'whole of nation' approach," Mr. Goyal said.

The Minister stressed that the growth has occurred in products where small and medium enterprises are active as well as labour-intensive sectors like jute products, textiles, leather, gems and jewellery. Mr. Goyal said the government will continue to work hard to enhance exports from MSMEs and the farm sector and push job creation.

He also congratulated farmers for raising their productivity so that wheat exports have grown from 2 lakh tonnes in 2019-20 to 21.55 lakh tonnes last year and over 70 lakh tonnes in 2021-22. About half of this wheat was exported to Bangladesh largely through the Petrapole land border, said Commerce Secretary BVR Subrahmanyam.

“We will continue to export wheat in a big way to countries that have been affected by the conflict in Ukraine and Russia (major global wheat suppliers) and hope to export 100 lakh tonnes of wheat this year comfortably,” Mr. Goyal said.

Even though a part of the growth in exports may have been driven by rising commodity prices, the performance has been laudable, said Aditi Nayar, chief economist at ICRA, who had expected full year exports to touch $415 billion.

‘Push for Value-Add, New Markets’

Mr. Subrahmanyam pointed out that India is no longer just a primary goods exporter and commodities or raw materials that traditionally saw high exports have actually seen a decline in 2021-22, pointing to dipping iron ore and oilmeal exports.

“These are the areas where the government is deliberately saying we should manufacture here and export manufactured goods,” he said, adding that there was a greater impetus for finished goods and processed products. “In textiles, our exports are $35 billion of which raw cotton is just about $3 billion. The rest of it is processed. We have exported mobile phones worth $6 billion,”

“Other than raw cotton, other agricultural exports and iron ore, we are largely a processed goods exporter which is why it is very important for us to have free trade agreements with the developed world, so that value-added exports can grow and create jobs,” Mr. Goyal said.

Officials emphasised that the growth in shipments came from diversified industries, including sectors like electronics where India was a large importer and has clocked exports of $15.58 billion in 2021-22 compared to $11 billion in the previous year.

Some of the other sectors recording the highest growth included petroleum products largely exported to the UAE, drugs and pharmaceutical products with Netherlands as their biggest buyer. Bangladesh was the biggest importer of Indian chemicals, while China was the biggest procurer of gems and jewellery from India.

They also underlined that Indian products' reach has spread wider with developed countries beginning to import significantly higher value goods.
"Indian exports were earlier dominated by neighbouring and ASEAN nations, but this year recorded a significant jump in exports to developed countries like the US, Netherlands, Hong Kong, Singapore, UK, Belgium and Germany," said Santosh Sarangi, the Director General of Foreign Trade.

'2022-23 Challenges'

"You will bear in mind there is a conflict situation going on because of which shipping lines are disturbed, container shortages are there and shipping costs have gone up. Trade and supply chains are affected worldwide, so the fact that we have crossed $40 billion exports in March with all these challenges gives us confidence," the minister said, adding that the Free Trade Agreements with Australia and the UAE will help boost exports this year.

For setting the export target for this year, Mr. Goyal said export promotion councils will work out sectoral possibilities and Indian missions abroad will evaluate prospects in different importing nations, which will then be translated into an 'ambitious target'.

Source: thehindu.com– Apr 03, 2022

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Government extends foreign trade policy till September 30

The government has further extended the existing Foreign Trade Policy (FTP) till September 30 this year, according to a commerce ministry notification. FTP provides guidelines for enhancing exports to push economic growth and create jobs.

On March 31, 2020, the government had extended the Foreign Trade Policy 2015-20 for one year till March 31, 2021, amid the coronavirus outbreak and the lockdown.

In the policy, the government announces support measures for both goods and services exporters.

"The existing Foreign Trade Policy 2015-20 which is valid up to March 31, 2022 is extended up to September 30, 2022," the Directorate General of Foreign Trade (DGFT) said in the notification.

