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INTERNATIONAL NEWS

Trump Tariffs Under USTR Review After Trade Court Ruling

Some of former President Trump's Section 301 tariffs will be reviewed by the United States Trade Representative after the U.S. Court of International Trade's Friday ruling in a closely watched case.

Four plaintiffs laid out the first of roughly 3,600 cases contesting the USTR's List 3 and List 4 punitive tariffs on $350 billion in China-made goods. HMTX Industries LLC, Halstead New England Corporation, Metroflor Corporation, and Jasco Products Company LLC cited the Trade Act when arguing that the USTR did not have the right to impose duties that surpassed the scope of the original List 1 and List 2 tariffs that were already in place on $50 billion in goods.

The CIT ruled against the USTR's motion to dismiss the case, saying that the trade agency failed both to adequately respond to public concerns generated before the tariffs took effect and to justify its reasoning for the additional duties. Representative Katherine Tai has until June 30 to issue an explanation for the tariffs, taking into account what effect they had on remedying China's tilted trade practices and harmful impacts on U.S. commerce.

The CIT's ruling forces the issue back into play, but doesn't amount to an outright win for the plaintiffs or their peers. The court rejected the plaintiffs' claim that the USTR implemented the tariffs unlawfully, noting that the trade actions resulted from Chinese tariffs imposed on the U.S. The CIT declined to require the federal government to remove them or to reimburse companies for the duties they have already paid.

The news comes just over a week after the USTR announced a decision to reinstate 352 extended product exclusions—including a number of silk and polyester fabrics, cashmere, camel hair yarn, backpacks, duffel bags, bathrobes and blankets, among other items—through Dec. 31. Now published to the Federal Register, the exclusions are retroactive to Oct. 12, 2021, meaning that companies will be reimbursed for the Section 301 duties already paid on these goods.

The USTR's investigation included 549 items eligible for exclusions, though the fashion industry hopes to see more added to the list. "USTR has restarted a targeted tariff exclusions process to ensure that our economic interests are being served, and we will keep open the option of further tariff exclusions processes as warranted," Tai's office wrote in the March report.

Punitive measures should push China toward compliance while supporting U.S. companies that manufacture in the Asian nation, USTR wrote. A "large, non-market economy," China "is uniquely able to distort the marketplace through unfair, anticompetitive practices" that harm workers and businesses in the U.S. and abroad, the report said.

"We are clear-eyed about China's doubling down on its harmful trade and economic abuses," USTR wrote. "We are also mindful that rash response measures can create vulnerabilities of their own."

Chinese President Xi Jinping has aligned with Russian President Vladimir Putin amid the latter's war on Ukraine. In mid-March, President Joe Biden warned Xi that backing Russia could come with new sanctions and further strain U.S.-China trade relations.

Source: sourcingjournal.com– Apr 5, 2022

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From China to Nicaragua, US Apparel Imports Surge

Despite some inflationary concerns, retailers and brands are clearly seeing consumer demand staying high, as evidenced by the continued surge in apparel imports in February.

U.S. apparel imports increased 27 percent in the month compared to February 2021 to 2.63 billion square meter equivalents (SME). For the first two months of the year, importers brought in 5.24 billion SME in apparel, up 24.69 percent from the year-ago period, according to the Commerce Department's Office of Textiles and Apparel (OTEXA).

The substantial uptick was seen from Asia to the Western Hemisphere and included top to second tier suppliers. Among the Top 10 production spots, imports from No.1 supplier China rose 32.3 percent year over year in February to 949.92 million SME and increased 28.5 percent year to date to 1.95 billion SME.

Vietnam's production woes seem to be behind the Southeast Asian nation, as shipments were up 29.1 percent for the month to 430.28 million SME and grew 18.83 percent year to date to 810 million SME. No. 3 supplier Bangladesh kept going strong, with gains of 35.11 percent to 530 million SME year to date and 27.9 percent to 247.71 million SME for the month.

The rest of the Top 10 Asian powerhouses followed with impressive increases, OTEXA data showed. Imports from India rose 20.8 percent to 114.54 million SME in February and 25.76 percent year to date to 238 million SME, shipments from Cambodia were up 28 percent to 121.58 million SME for the month and 21.93 percent to 227 million SME year to date, while Indonesia had gains of 48.6 percent gain to 111.12 million SME in February and 43.97 percent to 219 million SME in the two-month period, and shipments from Pakistan rose 32.8 percent to 82.47 million SME for the month and 27.72 percent to 167 million SME year to date.

The push to source closer to home was seen in increases from the final group of Top 10 producers and their neighbors. Imports from Honduras were up 6 percent year over year in February to 70.83 million SME and 5.22 percent in the first two months of 2022 to 120 million SME, as shipments from Mexico rose 7.5 percent for the month to 67.36 million SME and 13.61 percent to 133 million SME year to date, and imports from El Salvador grew

10.7 percent year over year in February to 53.28 million SME and 9.49 percent in the two-month period to 96 million SME.

Joining El Salvador and Honduras in the sourcing uptick were Central America Free Trade Agreement (CAFTA) partners Nicaragua, with imports up 22.4 percent for the month; Guatemala, with a gain of 11.5 percent, and the Dominican Republic, up 12.5 percent.

This goes along with a series of investments being made in CAFTA countries. Miami-based Intradeco Holdings announced a $100 million investment in a new spinning mill in Honduras and a new manufacturing plant and expanded solar energy facility in El Salvador.

Gastonia, N.C.-based Parkdale Mills, the largest U.S. producer of cotton spun yarn, announced a $150 million investment in a new yarn spinning facility in Honduras in December, while last month ThinkHUGE (Honduras, USA, Guatemala, El Salvador) said it was making $340 million in textile investments in the region, in addition to $680 million of investments in renewable energy production to further sustain this critical supply chain.

Also on Tuesday, the U.S. Census Bureau and Bureau of Economic Analysis announced that the goods and services trade deficit was $89.2 billion in February, down less than 0.1 percent from January. The February decrease reflected a decline in the goods deficit of $1.1 billion to $107.5 billion and a decrease in the services surplus of $1.1 billion to $18.3 billion.

The deficit with China increased $7.9 billion to $41.2 billion in February. Exports increased $200 million to $13 billion, and imports rose $8.1 billion to $54.2 billion.

Source: sourcingjournal.com– Apr 5, 2022

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Australia: Container shortage throttles cotton market

EXPORTERS are bracing for the impact of a container shortage and difficulties in securing ocean freight to target markets as ginning of Australia's second-largest cotton crop gets under way.

The crop is forecast by Cotton Australia to produce more than 5 million bales (Mb), up from 2.6Mb in 2021, and workforce constraints including labour shortages could also prove challenging this season.

Reliance on containers

The shortage of containers has become a long-term problem for Australian exporters, and cotton is a 100-per-cent containerised export.

RainAg director Ian Grellman said this could pose a major problem for the cotton industry, especially off the back of a huge grain crop.

He said the shortage of containers to pack has inflated the cost of shipping them to some markets, and made it more attractive for some shipping lines to reposition empty boxes to other countries rather than have them export Australian commodities.

Mr Grellman said some shipping lines can earn US$6000-$10,000 for shipping a 40-foot container out of China to other destinations, while the revenue they would get from servicing Australia would be a fraction of that.

He said it was more economical for some to move containers to these high-priced markets as quickly as possible, and shipping raw product, like cotton, only added time that could not be recovered by the prices paid to shipping companies.

"We are hearing reports that some of the shipping lines are shipping empty containers back to China because if they fill them up full of cotton or any other commodity in Australia, it then takes 14 days to get that container back," Mr Grellman said.

"Some of the merchants now are saying they are not going to buy any more (cotton) until we feel like we execute the bales to the destination.

"As a merchant, any bales you buy now might be the last you deliver."

Industry pivots after China's soft ban

Australian Cotton Shippers Association (ACSA) chair Roger Tomkins said this situation will be compounded by the “soft ban” imposed by China in recent in years.

Currently around 5pc of Australia’s production is exported to China, down from 65pc in the 2019-20 season (figure 1).

Australian imports of Chinese goods continues to grow, but most of the 40-foot containers entering the country will not be heading back to China filled with local cotton.

Australia’s major cotton markets are Vietnam, Indonesia, Turkey and Thailand which are not the destination of most shipping lines looking to relocate their containers.

“The difficulty in securing reasonable and reliable freight rates, containers and space on vessels departing Australia, especially to the Indian Sub-continent markets, is restricting our ability to fully diversify into new markets for Australian cotton,” Mr Tomkins said.

“That said Australia does produce a product that this is in high demand and each year all of our production is sold.
“With no significant domestic spinning industry every one of these bales then needs to be, and will be, exported.”

No end in sight to shipping challenges

Mr Tomkins said the cotton industry was hopeful that the ocean-freight market will reach an equilibrium as soon as possible.

“It would be overly optimistic, however, to think that the market can achieve this in the short term, nor even this year.

“Pundits in the industry believe it may take another few years for global ocean freight to stabilise; let’s hope it’s sooner rather than later for everybody’s sanity.”

Mr Grellman said it was unknown when these pressures would reduce and the supply chain return to pre-COVID conditions.

“We are not going to see much relief this season.

“There is talk that the world’s supply of containers and container vessels is supposed to improve over the next two to three years, but it is difficult to tell at this stage.”

Domestic challenges

Mr Tomkins said ginners also faced challenges securing skilled staff, trucks and warehouse space.

“The cotton industry, like all industries, is being challenged by a general lack of available local resources – be it skilled labour, available trucks or warehouse space.

“Each segment of the supply chain relies implicitly on each other to ensure the bale moves seamlessly from grower to spinner.

“No cotton producing county in the world achieves this with the same speed and efficiency as we do in Australia.

“The cotton industry is a united, collaborative, and resourceful industry and we will need every bit of this ingenuity to seamlessly disperse this crop.

“We are quietly confident that we will, although come Christmas there will surely be many a tired operator.”

Ginning is already under way in the northern cotton regions of Emerald and Moura.

A number of gins are expected to come on line after Easter as harvest accelerates in the central and northern NSW growing regions and in southern Queensland.

It will likely not be until mid to late May that ginning will reach full capacity, with many facilities expected to remain in operation for most of the year.

Source: graincentral.com– Apr 6, 2022

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USA: Ocean Shipping Reform Act Moving Closer to Reality

A bill aimed at overhauling the regulatory environment for ocean carriers has taken another step closer to becoming law with its unanimous passage by the United States Senate.

