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

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INTERNATIONAL NEWS

Techtextil, Texprocess, Heimtextil to begin from June 21 in Germany

Techtextil, Texprocess and the Heimtextil Summer Special will open their doors in Frankfurt am Main from June 21-24. After the COVID-related break, exhibitors and visitors are looking forward to personal interaction. The trade fairs taking place in parallel will cover textile value chains from textile fibres and processing to the end product.

With Techtextil, Texprocess and the Heimtextil Summer Special, Messe Frankfurt will bring textile value chains together at its exhibition centre. After two years of the pandemic, the organisers are finally able again to look forward to new international face-to-face contacts, inspiring business encounters and a holistic, bundled and efficient market overview.

In parallel, the D2C Neonyt Lab of Messe Frankfurt and numerous public events of Frankfurt Fashion Week, organised by the City of Frankfurt, are planned to take place in the city itself. This offers unique synergies all at one location.

Exhibitors benefit from cross-selling opportunities and can establish business relationships in entirely new constellations.

In one place, visitors will find global trends, products and innovations along textile value chains. The range spans from yarns and fibres to functional textiles, textile technologies and finishing processes to end products for textile furnishings, performance textiles, functional clothing and fashion. In the context of the increasing awareness of a sustainable circular economy, modern recycling processes will also be presented.

With regard to the current Corona measures, the events can take place without capacity and admission restrictions and thus without proof of vaccination.

Hygiene measures such as online ticketing, fresh air supply, generous hall planning and intensive cleaning processes will continue to be implemented, Messe Frankfurt said in a press release.

"The last two years have shown: As the world market leader for textile trade fairs, we have a great responsibility for the industry. In this role, we have successfully accompanied the textile industry through the crisis.

Through our worldwide events, we have not only been able to maintain orientation and global business relationships in the market in uncertain times - but also our top position," explained Detlef Braun, member of the executive board, Messe Frankfurt, at the joint press conference. Recent global trade show highlights ahead of the strong re-launch in Frankfurt include Texworld Evolution Paris in February 2022, Interior Lifestyle in Tokyo in June 2022, and six other "Techtextil" and "Texprocess" brand events in North America and Asia.

Heimtextil will be held in June as a one-time Summer Special with 800 announced exhibitors and a high level of international participation from 47 countries. Both the international high-volume business and the retail trade are focus topics of the summer edition. Retailer-oriented suppliers can be found specifically in advance via the exhibitor search. Exhibitors with innovative textile solutions in the field of contract textiles will also be showing their new products in the summer.

This summer's Heimtextil Trends "Next Horizons" has a clear focus on sustainability and resource conservation – located at the center of the exhibition grounds in Hall 4.0. The layout of the area is based on the Material Manifesto: local resources, environmentally friendly or loaned materials will be used for the stand design. Visitors can expect inspiring stagings of colors, materials, curated exhibitor exhibits, lectures and DIY activities. In the latest episode of the Heimtextil podcast, curator Anja Bisgard Gaede also looks at the trends from a very special angle and gives retailers practical preparation basics for their visit to the trend area.

The "Heimtextil Conference Sleep & More" in Hall 3.0 will offer representatives of the bedding trade, environmentally conscious retailers and decision-makers from the hotel industry a first-class line-up of speakers with, among other things, the latest findings in sleep research, tracking technology and sustainability in the hotel industry.

Exhibitors will present their innovations in the field of technical textiles and nonwovens as well as the processing of textile and flexible materials at the leading international trade fairs Techtextil and Texprocess.

More than 1,100 exhibitors from 45 countries, numerous joint stand participants and 13 international pavilions are looking forward to presenting their products to an international trade audience. Techtextil and Texprocess highlight innovations, new processes and developments and progressive approaches with a view to sustainability. These include new production processes, materials and machinery. High investments in research and development over the past three years promise high innovative strength.

At Texprocess, international manufacturers will showcase the latest machinery, equipment, processes and technologies for garment manufacturing and textile and flexible materials – ranging from design, cutting, sewing, knitting and embroidery to finishing, IT and logistics, the release added.