The merchandise exports rose by by 37 per cent to USD 400.8 billion in 2021-22 until March 21 against USD 292 billion in 2020-21. Imports during the period stood at USD 589 billion, leaving a trade deficit of about USD 189 billion.

Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said that it was a good consideration to extend the FTP for few more months.

In a separate notification, the DGFT said import of urea on government account is allowed through Indian Potash Ltd till March 31, 2023.

Source: economictimes.com– Apr 01, 2022

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India, Australia set up committee to start negotiations for expanding interim pact into CECA

After the signing of the interim trade agreement between India and Australia, a committee formed the two nations will start talks within two-and-a-half months for transforming the early pact into a full-fledged comprehensive economic cooperation agreement (CECA), according to official documents.

The interim pact or India-Australia Economic Cooperation and Trade Agreement (ECTA) was inked by Commerce and Industry Minister Piyush Goyal and Australian Minister for Trade, Tourism and Investment Dan Tehan on April 2.

According to the text of ECTA, both the countries have established a negotiation sub-committee which shall be composed of government representatives of both the sides.

"Within 75 days after the date of signature of this (ECTA) agreement, the negotiation sub-committee shall commence negotiations on amendments to this agreement, on a without prejudice basis, on areas including inter alia market access for goods and services, a complete product-specific rules schedule, a digital trade chapter, and a government procurement chapter, to transform this agreement into a Comprehensive Economic Cooperation Agreement," the text said.

Following those negotiations, the two countries "may make amendments to this agreement...to transform this agreement" into a CECA.

On customs procedure and trade facilitation, the text stated that both the sides would endeavour to apply its customs procedures and practices in a predictable, consistent, and transparent manner.

"Each Party shall adopt or maintain simplified customs procedures for the efficient release of goods in order to facilitate trade between the Parties," it added.

India and Australia on April 2 signed ECTA under which Canberra would provide duty-free access in its market for over 6,000 broad sectors of India, including textiles, leather, furniture, jewellery and machinery.

The agreement is likely to be implemented in about four months.

The agreement would help in taking bilateral trade from USD 27.5 billion at present to USD 45-50 billion in the next five years.

Source: economictimes.com– Apr 03, 2022

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Piyush Goyal to visit Australia this week to deepen economic ties

Commerce and Industry Minister Piyush Goyal will be leading a business delegation to Australia this week to deepen economic ties, increase bilateral trade and investment and forge greater unity among Quad members, an official said. The Quad members are Japan, India, Australia and the United States.

During the three-day official visit, starting from April 6, the commerce minister will hold discussions with top Australian authorities and businesses.

"The visit aims at further deepening economic ties with Australia," the official said.

The minister would reach out to businesses of both sides so that they can take full advantage of the trade pact, signed on April 2. He will be visiting Melbourne, Sydney and Perth.

India and Australia on April 2 signed an economic cooperation and trade agreement.

Goyal has said the agreement would help in taking bilateral trade from USD 27.5 billion at present to USD 45-50 billion in the next five years.

Australia is the 17th largest trading partner of India, while New Delhi is Canberra's 9th largest partner. India's goods exports were worth USD 6.9 billion and imports aggregated to USD 15.1 billion in 2021.

Source: economictimes.com– Apr 03, 2022

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India-Australia pact to boost trade, investment: Exporters

The trade agreement signed between India and Australia on Saturday will help boost two-way commerce and investment between the countries, according to exporters.

Federation of Indian Export Organisations (FIEO) said the pact will benefit several sectors, including apparel, textiles, leather, footwear, gems, jewellery, engineering goods and pharmaceuticals, besides services.

Australia is at present India's largest export destination in the Oceania region and is amongst the top 15 export destinations, FIEO President A Sakthivel said.

Gems and Jewellery Export Promotion Council (GJEPC) Chairman Colin Shah said after successfully negotiating a Comprehensive Economic Partnership Agreement (CEPA) with the UAE, India has secured preferential access for the sector in Australia.