A House version of the Ocean Shipping Reform Act (OSRA) passed in December. Differences between the two versions of the bill will now be worked out between the House and Senate before a final version goes before President Biden.

Industry watchers are closely monitoring the bill's progress, given that OSRA marks the first time in nearly two decades the Shipping Act has undergone such major changes. What's proposed is seen by some as a way of modernizing the law for today's more complex goods movement infrastructure.

Fashion and retail industry groups have been vocal in their support of the bill.

"Many factors contribute to today's global supply chain disruption, but the lack of oversight or shipper protections as ocean carriers overlook service requirements in favor of soaring rates and punitive fees, has been particularly challenging for retailers," Retail Industry Leaders Association (RILA) vice president of supply chain Jess Dankert said in a statement on the Senate vote.

"This legislation will bolster the Federal Maritime Commission's work providing oversight of ocean carriers and carrier alliances—sending the message that fair and open supply chains are essential to the American economy. This is an important component to untangle supply chain congestion and remove barriers to the movement of goods."

OSRA gives greater oversight powers to the Federal Maritime Commission (FMC) to investigate carrier business practices, oversee carrier import and export loads and regulate carrier activity around U.S. exports.

The proposed legislation also aims to rein in detention and demurrage late fee charges, a pain point for shippers, to ensure the charges are consistent with the law.

RILA's Dankert went on to blame carrier alliances and industry consolidation for the decline in capacity on ships and the subsequent spike in freight costs and fees that have fallen on shippers since the start of the pandemic.

Carriers have long operated under alliances in which they work together, sharing vessels to expand services and geographic reach without creating ship congestion on the water.

RILA is not the only industry association to cast blame on ocean carriers for the skyrocketing freight costs retailers and apparel manufacturers have seen in the past couple years.

American Apparel & Footwear Association president and CEO Steve Lamar echoed those sentiments at the time of OSRA's introduction in the Senate.

"Long delays, contract breaches, price gouging and excessive and unjust fees by carriers, and lack of access to equipment to move our product have resulted in huge delays and exorbitant costs that have translated into surging inflation that threatens our economic recovery," Lamar said.

The National Retail Federation said, also at the time of the bill's introduction in the Senate, OSRA would "support a modern-day transportation system."

Senator Amy Klobuchar (D-Minn.), who introduced the bill with John Thune (R-S.D.), said the bill is "leveling the playing field for American manufacturers and consumers."

"Congestion at ports and increased shipping costs pose unique challenges for U.S. exporters, who have seen the price of shipping containers increase four-fold in just two years, raising costs for consumers and hurting our businesses. Meanwhile, ocean carriers that are mostly foreign-owned have reported record profits," Klobuchar said in a statement following the Senate vote. "This legislation will help American exporters get their goods to market in a timely manner for a fair price."

The World Shipping Council, which represents carriers, said the bill "addresses none of the root causes" of supply chain congestion, arguing the country's logistics system cannot keep pace with the record import levels of the past two years.

"Instead of passing legislation that would do nothing to address the nation's supply chain congestion, Congress should seek real solutions that take a comprehensive, forward-looking view," it said, pointing to infrastructure investments and promoting more partnerships and communication across the transportation system.

Source: sourcingjournal.com– Apr 5, 2022

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Brazil's cotton production to decline on rising input costs: Abrapa

Despite investments in quality and incentives to use cotton, Brazil's cotton production is likely to decline next year due to increased input costs, says Brazilian Association of Cotton Producers (Abrapa). Brazil's cotton cultivation may decrease in 2022-23 due to demand stagnation amid economic slowdown induced by Russia-Ukraine war, says Julio Busato, President, Abrapa.

Although cotton prices on the New York cotton exchange recently reached their highest levels in over 10 years, production costs have also grown almost 40 per cent halting early deals, he adds. If cultivation costs continue to increase, farmers should opt for more feasible crops like corn and soybeans, Busato adds.

As per official figures, the world's second largest cotton exporter, Brazil produced three million tons of cotton in the 2019-20 season. Harvest decreased in the following cycle to 2.35 million tons due to the pandemic. However, production is returning to its historic highs in the current 2021/22 season.

Source: fashionatingworld.com– Apr 5, 2022

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US economy will continue to face uncertainties in year ahead: NRF

Top challenges have shifted from COVID-19 to inflation and the war in Ukraine, but the US economy will continue to face uncertainties in the year ahead, National Retail Federation (NRF) chief economist Jack Kleinhenz has said. The economy nonetheless has strong momentum, and the consumer is in the driver's seat, as per the April issue of NRF's Monthly Economic Review.

"While the public health situation has greatly improved, the impact of the pandemic continues to spread," Kleinhenz said. "That ripple has extended into 2022 and includes a disproportionate impact from inflation reaching a 40-year high brought about by strong consumer demand interacting with restricted supply."

"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."

Gross domestic product is expected to grow 3.5 per cent this year and personal consumption should be up by the same amount, both down from last year's unusually high growth rates but still well above pre-pandemic levels. Job growth and wage increases should drive overall income gains this year, combining with strong household savings built up during the pandemic to support strong retail sales, the report said.

Employment should grow by an average 290,000 jobs per month and the unemployment rate should drop to 3.6 per cent, close to the 50-year low of 3.5 per cent seen just before the pandemic.

Any constraints on job growth are expected to be on the supply side as the labour shortage continues but rising wages could entice people who are not currently seeking work to do so.

Interest rate hikes begun last month by the Federal Reserve to bring inflation under control could slow rate-sensitive consumer spending like home and auto purchases or the use of credit cards, but Kleinhenz said he believes the economy is strong enough to withstand the hikes.

"Given the recent geopolitical disruptions, it is likely that there will be some resetting of the US and world economies and that both businesses and consumers will be affected, but it is too soon to tell by how much or for how long," Kleinhenz said. "Considerable uncertainty abounds this year and we will be monitoring all developments very closely."

NRF has forecast that retail sales for 2022 will increase between 6 per cent and 8 per cent to between $4.86 trillion and $4.95 trillion.

Source: fibre2fashion.com– Apr 5, 2022

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China's fashion imports from South Korea fall amid COVID-19 cases

Chinese importers and vendors are suspending orders or ramping up disinfection work for fashion products directly imported from South Korea after several COVID-19 cases in Beijing, Northeast China's Liaoning Province and East China's Jiangsu Province were suspected of being connected to imported fashion goods from the country.

While the proportion of imported fashion products from South Korea only makes up a tiny percentage of bilateral trade, and the actual disruption posed by the reported cases still takes time to evaluate, industry insiders fear that what happens to imported fashion products could cast shadows over a wider range of imported goods from South Korea, a major trading partner of China.

An online vendor on Tmall.com selling South Korean clothing told the Global Times on Tuesday that there are fewer people buying the products these days, which has something to do with the reported cases that are related to imports from South Korea.

"In order to further reduce the potential risks, we are doing sterilization upon the products' arrival, and we do it again before dispatching goods to customers," the vendor said.

The potential risks of imported goods from South Korea have had a wider impact, not only on fashion and clothing but other products as well, the Global Times learned.

A manager surnamed Zhang at a Shenzhen-based trading agency told the Global Times on Tuesday that all the products from South Korea are currently supposed to be put in warehouses at ports for at least 10 days after clearance before being delivered for sterilization work and reducing risks.

"Buyers will need to pay for all the extra costs generated throughout this time, including the stocking fees," Zhang said.

As the result of the additional sterilization procedure, the costs and risks, Zhang said that orders for South Korean goods have been reduced by at least 50 percent these days.

From 4 pm on Sunday to 4 pm on Monday, Beijing reported 10 new local COVID-19 infection cases. Among them, eight were clerks and co-tenants of a clothing store specializing in South Korean fashion based in the Wangjing SOHO complex, Beijing's Chaoyang district, the city's health authorities stated.

On Saturday, local health authorities in Dalian, Liaoning Province said in a notice that the gene sequence of a new positive infection in Dalian on April 1 was an Omicron variant, and the patient was the employee of a fashion store selling imported clothing from South Korea.

The new coronavirus nucleic acid single gene was detected on the inner surface of the imported clothing and packaging bags handled by the employee, according to local health authorities.

The notice pointed out that the possibility of infection due to contact with imported goods that are contaminated with the virus cannot be ruled out.

A similar case was reported on March 28 in Changshu, Jiangsu. After repeated testing, four South Korean sweaters purchased online in the wardrobe of the confirmed case's residence were found to be positive.

Because of epidemic prevention needs, the customs clearance process that used to take about a week is now extended to around two weeks, a trader of South Korean goods surnamed Li told the Global Times on Tuesday.

Due to the epidemic situation, the large-scale procurement service offered by individuals from South Korea to China is impossible. Li said that sterilization work will likely be further intensified, and some international traders have stopped taking orders for fashion products from South Korea in a bid to fend off the risks.

China imported $1.502 billion of textiles and clothing from South Korea in 2019, accounting for 5.9 percent of the industry's total annual imports, a tiny proportion compared with other traded goods.

The top five items exported from South Korea to China are machinery, chemical products, plastics and rubber, base metals, and mineral products, according to the Korea Customs and Trade Development Institution.

A Beijing-based customer surnamed Liu told the Global Times on Tuesday that she noticed the rising reported cases that have been linked to South Korean goods, and she has temporarily stopped buying any goods from the country to avoid risks.

Liu used to buy South Korean fashion and clothing as well as food and cosmetics. She said that she will still buy these products as soon as the situation has eased.

Industry insiders said that the sporadic cases have a limited impact on overall trade between the two countries and the impact will be temporary, given the increasingly large potential in bilateral trade.

Currently, China is South Korea's largest trading partner, largest export market and largest source of imports, while South Korea is China's fifth-largest trading partner.

With the Regional Comprehensive Economic Partnership coming into force this year, China will gradually reduce tariffs on a wide range of products, including textiles and stainless steel produced in South Korea to zero.

Source: globaltimes.cn– Apr 5, 2022

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War in Ukraine dialled up risk of global recession: Deloitte economist

The war in Ukraine has dramatically dialled up the risk of a global recession, Ira Kalish, chief global economist at Deloitte, told delegates at the World Retail Congress in Rome. The conflict has thrown a 'massive monkey wrench' into what was a gradually improving post-pandemic picture and it could have damaging consequences that stretch far beyond the war zone, he added.

He said that prior to Russia's invasion of Ukraine there were some signs that the major economies of Europe and the US were starting to emerge from the pressures of the pandemic and confidence was returning. But the outbreak of war had led to a sharp drop in exports of food and key commodities from Russia and Ukraine. Supply chains had also suffered a fresh wave of disruption with some freight ships in the Baltics hit by missiles, compounding problems caused by fresh COVID outbreaks in China.