"Exhibitors and the public set high expectations for Texprocess, the leading trade fair. After a break of three years, exhibitors present their developments to an international audience and anticipate investments. Visitors are looking forward to innovative solutions for more sustainable, more flexible and also more regional production.

Texprocess drives the industry forward and finally enables personal exchanges and the forging and strengthening of business relationships once again," said Elgar Straub, managing director of the VDMA Textile Care, Fabric and Leather Technologies Association.

With twelve application areas, Techtextil promises a wide variety and breadth of product offerings as well as innovative strength on the part of suppliers – from car makers, fashion designers, medical technology specialists to industrial specialists. Exhibitors at Techtextil offer innovative materials for all requirements.

For the first time, a digital extension of the two trade fairs will be offered. This enables visitors who cannot attend in person to experience Techtextil and Texprocess digitally and to exchange ideas in a virtual space.

Exhibitors benefit from an additional digital presence alongside their stand on the exhibition grounds. For around four weeks, from June 13 to July 8, 2022, the digital extension will be available before, during and after the trade fair days.

Sustainability@Techtextil and Sustainability@Texprocess will once again focus on the topic of sustainability this year.

Innovative and sustainable materials and their ecological processing with minimal waste and water consumption as well as digital solutions will be presented and awarded at the trade shows.

Source: fibre2fashion.com– Apr 7, 2022

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Slight Easing at U.S. Ports Seen as Brief Respite

Major U.S. container ports for retail goods have begun to catch up with the backlog of cargo seen over the past several months, but could experience another surge this summer, the monthly Global Port Tracker report from the National Retail Federation (NRF) and Hackett Associates said Thursday.

"As we entered 2022, the biggest question was when the supply chain would return to normal," Jonathan Gold, vice president for supply chain and customs policy at NRF, said. "Unfortunately, we still don't have a definitive answer. Congestion at West Coast ports has eased, but congestion at some East Coast ports is growing. Ports aren't as overwhelmed as they were a year ago, but they are still significantly busy moving near-record volumes of cargo."

U.S. ports covered by Global Port Tracker handled 2.11 million 20-foot container or equivalent units (TEU) in February, which was down 2.3 percent from January but up 13 percent year-over-year.

Hackett Associates founder Ben Hackett said volumes remained high in February despite factories in parts of Asia closing for the Lunar New Year due to U.S. ports processing ships already waiting for a berth.

"With West Coast ports still congested, there were still plenty of containers to be unloaded," Hackett said.

Similarly, the current near-shutdown of Shanghai because of Covid-19 precautions means fewer ships are leaving China and "the wait on that side of the Pacific will help reduce the pressure of vessel arrivals at Los Angeles-area terminals," he said, adding that an influx of vessel arrivals following the resumption of normal operations in China could result in renewed congestion at U.S. ports, however.

For March, Global Port Tracker projected 2.27 million TEU were handled, unchanged from the same month last year. April was forecast at 2.13 million TEU, down 1.1 percent from last year, and May at 2.21 million TEU, off 5.3 percent year-over-year.

Increases are expected to resume in June–forecast to be up 5.2 percent to 2.26 million TEU. July shipments are projected to increase 5.6 percent to

2.32 million TEU, and August cargo input is seen rising 3.3 percent to 2.35 million TEU, which would set a record for the number of containers imported in a single month since NRF began tracking imports in 2002. The current record is 2.33 million TEU in May 2021.

The first six months of 2022 are expected to total 13.1 million TEU, up 2.5 percent year-over-year. Imports for all of 2021 were 25.8 million TEU, a 17.4 percent increase over 2020's previous annual record of 22 million TEU.

Global Port Tracker provides historical data and forecasts for the U.S. ports of Los Angeles-Long Beach and Oakland, Calif., and Seattle and Tacoma, Wash., on the West Coast; New York-New Jersey; Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com– Apr 7, 2022

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China urges EU to jointly preserve industrial supply chains' stability

China recently suggested to the European Union (EU) that the two sides build on the existing mechanisms to enhance policy coordination on COVID response, climate change and the digital economy, and foster new cooperation highlights. It also suggested joint work on safeguarding energy and food security, preserving the stability of industrial supply chains.