Currently, India and Australia have a significant bilateral trade of USD 950 million for gems and jewellery commodities, he said. Key commodities that are exported to Australia are gold jewellery (plain and studded) and polished diamonds. The main commodities imported from Australia include precious metals — gold and silver bars.

"We expect Australia to benefit from access to areas where India is a world leader, such as diamonds. By providing preferential access for Indian gems and jewellery exports, the deal also makes it cheaper for Australian retailers to procure world-class jewellery crafted with finesse from Indian manufacturers," he said.

Shah also said he expects the agreement to boost bilateral gems and jewellery trade from USD 950 million at present to USD 1.5 billion.

India and Australia on Saturday signed an economic cooperation and trade agreement under which Canberra would provide duty-free access in its market for over 6,000 broad sectors of India, including textiles, leather, furniture, jewellery and machinery.

Source: financialexpress.com– Apr 02, 2022

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India-Australia sign trade pact; bilateral trade to reach $45 bn in 5 years

India and Australia inked an economic cooperation and trade agreement (ECTA) on Saturday, under which Canberra will provide duty-free access in its market for over 95 per cent tariff lines, including textiles, leather, furniture, jewellery, machinery and select medical devices.

The deal will take around four months to be implemented.

This is the first trade agreement that India has signed with a developed economy after more than a decade. This agreement was signed at a time when India is already working with other developed countries such as the UK, Canada and the European Union to sign a free trade agreement–an evident shift in India's strategy.

Australia is the 17th largest trading partner of India and India is Australia's 9th largest trading partner in the current fiscal. Bilateral trade in goods and services for both the countries is expected to rise from the existing $ 27.5 billion to $ 45 billion in five years.

To arrest a surge in imports and protect the domestic industry, both nations have already worked out a mechanism. The safeguard mechanism will be available for about 14 years from the date of completion of elimination or reduction in tariff.

There will be a special review mechanism for compulsory review after 15 years for certain aspects of the agreement in a time-bound manner. The review, if requested, is compulsory and has to be completed in six months.

Officials said that since Australian exports are more concentrated in raw materials and intermediates, many industries in India will get cheaper raw materials and make them competitive, in particular for sectors like steel, aluminum, garments among others.

On the other hand, for the products of export interest of Australia, India is offering concessions mostly on raw materials and intermediates either in the form of tariff elimination, tariff reduction (TR) with or without a tariff-rate quota (TRQ).

India's offer includes immediate tariff elimination on 40 per cent of its tariff lines comprising 85 per cent of Australia's exports in value terms to India and another 30.3 per cent of its tariff lines for elimination or reduction of tariffs in 3,5,7 and 10 years time period. Only a few agricultural products such as oranges, mandarins, almonds, pears and cotton among others have been allowed with limited quota.

India has agreed to reduce duty on Australian wines. Tariffs on wine with a minimum import price of $5 per bottle will be reduced from 150 per cent to 100 per cent on the deal's implementation and subsequently to 50 per cent over 10 years. The duty on bottles with a minimum import price of $15 will be reduced from 150 per cent to 75 per cent, and subsequently to 25 per cent over 10 years.

India has kept many sensitive products in the exclusion category (29.8% of tariff lines) without offering any concession. Some of these are Milk and other dairy products, chickpeas, walnut, pistachio nut, wheat, rice, bajra, apple, sunflowers seed oil, sugar, oil cake, gold, silver, platinum, jewellery, iron ore and most medical devices. This is a major gain for India in this Agreement.

For the pharma segment, the pact would provide fast-track approvals and fast-track quality inspections of manufacturing facilities.

In the services sector, benefits for India include post study work visa of two-four years for Indian students on reciprocal basis; and work and holiday visa arrangement for young professionals.

"Post study work visas will provide extended options for working in Australia to eligible Indian graduates, post graduates and STEM (science, technology, engineering and mathematics) specialists," commerce and industry minister Piyush Goyal said.