This had led to another upward leap in the cost of raw materials that was already feeding through to higher inflation, a pattern that was now likely to be much more prolonged. That increased the likelihood of higher wage demands, particularly given a tightening of the labour pool as a result of the pandemic.

"A lot people dropped out of the workforce for a number of reasons during the pandemic. A lot of older workers decided to retire, a lot of parents decided to stay home and look after their families and some people decided to remain in education. In certain sectors such as retail people lost their jobs when shops closed and they didn't have the skills to be part of the shift online. If we are going to see a much longer period of inflation it is likely to mean that this feeds through into higher wage demands," he added.

Dr Kalish told the conference that the backdrop presented the world's major banks such the US Federal Reserve and the European Central Bank with a "major challenge". "They have to strike a really delicate balance between controlling inflation and not adding to what is already a much higher risk of recession in the major economies of the US, Europe and North America."

Dr Kalish added that the war combined with geo-political tensions and the pandemic were likely to drive major changes to how retailers, and other businesses, sourced goods, with less dependence on China. "I think it has been a big surprise just how vulnerable supply chains have been to the recent shockwaves and it has caught a lot of businesses on the hop. I think we will see much greater focus on diversification within supply chains, so businesses don't have too many eggs in one basket."

He said that could include a switch away from just in time deliveries with businesses holding more stock. Rising wages in China, as well as its relations with Russia, could also lead businesses to seek out alternatives in countries such as India and Vietnam.

"China has played a massive part in the retail world for many years both as a growing market and as a source of production. As the Chinese economy slows and a reduction in the size of the working population leads to higher wages, businesses may find it less compelling to invest in China and seek to diversify," said Dr Kalish.

Source: fibre2fashion.com– Apr 5, 2022

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EU textiles sustainability strategy is very ambitious: UKFT

The EU strategy for sustainable and circular textiles has set out the vision and concrete actions to ensure that by 2030 textile products placed on the EU market are long-lived and recyclable, made as much as possible of recycled fibres, free of hazardous substances and produced in respect of social rights and the environment.

“The EU textiles sustainability strategy is very ambitious. It looks to tackle issues such as the destruction of unsold products and the over reliance of the industry shipping used textiles to Africa. We will be watching the development of the strategy very closely as it is extremely likely that the UK government will look to follow suit. The UK is already looking at making retailers responsible for the safe disposal of garments at the end of life and UKFT is lobbying the government to help ensure we develop the technology and infrastructure to capture the value in discarded clothing,” Adam Mansell, CEO of UKFT, said.

According to the EU commission, by implementing the strategy, consumers will benefit longer from high quality textiles, fast fashion should be out of fashion, and economically profitable re-use and repair services should be widely available. In a competitive, resilient and innovative textiles sector, producers have to take responsibility for their products along the value chain, including when they become waste. In this way, the circular textiles ecosystem will be thriving, and be driven by sufficient capacities for innovative fibre-to-fibre recycling, while the incineration and landfilling of textiles has to be reduced to the minimum, UKFT said in a press release.

The specific measures will include ecodesign requirements for textiles, clearer information, a digital product passport and a mandatory EU extended producer responsibility scheme. It also foresees measures to tackle the unintentional release of microplastics from textiles, ensure the accuracy of green claims, and boost circular business models, including reuse and repair services.

To address fast fashion, the Strategy also calls on companies to reduce the number of collections per year, take responsibility and act to minimise their carbon and environmental footprints, and on member states to adopt favourable taxation measures for the reuse and repair sector. The commission will promote the shift also with awareness-raising activities.

The strategy also aims to provide support to and accompany the textiles ecosystem throughout its transformative journey. Therefore, the commission is launching today the co-creation of a transition pathway for the textiles ecosystem. This is an essential collaborative tool to help the ecosystem to recover from negative impacts of the COVID-19 pandemic which have been affecting companies in their daily operations for the last two years.

It will also strengthen their capacities to withstand both fierce global competition and future shocks for their long-term survival. All the actors are encouraged to take active part in the co-creation process through their commitments on circularity and circular business models, actions to strengthen sustainable competitiveness, digitalisation and resilience, and identification of specific investments needed for the twin transition, the release added.

Source: fibre2fashion.com– Apr 5, 2022

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Cambodia starts collecting VAT on e-commerce

Cambodia started imposing value added tax (VAT) on e-commerce from April 1 after a three-month delay. On March 28, the general department of taxation cautioned non-resident taxpayers who supply digital goods or services or are engaged in any e-commerce activity to pay VAT. Sixteen global companies have registered for the VAT registration of the department.

This sub-decree covers foreign companies not headquartered in Cambodia, according to Cambodian media reports. This VAT on e-commerce is not a new tax. In 2019, the e-commerce was legally recognised in the country.

The companies are Meta Platforms Ireland Limited, Silverlake Structured Services SDN.BHD, Facebook Technologies Ireland, Huawei Services (Hong Kong) Co., Microsoft Regional Sales Pte., Facebook Payment International, Booking com.BV, Google Asia Pacifice Pte., Netflix Pte., Xsolla (USA), ERNST & Young (Asia-Pacific) Services, Zoho Corporation Pte., TATA Consultancy Services, Siam Makro Public Company, Mastercard Asia/Pacific Pte and TikTok Pte.

Source: fibre2fashion.com– Apr 5, 2022

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HSBC lowers Vietnam's 2022 GDP rate projection to 6.2% from 6.5%

The Hong Kong & Shanghai Banking Corporation (HSBC) recently lowered Vietnam's gross domestic product (GDP) growth rate for 2022 from the previously projected 6.5 per cent to 6.2 per cent amid fears of rising oil prices globally. It also raised the country's inflation for this year to 3.7 per cent, which is below the 4 per cent target set earlier by the State Bank of Vietnam.

However, the country remains likely to be one of those recording the highest growth rate throughout the region, the bank said.

In the year ahead, HSBC noted that Vietnam has enjoyed a good start with GDP in the first quarter growing steadily at 5 per cent year on year, a figure which is higher than the bank's 4.7 per cent projection. This means the country's economic recovery is on track and is gathering full steam.

The bank attributed strong Vietnamese recovery momentum in the first quarter to internal and external growth pillars, according to Vietnamese media reports.

Rising fuel prices would also fuel living costs and slow down personal consumption recovery, especially when the local labour market has begun to show signs of gathering momentum, the bank said.

However, HSBC analysts suggested that the government tighten its monetary policy to ease pressure on inflation.

Source: fibre2fashion.com– Apr 5, 2022

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German firms hopeful of stronger partnership with Vietnam

Germany's business community has high expectations for stronger economic cooperation with Vietnam after phone talks between Communist Party of Vietnam general secretary Nguyen Phu Trong and German Chancellor Olaf Scholz recently. Trade turnover between the two sides investment flows from Germany to Vietnam are expected to be higher this year.

Chief representative of the German Chambers of Commerce (AHK) in Vietnam Marko Walde told a news agency that Germany and Vietnam will jointly develop next strategic plans for the future.

After the COVID-19 pandemic, the two sides can take advantage of the European Union-Vietnam Free Trade Agreement to further foster cooperation, he said, adding that they can also step up partnership in vocational and high-skilled labour training

Horst J Geicke, chairman of the Deutsches Haus (German House) in Ho Chi Minh City said trade turnover between the two countries is likely to rise by 20 per cent this year, and Germany will remain the largest trading partner of Vietnam in the EU.

Source: fibre2fashion.com– Apr 5, 2022

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Egypt, Israel expand economic ties

Egypt and Israel held talks March 31 to discuss ways of expanding their economic and trade relations, in the latest sign of warming ties between Cairo and Tel Aviv.

Minister of Trade and Industry Nevine Gamea and Minister of Planning Hala al-Saeed met in Cairo with Israel's Minister of Economy and Industry Orna Barbivai.

A statement by the Egyptian Ministry of Trade and Industry said talks between the two sides dwelt on ways of strengthening trade and economic cooperation under the Protocol of the Qualified Industrial Zone (QIZ) to increase export capacity in the coming period.

The discussions also targeted the activation of bilateral trade and investment capabilities to be reflected on boosting economic growth rates, including the optimal investment in the size and scope of the QIZ agreement.

Barbivai tweeted that she updated the service at the Nitzana border crossing for improving the transfer of goods through the terminal. She said the measures will help double bilateral trade between Israel and Egypt to around $700 million within three years.

Israel is working to “significantly facilitate the conduct of business to enable this," the Israeli Ministry of Economy said in a statement.

In 2021, bilateral trade between Egypt and Israel reached $330 million a year, an increase of 63% from 2020, according to Israeli figures.

Ehab al-Dosoki, a professor of economics at the Sadat Academy for Management Sciences, believes that Israel has an edge in the field of technology, which can serve the Egyptian export capacity.

“The QIZ program is a good field for cooperation between Egypt and Israel to help boost Egyptian exports,” Dosoki told Al-Monitor over the phone.

The QIZ Protocol was established by the US Congress in 1996 to build economic ties between Egypt and Israel. The program, which came into force in 2005, allows products jointly manufactured by Egypt and Israel duty-free entry into the United States, provided that Israeli components represent 11.7% of these products.

There are 1,124 companies registered under the QIZ protocol as of February 2022, the vast majority of which produce textiles (80%), while the remaining firms largely export processed agricultural products, chemicals, base metals, plastics, leather products and building materials.

Exports under the QIZ protocol hit $1.2 billion in 2021, with textile and clothing representing 94% of all of Egypt's QIZ exports, while chemicals, minerals, fertilizers, glass and agricultural products account for the remaining 6%.

In 2021, QIZ products made up 37% of Egypt's total exports to the United States and 48% of non-oil exports.

Dosoki opines that Egypt's small production capacity hinders efforts to make the optimal use of the QIZ program with Israel.

"If the Egyptian authorities managed to expand the country's production in the field of textile and clothing, Cairo will be able to make better results from the QIZ protocol, hence reflecting on increasing Egyptian exports to the US," he added.

Egypt was the first Arab country to sign a peace treaty with Israel in 1979 after decades of conflict.

Relations between the two countries have significantly improved in different fields in recent years, with Israeli Prime Minister Naftali Bennett visiting Egypt in September 2021, the first such visit by an Israeli prime minister in a decade.

On March 21, Egyptian President Abdel Fattah al-Sisi hosted Bennett and Crown Prince of Abu Dhabi Mohammed bin Zayed in the Red Sea resort city of Sharm el-Sheikh.