The suggestion came when Chinese Premier Li Keqiang co-chaired with President of the European Council Charles Michel and President of the European Commission Ursula von der Leyen the 23rd China-EU Summit via video link on April 1.

Premier Li pointed out that reform and opening-up is China’s fundamental national policy and China’s door will open still wider. It will continue to foster a market-oriented and law-based business environment up to international standards, and treat enterprises of all types of ownership as equals, according to a Chinese government press release.

The EU noted its disappointment with China's unjustified sanctions, including against members of the European Parliament, and coercive measures against the EU single market and member states, and pointed to the need to address long-standing concerns related to market access and the investment environment in China, with the view to ensuring a balanced trade and economic relationship., according to an EU press release.

It called on China to cease such actions for a more productive engagement that would benefit both sides.

The recovery from the COVID-19 pandemic remains a shared priority. Leaders discussed cooperation on the vaccination campaign and reopening of the economy.

The EU confirmed its commitment to work with China and other member states of the World Health Organisation on a new agreement on pandemic prevention, preparedness and response, the press release said.

Leaders mandated the High-level Trade and Economic Dialogue to find concrete ways to progress on these issues before the summer.

Leaders agreed to continue cooperation on climate change and energy transition, which is necessary to tackle this urgent global challenge. The EU stressed the importance of additional measures, including on phasing down coal, in the run up to COP 27 in Sharm-El Sheikh.

The EU and China will work together to secure a robust and ambitious new global biodiversity framework at the COP15 in Kunming. The High-Level Dialogue on Environment and Climate will meet before summer.

The EU raised the importance of a transparent and competitive environment for the digital economy, as well as trustworthy and ethical uses of artificial intelligence. It expressed concerns about increased cybersecurity threats and called for responsible state behaviour in cyberspace. The EU and China will resume the High Level Digital Dialogue.

Official data from China showed China's trade with the EU in 2021 amounted to $828.1 billion, up by 27.5 per cent year on year, hitting a record high.

In the first two months this year, bilateral trade between China and the EU jumped by 14.8 per cent, year on year, to $137.1 billion, making the EU the largest trading partner of China during the period, the data showed.

Source: fibre2fashion.com– Apr 7, 2022

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USA: US Jeans Imports Surge to Meet Strong Consumer Demand

U.S. retailers, looking to keep up sales momentum, imported 32 percent more jeans in February compared to a year earlier for a value of $607.3 million, surpassing the 27 percent increase in overall apparel shipments for the month, according to the Commerce Department's Office of Textile & Apparel (OTEXA).

This influx jibes with comments from Jennifer Foyle, chief creative officer for American Eagle Outfitters (AEO) and brand president for Aerie, who told analysts last month that denim fueled the women's side for a "terrific year with record revenue up 30 percent" from 2020.

February brought the company's lowest-ever markdown rate, which meant that "we did not carry over a lot of messy inventory," Foyle said. "We were cleaner in our clearance levels in both brands," which she said, "are still on fire." The denim business reached $2 billion in fourth-quarter sales at the company, she said.

The Top 5 blue denim apparel suppliers all surpassed 20 percent year-over-year import increases in February, OTEXA data revealed. Imports from Bangladesh increased 29.07 percent to $122.82 million, while shipments from Mexico rose 22.45 percent to $107.11 million.

With souring executives reporting Vietnam's output back on track after Covid-related shutdowns, importers brought in 33.68 percent more jeans in the month compared to February 2021 for $66.16 million worth of goods. Imports from Denim maven Pakistan jumped 66.28 percent year over year to $71.44 million, while shipments reaching U.S. ports of entry from China were up 21.34 percent to $59.89 million.

Just behind these production powerhouses was Egypt, which saw its imports into the U.S. more than double to $34.46 million. Bill Curtin, who runs Jersey City, N.J.-based BPD Wash House, has just struck a deal with Egyptian denim mill Sharabati Denim to lead its U.S. East Coast and Canada sales.

"We have a global platform where we work with manufacturers around the world and with brands in the U.S.," Curtin told Rivet. "What we're finding…is Egypt is attractive to the USA market based on what's happening with Covid and China…The brands were all looking to exit China," he said, and while many would have looked at places like Egypt but didn't have a lot of experience there "were very curious as an option because its duty free into the U.S."