He also said that Australia has agreed to resolve the double taxation issue being faced by domestic IT companies in that market. Australia has also agreed to amend its domestic tax law to stop the taxation of offshore income of Indian firms providing technical services in Australia.

Source: business-standard.com– Apr 02, 2022

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Ministry of Textiles engages with various stakeholders across the entire cotton value chain to harmonize their interest

India is a cotton surplus country wherein production is more than consumption. Taking into consideration the estimated opening stock of cotton year (commenced from 1st October 2021), there is no shortage of cotton and cotton yarn in the country.

The year-on-year price of cotton since 2017, year wise is as under:-

Crop Year	Average Domestic Rates Rs./ candy
2017-18	42,500
2018-19	44,100
2019-20	37,700
2020-21	46,900
2021-22	70,200

Ministry is constantly engaged with various stakeholders across the entire cotton value chain in respect of the prices of cotton and cotton yarn to harmonize their interest.

Prices are affected by market forces of demand and supply. In addition, cotton being an internationally traded commodity, its price is also affected by the price in the international market.

Export of textiles and apparel during April-January 2021-22 is USD 34.459 billion, posting a growth of 49% over the same period in 2020-21 (USD 23.137 billion).

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– Apr 01, 2022

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Cyclical downturns lead Surat textile industry to stitch export dreams

Having struggled through several frequent cyclical downturns in the domestic market, the synthetic textile industry of Surat is now increasingly looking overseas.

The largest cluster of man-made fibre (MMF) textiles in the country, Surat was largely domestic market-focused with over 90 per cent sales. However, now the industry is looking at modernisation of different processes across the textile value chain even as it sniffs success amid reduced dependency on China among international buyers like Africa, Turkey and Europe, among others.

As an early sign of growing export potential, the industry recently held an exhibition for international buyers under the aegis of the Synthetic Rayon Textiles Export Promotion Council (SRTEPC) wherein the mmf textiles industry of Surat saw deals worth $150 million being finalised with additional $300 million being under process.

"Gradual efforts are being made towards modernisation in a bid to enhance exports. While those who can afford are investing on their own or by raising debts, others are waiting for a change in the technology upgradation fund scheme (Tufs) which could lead to even more expansion," said Dhiraj Shah, chairman, SRTEPC.

According to industry estimates, MMF forms 5 per cent of the total textile and clothing (t&c) industry worth roughly $140 billion and 15 per cent of total t&c exports worth approximately $40 billion. However, Surat, which is the largest MMF or synthetic textiles cluster in the country, comprising nearly half of the sector, has historically depended on the domestic market. While the Surat textile industry's size in terms of value could not be ascertained, the same stands at 40 million metres per day in terms of volume, 90 per cent of which is so far largely domestic market-driven.

"On one hand, international buyers have learnt during the pandemic to look for alternatives to China in mmf textiles as well. On the other hand, frequent cyclical downturns in the domestic market have also forced the industry to look overseas. And for this, capital expenditure and expansions have been increasing within the Surat industry," said Narain Aggarwal, managing director of Surat-based Prafful Group of Industries and former chairman of SRTEPC.

Although such export-oriented modernisation and expansion has now started taking place across the textile value chain in Surat, the industry is in need of government intervention for the same to happen in the processing vertical.

"Historically, the Surat-based textile processing industry has not only been price conscious and shied away from capex, it has also been limited due to pollution norms. Being a water intensive vertical with a lot of effluent discharge which needs to be treated, the textile processing sector in Surat will need clusters to be set up with the help of the state government for any modernisation or expansion. The industry has made a representation to the government regarding the same," said Aggarwal.

Meanwhile, other verticals such as weaving have been increasingly investing into machines that not only meet international standards but also produce finished goods at higher volumes in lesser time and cost.

Apparently, the share of modernised looms in weaving such as waterjet, rapier and electronic jacquard machines is gradually increasing in Surat.