Bennett's office said the three leaders discussed ties between the three countries and ways to strengthen their relations at all levels.

The Egyptian Presidency said the meeting dealt with the repercussions of global developments — an apparent reference to the Ukraine war — and their effect on energy, market stability and food security, as well as exchanging views on the latest developments on a number of international and regional issues.

Tarek Fahmi, a professor of political science at Cairo University, thinks that the current momentum in Egyptian-Israeli relations was triggered by the recent US-sponsored normalization deals between Israel and both the United Arab Emirates, Bahrain, Sudan and Morocco.

"Egypt and Israel seek to deliver a message through this cooperation that their relations are solid and are expanding," he told Al-Monitor.

Fahmi said the Egyptian-Israeli cooperation serves the interests of both countries. "There is security, strategic and intelligence cooperation between Egypt and Israel to defend the region against any threats. Tourism is also another field for cooperation between the two countries."

He continued, "Egypt is also playing a central role in maintaining calm between Israel and Palestinian groups in Gaza and in preventing any escalation in the Palestinian territories."

While many Egyptians are not averse to trade with Israel, the Egyptian public is wary of deepening ties with the Jewish state until a just and durable peace with the Palestinians is achieved.

In September 2021, Egypt's flag carrier EgyptAir announced that it would operate four direct flights weekly between Cairo and Tel Aviv for the first time in decades. And in March, both countries agreed to launch a direct flight route between Tel Aviv and Sharm el-Sheikh.

"This agreement will further warm the relations between Israel and Egypt," Bennett said in a statement. He added that cooperation between the two countries "is expanding in many fields and this is contributing to both peoples and to regional stability."

Source: al-monitor.com– Apr 5, 2022

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Maersk E-commerce Logistics targets $600 bn US e-com market

Following Maersk's series of acquisitions to incorporate e-commerce capabilities into the company's business model with emphasis on business-to-customer (B2C) and business-to-business (B2B) e-fulfilment in 2021, Maersk has recently announced that its E-commerce Logistics unit will be leading its foray into the $600 billion US e-commerce market.

The Maersk E-commerce Logistics operates a network of over 70 e-fulfilment centres that have the scale and infrastructure to deliver to 75 per cent of the US population within 24 hours and 95 per cent within 48 hours, the company said in a media release.

The Maersk E-commerce Logistics platform encompasses an end-to-end management tool from source to the final destination, including shipments, inventory, parcel spends, order pipeline and invoicing. Maersk's e-commerce footprint was expanded with the acquisition of Visible Supply Chain Management in the US, two e-commerce companies in Europe, B2C Europe and HUUB, and LF Logistics in Asia.

The company is also adding sustainable landside transportation solutions in the US, including the recent order for 300 electrical trucks, the media release added.

"Our fulfilment network is designed to bring B2C expertise and scale to Maersk customers with direct-to-consumer fulfilment, parcel delivery and supply chain visibility in an end-to-end offering. By making e-commerce supply chains easier and more robust we can deliver factory-to-sofa service," Casey Adams, head of Maersk E-commerce Logistics in North America, said.

Source: fibre2fashion.com– Apr 5, 2022

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Turkiye's annual inflation hits 20-year-high 61.14% in March

Yearly inflation in Turkiye hit 61.14 per cent in March, climbing to a new 20-year high, according to Turkish Statistical Institute (TurkStat), which recently said the figure was 54.4 per cent in February and 16.19 per cent in March 2021. Clothing and footwear (26.95 per cent) was among the sectors that witnessed the lowest annual increases.

The highest annual price increase last month was seen in transportation with 99.12 per cent, followed by food and nonalcoholic beverages at 70.33 per cent and furnishing and household equipment at 69.26 per cent.

The country's monthly inflation rate was 5.46 per cent in March, up from 4.81 per cent in February. The highest monthly increase was 13.29 per cent in transportation among the main groups, while clothing and footwear posted the lowest inflation with 1.78 per cent, TurkStat said.

Treasury and finance minister Nureddin Nebati said the government is taking steps to 'permanently reduce' inflation and maintain price stability in a sustainable way, Turkish media reported.

"Stability was achieved in the exchange rate, which is one of the most important determinants of inflation, within free-market conditions. With the steps we will take, we will see that inflation will reach a reasonable level by the end of the year," he added.

Source: fibre2fashion.com– Apr 5, 2022

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RCEP is transforming trade in Asia Pacific and creating advantages for companies

The world's largest free trade agreement (FTA), the Regional Comprehensive Economic Partnership (RCEP), went into effect January 1; and, as far as being a transformative agreement, the RCEP is a very big deal.

The RCEP will create new trade opportunities among Asian countries and accelerate the region's economic recovery, says Zoe Martinez, a Thomson Reuters global trade leader who is focused on Asia & emerging markets. For example, the agreement will eliminate tariffs on more than 90% of goods over the next 10 to 15 years and introduce rules on investment and intellectual property to promote free trade.

The agreement covers about 30% of the world's population, the global gross domestic product (GDP), and worldwide trade. It's larger than the United States-Mexico-Canada Agreement, the European Economic Area, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (with which the RCEP overlaps.)

Japan is likely to be a big winner, because the RCEP will give the country a free trade agreement with China and South Korea for the first time. Japanese companies that produce electrical good and electronic products, machinery, automobile components, and some agricultural and food products will enjoy significant tariff concessions when they export to China, Martinez says. The Japanese government expects the accord to increase its own GDP by 2.7% and create approximately 570,000 jobs.

The RCEP also will strengthen China's economic leadership in the region; and its exports to Japan — including machinery, electronic equipment, textiles, and clothing — will benefit from low or no tariffs.

Countries participating in this the RCEP's new free trade zone are China, Japan, South Korea, Australia, New Zealand, and the 10 nations in the Association of Southeast Asian Nations — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Also, Hong Kong has applied for membership, and there is an effort underway to persuade India to join.

Bolstering the region

"It's a trade deal that sets up trade in Asia, for Asia," says Deborah Elms, executive director of the Asian Trade Centre in Singapore. "We've had a lot of trade in Asia, of course... [but] we don't have as much final production that ends up in Asia," Elms explains. "One of the reasons we don't have that is because trade in the region, especially for finished goods, is too difficult, too expensive — tariffs in place, non-tariff challenges, etc. — so you have less trade in the region than you should have."

She admits that RCEP is not a perfect agreement, but adds that it makes it more likely that firms will create Asia-based supply chains for Asian trade. "As the agreement comes into force and becomes more meaningful for firms, then it will accelerate over time," Elms says.

Many companies have implemented a China-plus-one supply chain policy, meaning they are manufacturing in China and other countries to create stronger, more flexible supply chains, says Thomson Reuters' Martinez, adding that if their "plus-one" countries are RCEP members, they also can benefit from the FTA.

In addition to delivering significant duty savings, Martinez notes, the RCEP will standardize trade in a region previously reliant on complex and varied FTAs, which can be hard to navigate, require significant resources to manage, and feature different rules of origin and certification procedures.

The RCEP, on the other hand, replaces multiple FTAs with a single agreement and provides common rules of origin across all member states, a single Certificate of Origin, faster clearance of goods through Customs, and product-specific rules that will be synchronized with the World Customs Organization Harmonized System (HS).
Overcoming obstacles

While the RCEP offers significant benefits, Martinez notes, there also are disadvantages:

- Some RCEP duty rates will reduce gradually over time — perhaps as long as 20 years — so existing FTAs may have better rates in the short term.
- Not all RCEP countries are ready for self-certification; it may take several years to fully implement.
- Additional requirements for rules of origin exist in some HS codes.
- China and South Korea are especially assertive about initiating audits, so it's important for companies to be consistently compliant. This requires

careful maintenance of FTA documentation as evidence for audit — particularly where self-certification is used.

Unfortunately, the Customs tariff and FTA-related data that is needed to analyze supply chain scenarios and find the best options often is not housed in companies' enterprise resource planning software and is managed manually in spreadsheets.

With an automated supply chain software platform, on the other hand, corporate trade specialists can evaluate the RCEP's savings potential, ensure they are compliant with the latest rules and regulations everywhere they operate, and make well-informed operational decisions.

To get started, Martinez recommends a four-step process:

- For duty optimization, map your supply chain to understand your trading scenario. Where do you currently manufacture? Where do you ship to? What are the products? What is their HS classification?
- To assess which FTA will deliver the maximum benefits most efficiently, determine which FTAs are available, the savings each provides, and whether you can optimize their use.
- Next, confirm which of your sourced raw materials and manufactured processes qualify for FTAs. This entails establishing a process to manage FTAs, connect with suppliers for FTA status and Certificates of Origin, verify that your products satisfy the rules of origin, and consider automation to maximize benefits across all FTAs.
- To optimize landed costs, deploy an effective duty-optimization strategy that capitalizes on FTA benefits and adapts as they change. An automated process could enable strategic sourcing, eliminate repetitive manual work, minimize compliance risk, maximize FTA use, and increase cost competitiveness.

Without automation, the process would be incredibly manual, requiring more time and being prone to errors.

Source: thomsonreuters.com– Apr 4, 2022

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Pakistan: Second phase of CPEC: Chinese shelve investment plans due to political uncertainty

Chinese investors have reportedly put billions of dollar investment on ice, planned for second phase of China-Pakistan Economic Corridor (CPEC), due to political uncertainty in Pakistan, well informed sources told Business Recorder. CPEC Authority, sources said, had identified 19 Chinese companies, which have shown keen interest in different sectors for investment billions of dollars.

According to sources, top executives of Chinese companies also met Prime Minister Imran Khan during his visit to China in February 2022, wherein they expressed their interest to invest in different sectors under second phase of CPEC. The key sectors, which have been identified for Chinese investments under CPEC-II, are textile, pharmaceutical industry, automotive industry, information technology, footwear industry, furniture industry, and agriculture sector.

In textile sector, Pakistan has supply base for almost all man-made and natural yarns and fabrics, including cotton, rayon and others. This abundance of raw material is a big advantage for Pakistan due to its beneficial impact on cost and operational lead time. Many international brands currently operate in Pakistan and work with the local textiles mills such as H&M, Levis, Target, Nike, Adidas, Puma etc.

Textile sector of Pakistan presents the most attractive opportunities for Chinese investors in the value-added segment particularly ‘apparel and made-ups’ where there is considerable growth potential. The investors will be able to take advantage of the best possible fiscal incentives in the SEZs, skilled and inexpensive labor, easy availability of raw materials, competitive energy tariffs, low freight costs and preferential access to European markets.