What Curtin found when he visited factories such as Sharabati was "impressive capabilities" and an understanding of the U.S market. He noted that Sharabati has two indigo rope-dye ranges and is going to add to more, "which is almost underheard of."

Other notable second tier suppliers–Cambodia, Nicaragua, Sri Lanka, Turkey and India–also posted substantial increases in U.S. imports for the month.

Source: sourcingjournal.com– Apr 7, 2022

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USA: Air Cargo Demand Up 2.9% in February

Global air cargo demand rose 2.9 percent in February compared to a year earlier, the International Air Transport Association (IATA) reported Wednesday.

The IATA said demand increased despite a challenging operating backdrop, with several factors benefiting air cargo in February compared to January. On the demand side, manufacturing activity ramped up quickly after the early February Lunar New Year holiday and capacity was positively influenced by the general and progressive relaxation of Covid-19 travel restrictions, reduced flight cancellations due to Omicron-related factors, outside of Asia, and fewer winter weather operational disruptions.

While cargo volume continued to rise, the growth rate decelerated from the 8.7 percent year-on-year expansion in December. Capacity was 12.5 percent above February 2021 and while this is in positive territory, compared to pre-Covid levels, capacity remains constrained at 5.6 percent below February 2019, IATA noted.

The zero-Covid policy in China and Hong Kong continues to create supply chain disruptions as a result of flight cancellations due to labor shortages and because many manufacturers cannot operate normally, IATA said. In addition, the impact of Russia's invasion of Ukraine had limited effect globally on February's performance as it occurred very near the end of the month. The negative impacts of war and related sanctions, particularly higher energy costs and reduced trade, will become more visible from March, IATA predicted.

"Demand for air cargo continued to expand despite growing challenges in the trading environment," said Willie Walsh, IATA's director general. "That is not likely to be the case in March as the economic consequences of the war in Ukraine take hold. Sanction-related shifts in manufacturing and economic activity, rising oil prices and geopolitical uncertainty will take their toll on air cargo's performance."

Looking at performance by region, Asia-Pacific airlines saw their air cargo volume increase 3 percent in February compared to the same month in 2021. Available capacity in the region was up 15.5 percent in the same comparison. The zero-Covid policy in mainland China and Hong Kong is impacting performance.

North American carriers posted a 6.1 percent year-over-year increase in cargo volume in February.

“The ramp up of manufacturing activity in China following the end of the Lunar New Year resulted in growth in the Asia–North America market, with seasonally adjusted volumes rising by 4.3 percent in February,” IATA said. “Capacity was up 13.4 percent compared to February 2021.”

European airlines saw a 2.2 percent gain in cargo volume in February compared to the same month in 2021. This was slower than the previous month, partially attributable to the war in Ukraine that started at the end of the month,” IATA noted.

Seasonally adjusted demand on the Asia-Europe route, one of the most affected by the conflict, decreased 2 percent month on month. Capacity was up 10 percent.

Middle Eastern carriers experienced a 5.3 percent year-on-year decrease in cargo volumes in the month, while capacity was up 7.2 percent compared to February 2021.

“This was the weakest performance of all regions, which was owing to a deterioration in traffic on several key routes such as Middle East-Asia and Middle East-North America,” IATA said. “Looking forward, there are signs of improvement as data indicate that the region is likely to benefit from traffic being redirected to avoid flying over Russia.”

Latin American carriers reported an increase of 21.2 percent in cargo volume for the month from February 2021, the strongest performance of all regions. Some of the largest airlines in the region are benefiting from the end of bankruptcy procedures, IATA note. Capacity in February was up 18.9 percent compared to the same month in 2021.

African airlines saw cargo volume rise 4.6 percent, as capacity was 8.2 percent above February 2021.

Source: sourcingjournal.com– Apr 7, 2022

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Economic crisis hits Sri Lanka's apparel industry

Ongoing economic crisis in Sri Lanka is interrupting business activities in the country. As per an Apparel Resources report , the Sri Lankan apparel industry is facing fuel and gas shortages, raising concerns over the industry's ability to continue operations due to the prevailing challenge. It may take some time for the situation in Sri Lanka to normalize. Till then, apparel exports are likely to remain impacted.