"As against just 25 metres in 12 hours from a conventional loom, these modern machines can churn out 400 metres in the same period. Also, while the conventional ones can produce grey clothes which then need to be sent for knitting, processing and other job work before they can be termed finished goods, the more modernized ones roll out almost finished goods," said Babubhai Sojitra, one of the leading weavers and president of the Laskana-Kamrej Weavers' Association.

Source: business-standard.com– Apr 01, 2022

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Ind, Aus trade pact to ensure full capacity utilisation of Indian apparel

Apparel Export Promotion Council (AEPC) on Sunday said duty-free access for the sector to Australia under the trade pact will bring domestic exporters at par with global competitors and make local products competitive. Australia is majorly dependent on China for its apparel imports, however, India has been able to retain its share of around 3 per cent of total apparel imports in Australia despite shrinkage in import orders from across the globe, AEPC Chairman Narendra Goenka said in a statement.

Australia is the largest apparel importer in the southern hemisphere. Indian apparels currently face an average tariff of 4.8 per cent in Australia as against zero duty for apparels from China and Bangladesh. Duty free access to Indian apparels will bring us at par with global competitors and make our products competitive," Goenka said. He added that removal of the tariff differential vis--vis China would further help the Indian garment industry to take advantage of the China Plus One strategy being embraced by many countries.

"Australia is a focus area for Indian apparel exports since similar products are manufactured in India at similar price points, he said adding India has the potential to export knitted jerseys, pullovers and t-shirts of man-made fibers which is a big chunk of Australian apparel imports. Jerseys, pullovers, cardigans, waist-coats and similar articles, knitted/ crocheted, of MMF have been the biggest apparel imports last year.

"The Indian apparel industry is good for producing spring and summer products, but not as good for making winter goods. Thus, Indian factories do not utilize their full capacity while producing winter goods. Australia, which is in the southern hemisphere, will need spring and summer products when it's a lean season for Indian apparel factories," he said. He said that zero duty deal with Australia in the southern hemisphere will keep Indian factories fully utilized during its lean period with orders for spring and summer products that Indian players are best in.

"This will help utilize the full capacity round the year. Zero duty access would more than triple Indian apparel exports to Australia in three years, Goenka said.

Source: business-standard.com– Apr 03, 2022

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Tiruppur exporters bullish on IndAus ECTA agreement with Australia

In February, India signed the CEPA with the UAE

Knitwear exports in 'Dollar Town' Tiruppur to Australia could double in the next couple of years with India signing the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA) on Saturday, says Raja M Shanmugham, President, Tiruppur Exporters' Association. This is a much awaited agreement that will help boost exports from the region, he told BusinessLine.

Nearly 65 per cent of knitwear exports from India to Australia is from Tiruppur consisting of products like T-shirts, Polo shirts, men's pyjamas, baby pyjamas and women's shorts. The other major knitwear export clusters in India are in Haryana, Delhi, Punjab, Karnataka, Uttar Pradesh and Maharashtra.

In 2021-22 (April to January), the value of all India knitwear exports to Australia was Rs 774 crore, which is nearly 2 per cent of the total exports of Rs 49,443 crore, according to data provided by TEA.

For fiscal ending March 31, 2021, Shanmugham expects knitwear exports to Australia from India to be around Rs 925 crore with Tiruppur contributing around Rs 630 crore.
The IndAus agreement signed on Saturday encompassing trade in goods and services, is a balanced and equitable trade agreement. This comes within a few days of India signing a trade agreement with the UAE.

Source: thehindubusinessline.com– Apr 2, 2022

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TN aggressively pitches for Centre's mega textile park project

Tamil Nadu has aggressively pitched in for the Centre's mega textile park project having in its possession 1,052 acre of land for such a park under the PM-Mega Integrated Textiles Region & Apparel Park (PM-MITRA) scheme.