In pharmaceutical, there is an opportunity to replace the imports from India, Korea, Japan, EU and even Chinese counterparts. New avenues for export of Plant, Machinery and Equipment to Pakistan would be realized, as local industry will also step-in on backward integration, transportation and logistics strategic advantage for exports to MENA, Central Asia, South Asia, EU and Africa.

In auto sector, duty-free import of plant and machinery for setting up the assembly and/or manufacturing facility on a one-time basis, concessional rate of custom duty @ 10 percent on non- localised parts and @ 25 percent on localised parts for a period of five years for the manufacturing of cars and LCVs.

Pakistani authorities have informed the Chinese investors of 19 multi-industry SEZs open for business, with respect to availability of infrastructure (electricity, gas, water & road accessibility etc.) for investors who wish to set up units in the next two years.

The sources said 5,300 acres of land is available in these SEZs. Additional 1000 acres of land is planned to be added: (i) Bin Qasim Industrial Park (BQIP); (ii) Korangi Creek Industrial Park (KCIP); (iii) Hattar Special Economic Zone (HSEZ); (iv) M3 Industrial City (M3IC); (v) Oil Village SEZ;(vi) Rachna Industrial Park (RIP); (vii) Rahimyar Khan Industrial Estate (RIE); (viii) Rashakai Special Economic Zone (RSEZ) (CPEC); (ix) Vehari Industrial Estate (VIE); (x) Bhalwal Industrial Estate (BIE); (xi) Bostan Special Economic Zone (BSEZ) (CPEC); (xii) Hub Special Economic Zone (HUBSEZ); (xiii) NausheroFeroz Industrial Park (NFIP); (xiv) Allama Iqbal Industrial City (AIIC) (CPEC); (xv) National Science and Technology Park (NSTP); (xvi) JW-SEZ China-Pakistan SEZ; (xvii) Quaid-e-Azam Business Park (QABP); (xviii) Dhabeji Special Economic Zone (CPEC); and (xix) Gwadar Free Zone.

The sources said out of total nine CPEC SEZs, four are at advanced stage of readiness in addition to Gwadar Free Zone.

"All 19 Chinese companies were ready to invest billions of dollars in the identified sectors but they have shelved their plans due to current political insecurity in the country, which is not in favour of the country," said one of the key officials of CPEC, who has left office after the dissolution of the cabinet.

The Chinese companies, which have already invested in Pakistan's energy sector are unhappy with the treatment, they are receiving with special reference to payments against sold electricity. Chinese leadership had shared their concerns with the Prime Minister and other authorities, but payments have not yet been made to them as per commitment.

Source: brecorder.com– Apr 6, 2022

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Bangladesh: March exports hit record $4.76b

Export receipts hit $4.76 billion in March, the highest ever on record in a single month, posting 55 per cent growth year-on-year as buoyancy remained in shipments of major manufactured goods such as garments, home textiles and leather footwear despite the Russia-Ukraine war's effect on global trade.

The previous record was of October 2021 when it reached $4.73 billion.

With March, the total earnings from shipping goods abroad rose 33.4 per cent year-on-year to $38.6 billion in nine months since July of fiscal year 2021-22, providing much-needed support to the country's foreign exchange reserves, which is under pressure amid ballooning imports.

The export figures were compiled a day after Bangladesh Bank said migrant workers sent a higher amount of remittance in March than in February, which would also help offset the reduction in foreign exchange reserves at the end of the month.

The foreign exchange reserve, which stood at $46 billion on December 29, 2021, stood at $44.25 billion on March 30, according to Bangladesh Bank.

The Export Promotion Bureau (EPB) data showed that garment exports fetched $31.42 billion in the nine months to the end of March of fiscal year 2021-22, up 33 per cent from that a year ago.

"Buyers are shifting orders from various countries. Prices of yarn and raw material costs also increased," said MA Jabbar, managing director of DBL Group, one of the leading garment exporters.

He said the products shipped in March were booked earlier.

"Booking is good while our capacity utilisation has increased. We have also not seen cancellation of any order," he said responding to question on the Russia-Ukraine war.

"The markets from where we got bookings were not affected for the war," he said.

"We are concerned but we expect the export growth momentum to continue this year," said Jabbar.

Garments, comprising woven and knitwear, made up 81 per cent of the overall export receipt of $31.4 billion in the July-March period of the current fiscal year.

Home textiles, leather and leather goods and footwear as well as engineering products brought gains for the exports.

Home textiles makers posted a growth of nearly 37 per cent in export receipts year-on-year to $1.15 billion in the nine months to the end March.

Home textile became the second biggest earner after garment, putting leather and leather products, including footwear, in third position.

Leather and leather product exports jumped 31 per cent year-on-year to $896 million in the July-March period of fiscal year 2021-22 from that a year ago.

However, exporters of jute goods registered a decline in earnings as demand for jute yarn from the main importer, Turkey, remained low. Raw jute shippers recorded growth in the July-March period of the current fiscal year, according to the EPB.

Shrimp exports, the main export earning sector among frozen and live fish category, continued to maintain a positive trend after a downturn in fiscal year 2020-21.

"Robust export growth is a good sign as it would help increase our capacity to pay import bills. At the same time, it is good for the ready-made garment industry and jobs in the sector," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue (CPD).

The export growth provides hope too. Bangladesh's relatively low trade dependence on Russia helped maintain the export momentum which was not the case for Sri Lanka that suffered a slump in tea exports to Russia and fall in tourists from there, he said.

However, he said, prices of cotton soared 51 per cent year-on-year in February this year. Prices of yarn and fabrics also rose.

"So net export has not increased to that extent. A large part of the export growth is volume driven as many buyers have passed on increased cost on exporters. So, exporters could not increase profit per unit of garments," he said.

"We need to strengthen backward and forward linkage so that we can retain higher value by contacting buyers directly," he said.

Source: thedailystar.net– Apr 05, 2022

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NATIONAL NEWS

Shri Piyush Goyal begins 3-day visit to Australia, days after inking India-Australia Economic Cooperation and Trade Agreement (ECTA)

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal left New Delhi on a 3-day visit to Australia today. His visit comes days after India and Australia signed the Economic Cooperation and Trade Agreement (IndAus ECTA) on Saturday, 2nd April. During the visit, I will take the ECTA to people, Shri Goyal said, adding that interactions had been planned with Business leaders, Indian students, diaspora, etc.

During the visit Shri Goyal will hold wide-ranging discussions with his Australian counterpart, Mr. Dan Tehan MP, Minister for Trade, Tourism and Investment, on carrying forward the ECTA. ECTA is the first trade agreement of India with a developed country after more than a decade and provides for an institutional mechanism to improve trade between the two countries. Shri Goyal will also hold talks with Mr. Tony Abbott, Australian PM's Special Trade Envoy this evening.

Shri Goyal will also be meeting Mr. Jason Wood, MP, Assistant Minister for Customs, Community Safety and Multicultural Affairs, Mr. Alex Hawke, Minister for Immigration and Multicultural Affairs, Mr. Roger Cook, MLA, Deputy Premier of Western Australia and Minister for State Development, Jobs and Trade, Tourism, Commerce and Science and Ms. Madeline King, Shadow Trade Minister.

During his packed schedule, Shri Goyal will visit the University of Melbourne and Australia India Institute tomorrow. He will address a Public conversation with Minister Dan Tehan and Mr Allan Myers, Chancellor, University of Melbourne, at the Melbourne Law School in The University of Melbourne.

Shri Goyal will also visit the landmark Melbourne Cricket Ground and address the Australia-India Chamber of Commerce and Austrade, along with Minister Dan Tehan, besides interacting with the Indian media. He will later visit the Shiva Vishnu Temple in Melbourne and attend a Community event with the Indian Diaspora.

On Thursday, 7th April, Shri Goyal and Minister Dan Tehan will address and interact with students at the University of New South Wales in Sydney and pay tributes at the statue of Mahatma Gandhi in the University campus. Shri Goyal will later address the Emerging Diaspora Business Leaders Reception hosted by India-Australia Business and Community Awards (IABCA).

Later in the evening, Shri Goyal, accompanied by Minister Dan Tehan and Minister Alex Hawke, Minister for Immigration and Multicultural Affairs, will attend a Community event at the Swaminarayan Temple in Sydney. Before leaving Sydney on Friday, 8th April, Shri Goyal will also meet Mr. Alan Joyce, CEO & MD, Qantas Airways.

Shri Goyal will meet with the Australian Agricultural Producers and hold talks with Deputy Premier Roger Cook and Ms. Madeline King, Shadow Trade Minister in Perth.

He will visit the Western Australia Cricket Ground (WACA) in Perth and attend a Tourism event in conjunction with Tourism Western Australia, besides holding a Press Interaction with the Indian Media Delegation. On Friday evening, Shri Goyal will address the Community Centre Indian Society of Western Australia (ISWA).

Australia is the 17th largest trading partner of India and India is Australia's 9th largest trading partner. The ECTA is expected to almost double the bilateral trade from $ 27.5 bn (2021) to about $ 45 to $ 50 Billion in next 5 years.

ECTA is expected to create new employment opportunities, raise living standards and enhance the overall welfare of the peoples of both the countries. Additional employment generation is expected to be 10 lakhs within the next 5 years.

Source: pib.gov.in– Apr 05, 2022

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Free trade agreement: India, EU to resume trade talks soon

Government officials have also been studying the EU's recent investment agreement with China and its FTA with Vietnam for meaningful negotiations.

India and the EU are set to soon expedite formal negotiations for a free trade agreement (FTA), with commerce secretary BVR Subrahmanyam visiting Brussels this week to set the stage for the talks, a senior government official told FE.

The secretary's visit follows India's surge in interest in "balanced" trade pacts. It signed an FTA with the UAE in February, New Delhi's first such deal with any economy in a decade, and another "substantial trade deal" with Australia last week. India is also negotiating with the UK for an FTA.

It has also lined up talks for a flurry of such agreements with Canada, Israel and GCC members. After 16 rounds of talks between 2007 and 2013, formal negotiations with the EU for the FTA were stuck over stark differences, as Brussels insisted that India scrap or slash hefty import duties on sensitive products such as automobiles, alcoholic beverages and cheese, among others.

New Delhi's demand included greater access to the EU market for its skilled professionals, which the bloc was reluctant to accede to. Last year, both the sides announced the resumption of formal negotiations after eight years. As both the sides prepare to resume negotiations, they could focus on "low-hanging fruit" first, before switching to contentious matters that had hampered talks earlier, according to sources.