Statistics released by Sri Lanka Apparel Exporters Association show, the nation's apparel export revenues grew 11.54 per cent Y-o-Y to $ 468.12 million during February '22. This was the highest exports revenues achieved by Sri Lanka in the last six years. In January too, the country registered the most export revenues generated in the first month of the calendar year in the last six year.

The country had shipped $487.60 million worth apparel products during the month. Of total value, export revenues from the US grew 19.22 per cent Y-o-Y to $205.25 million. On the other hand, export revenues from the EU grew by 2.80 per cent to $130.81 million over February '21.

Source: fashionatingworld.com– Apr 7, 2022

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Chinese importers cancel orders from South Korea

Chinese importers are cancelling or suspending orders of fashion goods from South Korea due to a spike in COVID-19 cases in Beijing, Northeast China’s Liaoning Province and East China’s Jiangsu province.

Fashion products from South Korea form a small percentage of bilateral trade between the two countries. However, the surge in cases is likely to cast a shadow over a wider range of imported goods from South Korea, a major trading partner of China.

All products from South Korea are currently being put in warehouses at ports for at least 10 days after clearance before being delivered for sterilization work and reducing risks.

This is causing orders for South Korean goods to drop by atleast 50 per cent, as per a Global Times report. 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.

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: fashionatingworld.com– Apr 7, 2022

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Nigeria to address challenges facing the cotton industry: Trade Minister

Otunba Adeniyi Adebayo, Minister of industry, trade and investment, has expressed the determination of the federal government to address the challenges facing the Nigerian cotton industry in creating jobs for the teeming unemployed youths.

Addressing a delegation of the National Cotton Association of Nigeria (NACOTAN), the minister noted, the cotton industry has the capacity to transform Nigeria's rural economy and revive the textile and garment industries by creating over 2 million jobs, improve internal revenue across three tiers of government, reduce $4.0 billion import bill incurred annually on textile and apparel, earn foreign exchange and make Nigeria a global player in textile and apparel. workforce of less than 20,000 people.

Anibe Achimugu, President, Nacotan added, revival of the sector would not only help to take youths off the streets but also help to address youth restiveness, banditry, drug abuse and emigration issues. The prevailing global economic development called for a wider and more sustained approach to dealing with the challenges in the industry, Achimugu added.

He called on the minister to prevail on the Bank of Industry/Leasing Company of Nigeria for special intervention for the cotton industry.

He also sought the support of the minister for the payment of Nigeria's assessment to the International Cotton Advisory Committee (ICAC) for the periods of 2020-2021 and 2021-2022, which he put at $58,500.

Source: fashionatingworld.com– Apr 7, 2022

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Off-price fashion to grow faster than whole market in 2025-2030: Study

The off-price fashion segment—selling products from high-end brands at reduced prices through online and offline outlets—grew faster than the fashion market as a whole in 2020, and it fell off less during the pandemic as well, according to a new report by McKinsey, which said it will likely grow five times faster than the market overall between 2025 and 2030.

One reason for this success is the strong online presence of off-price retailers, which put their offerings in a good position to profit from the pandemic's online shopping boom, the report, titled 'Mastering off-price fashion in an omni-channel world', said.

It draws on analysis of global data on the off-price market and a survey of 11,000 consumers in 10 European countries.

"Online sales account for 40 per cent of the off-price market and they are growing extremely fast right now—about 13 per cent annually, on [an] average," says Katharina Schumacher, a digital expert and author of the study.

"This development creates opportunities for fashion companies to have their brands reach new consumers who would not normally consider making a purchase at the full price," she continues.

European shoppers are especially interested in bargains. Many consumers in Europe made multiple online purchases during the past year. In the off-price segment, growth of online sales tripled—compounded annual growth rate jumped from 9 per cent in 2020 to 19 per cent in 2021.

Annual growth till 2025 is projected to be 13 per cent. In addition, off-price provides a sustainable way for fashion brands to sell their excess stock. Typical off-price enthusiasts shoe shop online are especially interested in products in the luxury, affordable luxury and premium categories and do their shopping on specialised platforms like dress-for-less, BestSecret, brands4friends or Scarce, said a McKinsey press release.