Chief minister M K Stalin submitted a memorandum to Union minister for commerce & industry, consumer affairs, food, public distribution and textiles Piyush Goyal in New Delhi on Friday and expressed the state's keen interest for the mega textile park as Tamil Nadu is a leading producer and exporter of textile products.

The land identified is next to National Highway 44 (Madurai to Kaniyakumari) and is in the possession of State Industries Promotion Corporation of Tamil Nadu Limited (Sipcot) in Virudhunagar district. TN has already submitted the Preliminary Project Report for setting up a textile park under the PM-MITRA scheme on March 14, 2022 to the union ministry.

Chief minister Stalin also sought a new production linked incentive (PLI) scheme for footwear manufacturing, a segment in which Tamil Nadu is a dominant player at the national and global level. TN accounts for 26% of the national manufacturing output and 45% of the national exports of footwear. A PLI scheme for footwear manufacturing will increase the productivity of existing players and make India the most favoured destination for footwear exporters.

TN has also asked for capacity increment under the PLI scheme for advanced chemistry cell (ACC) battery storage from 50 GWh to 100 GWH given the need of the EV sector and the response to the scheme.

Stalin also took up the issue of spiralling raw material costs, especially that of steel and asked the Union government to control steel prices and restrict exports. Given the extent to which steel price increase has hit MSMEs, National Small Industries Corporation (NSIC) must be asked to buy steel in bulk and provide to MSMEs on a no profit no loss basis and steel manufactures should be asked to provide 20% discount to MSME customers. The price pull back should start with SAIL freezing hikes for the next two months.

The state government has also sought speedy transfer of 2,000 acre of land belonging to the Salt Department to state-owned TIDCO for which it has already sent letters to DPIIT. TIDCO will develop this land as an industrial township under the CBIC Ponneri Industrial Node project, the memorandum said.

Source: timesofindia.com– Apr 2, 2022

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Russia-Ukraine conflict opened opportunities for Indian exporters: CAIT

Traders' body CAIT on Friday said the sanctions imposed on Russia amid the ongoing Russia-Ukraine conflict have opened opportunities for Indian exporters.

The Confederation of All India Traders (CAIT) said that trade organisations from Russia have reached out to it seeking assistance to link the Russian demand for FMCG goods with Indian manufacturers, traders and exporters. Earlier, Russia was importing a large number of FMCG and consumable goods from the US, the UK and European Countries which has now stopped because of the sanctions on Russia, CAIT stated.

It termed this situation as a "blessing in disguise" for Indian manufacturers and traders to fill the void with Indian goods.

The traders' body said "several credible trade organisations of Russia have reached out to the Confederation of All India Traders (CAIT) seeking its assistance to link the Russian demand with Indian manufacturers, traders and merchant exporters".

The bilateral trade between India and Russia in April 2020 to March 2021 period was of USD 8.1 billion, out of which exports from India to Russia were USD 2.6 billion, while imports from Russia were USD 5.48 billion, CAIT said, adding that "we can rapidly increase the export figures from India to Russia."

Source: financialexpress.com– Apr 1, 2022

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11 Textiles articles with certain technical specifications are exclusively reserved for production on Handlooms

The Government has promulgated the Handlooms (Reservation of Articles for Production) Act, 1985 to protect handlooms weavers from encroachment of the powerloom and mill sector on their livelihood. 11 textiles articles with certain technical specifications are exclusively reserved for production on handlooms. Appropriate action under provisions of the Act is taken in case of violation.

Central and State Government implementing agencies conduct inspection of powerloom units to ensure that items reserved for production on handlooms are not produced on powerlooms. During the last three years & current year (as on 28.02.2022) implementing agencies have inspected 11,14,667 powerlooms and lodged 218 FIRs.

In addition, the “Scheme for Protection of Handlooms” has provisions for capacity building of State Govt. Enforcement Machinery; awareness programmes etc. in order to curb sale of fake handloom products.

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– Apr 1, 2022

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