Government officials have also been studying the EU's recent investment agreement with China and its FTA with Vietnam for meaningful negotiations. Preparatory work for the next round of negotiations is in full swing.

The EU, including the UK, was India's largest destination (as a bloc) in the pre-pandemic year of FY20, with a 17% share in the country's overall exports. Importantly, the UK accounted for 16% of India's $53.7-billion exports to the EU in FY20.

Source: financialexpress.com– Apr 06, 2022

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Win-win trade deal: India's interim deal with Australia helps its economic outreach to the Indo-Pacific

Prime minister Narendra Modi hailed the interim trade deal—or economic cooperation and trade agreement (ECTA)—between India and Australia as a "watershed moment" as it increases the resilience of supply chains and contributes to the stability of the Indo-Pacific region. India's outreach to this region, however, is still evolving on the trade and investments front.

Not so long ago, it turned away from the Regional Comprehensive Economic Partnership, comprising the Association of Southeast Asian Nations together with China, Japan, South Korea, Australia and New Zealand.

India also is reviewing its free trade agreements with ASEAN, Japan and South Korea. For such reasons, the lower level of ambition for the deal with Australia is perhaps entirely in order.

Such agreements are for trade in a limited set of goods and services. They could be a precursor for a full-fledged FTA but only much later, if at all. Such deals typically entail tariff reductions on selected items while leaving out more sensitive areas for later discussions.

From India's point of view, one such area was dairy items that have been kept out of the deal. New Delhi has also offered only limited access in agriculture. Australia, in turn, has secured preferential access to the Indian market for raw materials such as coal, aluminium and premium wines. "This agreement opens a big door into the world's fastest-growing major economy for Australian farmers, manufacturers, producers and so many more," stated Australia's PM Scott Morrison.

The ECTA's most important takeaway is that Indian yoga instructors, chefs, students and STEM (science, technology, engineering and mathematics) graduates will have easier access to Australia. The latter has provided an annual quota for such professionals to enter as contractual service providers entitled to stay for a period up to four years.

Australia has pledged greater access in about 135 sub-sectors and the most favoured nation (MFN) status in 120 sub-sectors. India has offered Australia market access in around 103 sub-sectors and MFN status in 31 sub-sectors from the 11 broad service sectors like business services, communication services, construction and related engineering services.

India's IT firms also stand to benefit as Australia has agreed to amend its domestic laws to stop taxing their offshore income, resulting in savings of $200 million every year. The upshot is that given India's comparative advantages in services, gains from services trade offsets what it loses from deficits in goods trade.

Extension of this agreement to services, especially mode 4 movement of skilled professionals, could well be a template for our forthcoming trade talks with the UK and the EU, for instance. In sharp contrast, the limited progress in services negotiations over the movement of natural persons has been a major source of frustration for India, especially in its FTA with ASEAN.

Considering the stakes involved in the Indo-Pacific region, there is a warrant for a higher level of ambition to ensure that its early harvest agreement with Australia graduates into a full-fledged FTA. Australia has much to offer a rising power like India, notably, access to raw materials needed for its growing economy.

Negotiations entail a process of give and take for greater access to each other's markets. If India seeks greater market access, it must also allow partners to sell more of their goods and services. Trade thus can be a win-win situation for both partners. Greater comfort levels in implementing the ECTA can indeed provide the basis for more ambition in attempting a higher order full-fledged FTA with Australia. This would be an important step for India to recalibrate its economic outreach to the bustling Indo-Pacific region.

Source: financialexpress.com– Apr 06, 2022

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Future tense for exporters as Sri Lankan crisis deepens; $1.5 billion credit line used up

After the Russia-Ukraine conflict, a worsening foreign exchange crisis in Sri Lanka has stoked fresh worries for Indian exporters, who are in talks with the government to ensure their payments are not stuck.

Importantly, almost the entire lines of credit of $1.5 billion that India has extended to Sri Lanka since January to help it tide over its worst financial crisis since 1948 has been used up by the neighbour to pay for its imports, a senior government official told FE. This means fresh supplies to the island nation carry heightened risks of payment defaults by Lankan importers.

India's lines of credit comprised $1 billion for imports of food, medicine and essential items and another $500 million for petroleum products. On top of these, India's assistance also included a $400-million RBI currency swap and a deferral of a $500-million loan repayment by Sri Lanka.

To beat such a crisis, the options that are being suggested by Indian exporters include a temporary mechanism under which Lankan importers may be allowed to pay up in their local currency. This can then be used by Indian importers to buy merchandise from the island nation, two trade sources said.

The other option for India is to either increase the current line of (dollar) credit or extend a fresh line of credit in rupee. However, both the options involve some difficult choices for India. Sri Lanka is seeking another line of credit of $1.5 billion from India, though India is yet to decide on the fresh request.

However, the problem with allowing payment in Sri Lankan rupee is that India has had a decent trade surplus with the neighbouring nation in recent years, which only widened in FY22. India shipped out goods worth $5.7 billion to Sri Lanka last fiscal, up 63% from a year before. But New Delhi's imports from Colombo may have hit only about $1 billion in FY22, leading to its bilateral trade surplus of about $4.7 billion.

Similarly, the issue with the second option is that the government has to take a call on whether to extend more credit to a country that doesn't clearly seem to be in control of its finances anytime soon. Given that Sri Lanka's sources of earnings are limited (the nation relies heavily on tourism for revenues), extending fresh lines of credit, either in the dollar or in the rupee, would be a tough decision to make, said one of the sources quoted above.

Of course, Lankan importers haven't yet defaulted on payments, though in some cases, payments are delayed. But large-scale defaults by Lankan importers can't be ruled out if the forex crisis there isn't stemmed swiftly, Indian exporters fear.

According to Raja M Shanmugham, managing director of garment firm Warshaw International and president of the Tirupur Exporters' Association, Sri Lankan importers have the ability to pay in their domestic currency. They have no problem if they are allowed, under a mechanism, to pay up in their currency.

The Sri Lankan economy — which depends heavily on tourism and exports of commercial crops like tea — was battered by the pandemic, as travel restrictions hit tourism. Its GDP contracted by a record 3.6% in 2020 and its foreign exchange reserves crashed by 70% in the last two years to about $2.31 billion by February, leading to a sharp depreciation of its currency. Meanwhile, its debt has swelled to $51 billion.

The island nation is staring at one crisis after another, as it has to repay debt of about $4 billion in 2022, including a $1-billion international sovereign bond that matures in July. Its new finance minister Ali Sabry has resigned less than 24 hours after assuming office and the Rajapaksa government has now lost its majority in parliament.

Colombo is heavily dependent on New Delhi for the supply of a broad range of goods. These include mineral fuel, pharmaceuticals, steel, textiles (mainly fabric and yarn), food products and automobiles.

Source: financialexpress.com– Apr 06, 2022

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India now sets sights on free trade agreement with Gulf countries

After inking trade pacts with the UAE and Australia, India is set to begin deeper engagements with the Gulf Cooperation Council (GCC) countries as early as May-June to finalise a free trade agreement (FTA) with the group of nations, people aware of the matter said.

GCC is a regional, intergovernmental political economic union comprising six countries — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).

An official said that as of now tariff and trade data has been exchanged with GCC nations to explore the possibility of a trade pact. "India is engaging with GCC nations to see the gains in trade as well as various other aspects. Since the UAE is also a part of GCC, we already have a template. Depending on GCC's interest, we will have to see how we can take it forward," an official told Business Standard.

Engagements with the GCC countries are expected to pick up after Ramandan in May, the official said, adding that the India-UAE Comprehensive Economic Partnership Agreement (CEPA) will also be implemented by them. The India-UAE CEPA was signed in February and the trade agreement is expected to come into effect from May 1.

Government officials and exporters said finalising a trade deal with GCC could be easier. Now that India has carved out an FTA with the UAE, it will be easier to make similar offers to GCC countries, since the profile of countries are similar, they said. Besides, in the case of most of the products, there is less competition and more complementarities in terms of nature of trade.

Even in the past, India and the GCC signed a framework agreement on economic cooperation to explore the possibility of FTA between them, more than 17 years ago.

Thereafter, two rounds of negotiations took place in 2006 and in 2008. However, after the two rounds, the economic union deferred its negotiations with all countries and economic groups.

Ajai Sahai, director-general (DG) and chief executive officer (CEO) of Federation of Indian Export Organisations (FIEO), said that as compared to the past, approaches to FTAs have become far more comprehensive and not confined to just trade.

“In the earlier days, focus was mainly on trade. But today, we are looking at other opportunities — whether investment can go from India, whether we can get support from India in digital trade, what would be an opportunity in government procurement. India’s stature has also gone up internationally in the past 10-15 years, which is also helping the country,” Sahai said.

GCC is the fourth-largest trading partner for India following North America, EU, and North-East Asia.

India’s exports with the six GCC nations stood at $34.86 billion during April-January, while imports stood at $86.95 billion. The share of exports was 10 per cent as compared to the total exports, while that of imports stood at 17.6 per cent.

Of total imports from West Asia, nearly two-thirds consist of petroleum products. Besides, the UAE and Saudi Arabia make up for most of the trade with the GCC.

Source: business-standard.com– Apr 06, 2022

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Can India sustain its export growth?

Global factors play a key role. Meanwhile, SMEs should reorient themselves, even as ESG rules come into play

The crossing of the $400 billion mark is being seen as a sign of exports bouncing back strongly. But how significant is this landmark?

Logically the $400-billion mark would have been crossed at some point of time, just like the much-spoken-about $5 trillion economy where the GDP in nominal terms will cross the ₹375 lakh crore number in the next 4-5 years. Therefore, achieving this target is not such a landmark; in the past exports growth had turned negative after touching a high, before ascending again. Export growth turned negative in five of the last 10 years, reflecting a high degree of volatility.

This is quite unlike GDP growth which progressively increases and rarely falls into negative zone (the pandemic year being an exception). The reason for this difference is that exports tend to be mainly demand driven and hence any slump in the global economy gets hits their growth.

Exports over the years

The exports growth story is interesting as trends vary over various periods. In 1990-91, when the economic reforms were implemented, exports were at around $18 billion. From FY92 to the end of the century the CAGR was 8.2 per cent while exports in absolute terms just about doubled.

However, in the next six years, CAGR was 18.7 per cent as exports touched the $100 billion mark.

In the next five years ending FY11, exports crossed the $200 billion mark jumping to $251 billion with CAGR of 19.5 per cent. FY11 had witnessed the highest growth of 40 per cent from $178 billion to $251 billion. The bull run in exports continued in FY12 with growth of 21.8 per cent, touching the $300 billion mark.

However, the climb from $300 billion to $400 billion has been arduous. It has taken a decade to traverse this route with a CAGR of just 3 per cent. This was the period where there were five declines in absolute level of exports.

Therefore, sustainability of growth in exports is a question which will nag policy makers. The fact that FY23 has started against a backdrop of the Ukraine crisis means that global growth will witness a setback, which will hurt exports.

The high base of $400 billion plus in FY22 will provide an unfavourable base effect for growth. Therefore, while it is possible to conjecture growth in GDP and take a call on when the $5 trillion mark will be attained, it is unlikely that exports would hit the $1 trillion mark.

Merchandise exports are dominated by manufacturing, whose annual growth has been satisfactory at 5.9 per cent in the last decade. This implies that exports growth was affected mainly by global factors where demand conditions were tepid. Central banks have provided extraordinary support to support growth since the Lehman crisis of 2008.

The rolling back of liquidity will affect global growth prospects and particularly foreign trade.

The other interesting aspect of foreign trade is that exports and imports tend to move in the same direction. In fact, when exports grow at a high double digit rate, imports tend to grow at a faster rate. In this context it is useful to track the imports-to-exports ratio. This ratio has shown an increase in the last couple of decades.

In the 1980s it averaged 1.33 and then declined to 1.19 in the nineties which was the first decade of reforms. It rose to 1.37 in the first decade of this century ending 2009-10 and since then has gone up to average 1.49. Clearly the dependence on imports has risen quite sharply over the years which is a natural corollary of globalisation, as companies source their raw materials and intermediary goods from nations which provide them at a better cost.

Export basket

The two main challenges for exports are competition and product composition. The two are interlinked. The composition of goods though changing is still tilted towards traditional goods like gems and jewelry, textiles, handicrafts, leather products etc. which typically also face competition from other developing countries. This basket has a share of 25-27 per cent.

The price advantage enjoyed by other competing countries impacts domestic exports. Engineering and chemicals account for around 38 per cent of total exports. The domination of SMEs here implies that they need to work harder as a group, as quality issues as well as cost militate against rapid growth. The government has been providing a number of incentives starting from export processing zones to finance being facilitated by the RBI. However, SMEs here need to get better organised to push exports. There are around 60 million units of which half would be in manufacturing, concentrated in the micro and small sectors, which makes the task more challenging.

The future of exports will be more challenging as the ESG rules kick in and countries get more discerning in choosing their imports. The price and quality factors which have been the dominant, will be replaced with compliance with ESG standards.

As the world moves in this direction, the entire exports ecosystem will have to reorient its production processes. The developing countries so far have leveraged their cheap labour which has been highlighted often in discussion forums but not been an exclusion factor. Things are changing and we need to keep this in mind as we move towards scaling up exports to $500 billion a year to begin with.

Source: thehindubusinessline.com– Apr 05, 2022

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India, Australia in a geo-economic partnership

The current trend of geo-economics favours enhancement of investment and trade relationships with reliable partners. The Comprehensive Strategic partnership between India and Australia announced in June 2020 along with agreements on providing mutual logistics access and enhancing defence and security cooperation provided a spurt to their ties. Their partnership in the Quad and participation in Malabar exercises have reinforced their shared security outlook. The Australian, Indian and Japanese Trade and Commerce ministers have announced broad contours of a Resilient Supply Chains initiative.

The recent Indian reforms in the mining, banking, MSME, agriculture, power, defence, space, electronics and textile sectors have been far reaching. Incentives have been announced in a slew of sectors under a Production Linked Incentive scheme to boost manufacturing.

New funding has been announced for the healthcare sector. Corporate tax rate has been brought down, retrospective taxation abolished, and India today is focussing on simplifying the difficulties faced in land acquisition, labour laws reform, and liquidity in order to attract new investments.

An India Economic Strategy to 2035 Report, launched by Australia in November 2018, and a reciprocal Australia Economic Strategy Report released in 2020 by India have both laid down the roadmap for the future.

The Australian government's update to the 2018 report was released on March 22 — it has responded to the rapidly changing global developments, the need to ensure safe and secure supply chains, and the ongoing Indian reforms and developments in the country.

Australia also announced initiatives to address the bilateral investment cooperation in emerging sectors such as critical minerals, clean energy, cyber and critical technologies and space as well as the priority sectors of infrastructure, education, tourism, agribusiness and energy.

Ideal strategic partner

India has emerged as an ideal strategic partner for Australia as it strives to overcome the challenges of rapid urbanisation and infrastructure development, resources like clean water, digital connectivity and health amenities for its growing and aspirational population.

There are excellent prospects for collaboration between India and Australia in some critical areas like science, vaccines, pandemic management, space and defence, critical minerals and related technologies, water resources, training and education, the circular economy, waste-to-wealth processes, grains management and logistics, and cyber technologies.

India needs Australian commodities like lithium, cobalt, vanadium, rare earths, coal and LNG for its development needs, as well as technology to solve problems in areas such financial inclusion, healthcare, and education, jointly with Australia.

Australia has reserves of 21 of the 49 minerals identified as critical for India's future strategy, especially the e-mobility programme. The New Education Policy in India has opened up possibilities for further collaborations with Australian universities.

New possibilities for collaboration have opened up in the defence and space sectors. India has a large technology resource pool which is complementary to Australian requirements. Australian super funds and infrastructure companies are presented with increasing opportunities in the infrastructure and toll roads sector.

Investments are already driving the trade relationship between India and Australia — roughly $20 billion has been invested by them into each other's economies. Bilateral trade this year is poised to cross $27 billion. However, liberalisation of trade and services, and steps towards ease of doing business will add immensely to this momentum.

Goods, services, rules of origin, sanitary and phyto sanitary measures, Customs procedures, and legal and institutional issues including dispute settlement, have been included in the agreement. Over 95 per cent of India goods will get zero duty access on day one of the pact coming into force, with the rest set for phased concessions. About 70 per cent of Australian goods will get concessional duty access from the first day.

India will gain from duty-free access for a host of labour-intensive sectors like textiles, gems, and jewelry, leather and footwear and from a liberalised visa regime allowing easier movement of the professionals.

Sensitive sectors like dairy, sunflower oil, wheat, rice, walnuts, medical devices, beef, etc., have been kept out of the agreement, while Australian wines will see reduced duty from 150 per cent to 25 per cent over a period of 10 years in two categories, thus taking care of the Indian domestic wine industry. Australian coal, which attracts 2.5 per cent duty, will also enjoy duty-free access.

Liberalisation of the services sector in 100 different sub-sectors will encourage flow of professionals. Corporates will now look at the opportunities provided by this agreement with renewed interest.

Source: thehindubusinessline.com– Apr 05, 2022

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Cotton arrivals down by 25 per cent so far this season

TN spinners body seeks detailed study on the fibre's availability

Cotton arrivals across the country are lower by at least 25 per cent between the current season's start on October 1 and March 31 compared with the year-ago period. This has led to a section of the textiles industry demanding a detailed study on the availability of the natural fibre.

According to the Tamilnadu Spinning Mills Association (TSMA) Chief Advisor K Venkatachalam, cotton arrivals are lower by 88.95 lakh bales at 237.81 lakh bales during the season so far against 326.76 lakh bales in the year-ago period.

'Alarming drop'

"... this figure is quite alarming and makes every stakeholder dealing with the cotton, much bothered over the non-arrival figures. The reason for the high figure might be due to the fact of cotton being stocked elsewhere or the crop estimates would be much lower," he said in a letter to the Textile Commissioner, Mumbai.

According to Anand Poppat, a Rajkot-based trader in cotton, yarn and waste, the cumulative arrival of cotton this season till April 3 was 247 lakh bales. "Last week, only two lakh bales (of 170 kg) of raw cotton (kapas) arrived in markets across the country," he said.

Lint cotton prices have soared to ₹89,500-90,500 a candy (356 kg) and raw cotton (kapas) to between ₹11,000 and ₹12,000 a quintal, forcing the textiles industry to express concern.

Domestic prices are ruling at a premium with benchmark contracts on the Intercontinental Exchange ruling at 138.83 US cents a pound (₹82,725 a candy). On the Multi Commodity Exchange, cotton for delivery in May is currently quoted at ₹43,420 a bale or ₹90,926 a candy.

Industry meets Goyal

On Monday, a delegation of the Textiles Industry, comprising T Rajkumar, Chairman, Confederation of Indian Textiles Industry; Manoj Patodia, Chairman, The Cotton Textiles Export Promotion Council; Narendra

Goenka, Chairman, Apparel Export Promotion Council; Ravi Sam, Chairman, The Southern India Mills' Association, and Raja M Shanmugham, President, Tiruppur Exporters Association, met Union Commerce, Industry and Textiles Minister Piyush Goyal and urged the removal of 11 per cent import duty on cotton. They also raised the issue of the non-availability of quality cotton.

TSMA, which has over 700 members and has represented the matter with the Textile Commissioner earlier, said this season it had found arrivals of cotton comparatively low against last year.

"Even if crop estimates are lower, there cannot be such an alarming figure in the non-arrival of bales of cotton this season. Therefore, we wish to state that there requires a detailed study, to ascertain the reasons, as to why such a high quantity of cotton, is not arriving the markets till now and where the quantity of cotton is presently available, without being shared to the market," Venkatachalam said.

Inventories down

Inventories at the mills were getting reduced on a daily basis and many mills have resorted to "hand-to-mouth" existence.

".. many mills are facing closure. Some other mills have slowed down their processes, either by declaring one-day closure in a week and not running the mills during power cuts. The speed of the machines has been reduced to 20-25 per cent in order to control the production to cope up with the cotton availability," he said.

Many mills might have to down shutters for want of cotton, Venkatachalam said and demanded that futures trading on the Multi Commodity Exchange (MCX) be stopped. He also sought duty-free import of cotton.

On the other hand, TEA, in a press release sharing information the industry meeting with Goyal, said the "unprecedented" cotton price has forced spinning mils to raise the price of yarn by ₹30 a kg from April 1.

It urged the Centre to scrap the import duty on cotton and allow duty-free import of 40 lakh bales to help prices stabilise. It also said stakeholders in the sector should be asked to mandatorily declare stocks with them, besides curbing trading on MCX.

Prices at 11-year high

This season, prices of the fibre have surged to near 11-year highs on lower production in the US due to dry weather and strong demand, particularly from China, in view of the Covid-19 pandemic curbs being relaxed.

Poppat said multinational companies based in India had good stocks and are currently selling aggressively. Some ginners, who are bullish, are also holding stocks. "The Centre must reduce import duty. Or else, ending stocks will be near zero and cause problems," he said.

According to the Committee on Cotton Production and Consumption, ending stocks of cotton this season are projected at a three-year low of 45.46 lakh bales (71.84 lakh bales last season). Production has been estimated lower at 340.62 lakh bales (352.48 lakh bales).

Source: thehindubusinessline.com– Apr 05, 2022

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Cotton textile prices set to surge as cost of cotton soars

'While cotton prices increased 58% to 60% between last October and this month, yarn prices had gone up by 33%'

With cotton prices spiralling to more than ₹ 90,000 a candy, prices of cotton textile products are expected to surge.

In Tiruppur, manufacturers of basic garments increased the prices by 15 % in December and are likely to go in for another price revision shortly. "Cotton prices are going up almost on a daily basis. But, garment manufacturers cannot do so. Now, there is no option but to increase the prices again," said an industry source.

Raja M. Shanmugham, president of Tiruppur Exporters' Association, said that between October 2021 and April 2022, cost of cotton-based garments increased 15 %. "Overseas customers are not willing to offer any further hike in prices as they had already increased the prices earlier," he said.

Industry sources here point out that while cotton prices increased 58% to 60% between last October and this month, yarn prices had gone up by 33 %. Price of Bunny variety cotton cost ₹61,000 last October and is ₹96,500 a candy now while price of Shankar 6 variety of cotton increased from ₹59,500 (October 2021) to ₹ 95,200 (April 2022). Price of cotton yarn increased from ₹331 a kg to ₹441 during the same period.

J. Thulasidharan, president of Indian Cotton Federation, called for measures to control holding of cotton stocks. According to reports, 240 lakh bales of cotton have come to the market since last October. The total production expected is 340 lakh bales. So the remaining quantity should come into the market, he said.

Meanwhile, members of the National Committee on Textiles and Clothing met Union Textile Minister Piyush Goyal on Monday and sought duty free import of cotton. The levy of 11 % import duty on cotton is affecting the global competitiveness of the Indian textile and clothing industry as cotton traders are adopting an import parity pricing policy, they said.

Source: thehindu.com– Apr 05, 2022

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Building on the recovery in FY22, bank credit to see robust growth in new fiscal

Reflecting the recovery in the economy after two years of the Covid-19 pandemic, banks have seen sharp growth in advances by the end of the fiscal year 2021-22.

Ahead of their fourth-quarter results, many banks have released provisional data which revealed that their advances surged by near double digits on a year on year basis by the quarter ended March 31, 2022.

A number of lenders have reported continued demand for loans, particularly from the retail segment, and have noted that the third wave of the pandemic did not have much of an impact on economic activities.
Further, with the doing away of most restrictions, contact intensive sectors such as hospitality, travel and entertainment are also likely to require funding for re-opening and expansion.

Retail loans, which have been the key focus for most lenders, continues to lead the credit growth, but corporate loan demand also seems to be picking up.

"Credit demand from the retail segment, small and medium businesses has been strong, but with the economic recovery in full swing, there is demand coming from other segments as well. Expectations are that credit demand from corporates, which had been largely muted, will also see an improvement in this fiscal," said an industry source.

Private sector lender HDFC Bank has reported a 20.9 per cent growth in its total advances on a year on year basis by March 31, 2022, IndusInd Bank registered a 13 per cent increase in net advances to Rs 2,39,307 crore in the same period.

On a quarterly basis, IndusInd Bank's net advances grew by 5 per cent to Rs 2,28,583 crore by December 31, 2021.

IDFC First Bank said its gross funded assets have grown by 12.8 per cent to Rs 1,32,067crore as on March 31, 2022 from Rs 1,17,127 crore a year ago.

Both Federal Bank and CSB Bank also reported over 9 per cent growth in advances by March end 2022 on an annual basis.

While Federal Bank's gross advances rose by 9.5 per cent year on year to Rs 1,47,644 crore by March 31, 2022, CSB Bank reported 9.1 per cent jump in gross advances to Rs 15,998.02 crore.

Similarly, by the end of the fiscal year 2021-22, Yes Bank's net advances grew 8.8 per cent to Rs 1,81,508 crore compared to Rs 1,66,893 crore as on March 31, 2021.

"Growth in advances benefitted from two factors. The impact of the third wave of the pandemic on the economy was not as severe as that of the second wave. Also, a lower base would have led to some amount of normalisation of advances growth," noted Sunil Kumar Sinha, Principal Economist and Director Public Finance, India Ratings and Research.

The impact of the ongoing Russia-Ukraine crisis on the domestic economy is still being monitored and it could have some impact on credit demand also.

ICRA has estimated that bank credit grew by 8.3 per cent in 2021-22 from 5.5 per cent in 2020-21. For the current fiscal, it has pegged bank's credit growth at 8.9 per cent to 10.2 per cent.

"Banking credit growth would come from non-food segment credit growth which continues to be driven by retail and MSME segments; and partially by co-lending arrangements with non-banking finance companies," it said on Tuesday.

Improvement in credit demand is also reflected in recent data from the Reserve Bank of India. For the fortnight ended March 11, 2022, credit offtake grew by 8.5 per cent. While credit demand continues to be led by the retail segment, corporate credit demand too seems to be picking up now.

Source: thehindubusinessline.com– Apr 05, 2022

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Sri Lankan crisis dampens spirits in south Indian cotton yarn markets

The sentiment in the cotton yarn market of South India has weakened as payments to several Indian textile exporters are feared stuck due to the current economic crisis in Sri Lanka. Cotton yarn prices in Mumbai and Tiruppur markets remained stable, but buyers have become cautious for new deals. India exports ready-to-cut cloth, yarn and cotton to Sri Lanka.

A broker told Fibre2Fashion that some exporters were worried for their outstanding payments from Sri Lanka, as the government there has stopped all foreign payments, except for essential items. The south Asian island nation does not even have enough foreign exchange to meet their emergency imports.

Trade sources from Mumbai said that spot prices for cotton yarn were steady because buyers were not keen to for fresh buying. Higher cotton prices did not allow yarn prices to come down. Millers are not likely to decrease their quoted prices of cotton yarn. 60 count carded cotton yarn of warp and weft varieties were traded steady at ₹2,150-2,200 and 2,000-2,050 per 5 kg respectively,. Carded cotton yarn (44/46 count) of warp variety was traded at ₹2,040-2,080 per 5 kg. 80 count carded cotton yarn of weft variety was sold at ₹2,250-2,300 per 4.5 kg. 40 count carded cotton yarn (warp) was sold at ₹375-380 per kg. 40 count combed yarn (warp) was priced at ₹425-440 per kg.

The knitwear hub of Tiruppur also witnessed cautious approach of buyers. Demand had dropped in second half of last week due to steep rise in yarn prices, and the Sri Lankan crisis has further dampened the already weakened sentiments. Traders said that Sri Lanka was not big factor in huge Indian textile sector, but it became crucial factor because the market is still facing poor demand.

Tiruppur market also recorded steady price trend. 30 count combed cotton yarn was traded at ₹375-385 per kg, 34 count combed at ₹390-400 per kg and 40 count combed at ₹410-415 per kg. Cotton yarn of 30 count carded was sold at ₹345-355 per kg, 34 count carded at ₹350-355 per kg and 40 count carded at ₹365-375 per kg, according to Fibre2Fashion's market insight tool TexPro.

ICE cotton futures posted triple digit gains on Monday, supported by robust demand and supply concerns as drought conditions in major growing areas worsened. Cotton contract for May 2022 closed at 137.94 cents, up 339 points; July 2022 closed at 134.28 cents, up 335 points; December 2022 closed at 113.76 cents, up 308 points. An analyst said, “Pretty good demand was uncovered, and the continued forecast of dry weather is helping the prices.”

In Gujarat market, cotton prices rose for the second consecutive session on Tuesday amid continued demand from mills, while daily arrivals remained steady. A grade cotton was sold at ₹91,000-93,000 per candy of 356 kg, B grade at ₹89,000-91,000 per candy and average grade cotton at ₹88,000-89,000 per candy. V797 variety of cotton was quoted at ₹48,000-50,000 per candy.

Source: fibre2fashion.com– Apr 05, 2022

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India Well-Positioned In The Home Textile Market Globally | K K Lalpuria, Indo Count

Speaking to ET NOW, K K Lalpuria, ED & CEO, Indo Count Industries says he sees synergies with respect to logistics, procurement, customer base in developed countries and will build on synergies visible to us, with respect to GHF acquisition.

The company intends to add new customers and grow existing customers. India is well-positioned in the home textile market globally, growing at a CAGR of 9-10% and have 15% market share in US, he adds.

The company is eyeing big market share gains in Europe. He believes FTAs for EU, UK, Canada, Australia, UAE will help this. He foresees integration with wholly-owned subsidiary of GHCL will take 12-15 months.

He is positive that revenue will scale up to Rs 1500 crs over the next 2-3 years. Watch the full interview to know more only on ET NOW.

Source: timesnownews.com– Apr 05, 2022

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Birla plans 100,000 tons of circular fibre by 2024

Mumbai-headquartered Birla Cellulose, already one of the world's largest man-made cellulosic fibre producers, has announced a commercial collaboration with Renewcell, the Swedish textile-to-textile recycling innovator.

The intention is to supply up to an annual 30,000 tons of Renewcell's Circulose in Birla's Liva Reviva fibres to global fashion brands and the textile industry in the coming years.

"Renewcell and Birla Cellulose have collaborated almost since the founding of our company," said Patrik Lundström, CEO of Renewcell. "We have benefited from the company's technical expertise and customer feedback throughout the development and ongoing commercialisation of Circulose.

With recent trial successes, growing fashion brand demand and the upcoming commissioning of our new commercial-scale recycling plant in Sundsvall, Sweden, the time is now right to proceed to large-scale commercial collaboration. Together with Birla Cellulose we will work to make fashion circular and reduce its negative impact on climate and the environment."

"Birla Cellulose is excited to extend its partnership with Renewcell for expansion of its Liva Reviva circular fibre," said H K Agrawal, managing director of Birla owner Grasim Industries. "We are looking forward to collaborate with innovators with an aim to scale up circular fibres production to 100,000 tons per annum by 2024. We expect this partnership with Renewcell to play an important role in providing Liva Reviva to our customers."

Source: innovationintextiles.com– Apr 5, 2022

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