They care about style and usually start shopping without a specific brand in mind. But they enjoy comparing prices and spend 2.3 times more on their purchases than other groups of fashion customers.

In Germany, 30 per cent of off-price customers spend more than €1,000 per year on fashion purchases , and account for 70 per cent of total fashion spending. “At the same time, these buyers are fundamentally willing to pay the full price for premium and luxury brands,” says Achim Berg, a McKinsey expert on the fashion industry.

Off-price shoppers who visit bricks-and-mortar stores are often younger and buy more than other fashion consumers. They enjoy going to outlet centres, but tend to avoid regular luxury stores in upscale shopping districts.

Source: fibre2fashion.com– Apr 8, 2022

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The Garment Industry Can Close the Worker Gender Gap. Here's How.

What will move the needle on gender equality in the garment industry? For starters, dialogue, men's involvement, good legislation and time, a new report from the International Labor Organization (ILO) revealed.

"Gender issues in the garment sector receive a lot of attention," said Joni Simpson, senior specialist for gender, equality and non-discrimination at the ILO Regional Office for Asia and the Pacific. "However, many activities are one-off or take place in isolation and rarely feed into wider learning or policy-level change."

The Asia-Pacific region employs an estimated 65 million garment workers, accounting for 75 percent of the sector's workforce, the agency said. The majority, roughly 35 million, are women. Nearly one in five women in Cambodia are employed in garment manufacturing. In Pakistan and Sri Lanka, the ratio is roughly one in seven; in Bangladesh and Myanmar, it's one in nine.

Yet despite myriad interventions and investments toward closing the gender gap in recent decades, persistent inequality, exacerbated by Covid-19, continues to loom large. Women are still paid less than men and are given fewer opportunities for career advancement. At work, they face rampant workplace violence, sexual harassment and gender-based discrimination. Conditions aren't much better at home, where women bear the brunt of unpaid care work and family responsibilities, limiting their time, availability, mobility and access to training and educational opportunities.

Women, more so than men, are given short-term contracts and other non-standard forms of employment, such as informal piece-rate and home-based work, that exclude them from social protection, healthcare and maternity benefits, the ILO said. When the pandemic hit, women who were pregnant, nursing or on maternity leave were more likely to be targeted for layoffs in several countries, including Bangladesh, according to the report.

In July 2020, the ILO's Decent Work in Garment Supply Chains Asia project, funded by the Swedish International Development Cooperation Agency (SIDA), launched a public call to identify "enabling factors" and other promising practices. Several themes emerged among the responses it received from a number of industry stakeholders.

Social dialogue and collaboration with multiple stakeholders, such as governments, trade unions, employers' organizations and local and international non-governmental organizations, for instance, is "critical" to advancing collective action. This usually involves negotiation, collective bargaining, consultation and exchange of information, though there can be nuances depending on the local context. Whatever form social dialogue takes, it's essential that women are represented and their voice and leadership "meaningfully prioritized" in order for it to be "effective and gender-responsive," the report said.

In Bangladesh, for example, the Fair Wear Foundation rallied different stakeholders to create a working group to tackle a new national law on sexual harassment in the workplace. At the height of the coronavirus crisis, Better Work Indonesia employed a social media campaign to foster dialogue between management and workers on prickly issues such as wages, benefits and occupational safety and health.

The ILO said that capacity building must not only be comprehensive but it has to also move beyond women on the factory floor. Gender gaps, it said, are "rooted in social norms that prescribe certain behaviors, responsibilities and skills to specific genders," meaning that only a "transformative agenda" that includes gender-responsive policy change and supports efforts to create respectful workplaces can propel efforts forward.

The Fair Wear Foundation found, for instance, that actively including senior management in their workplace education program on violence and harassment prevention significantly increased ownership of and commitment to improving outcomes, as well as decreased the likelihood of participant attrition. The organization also discovered that including floor managers helped ensure that training sessions didn't interfere with production plans and targets, or that when they did, they could be rescheduled or participation negotiated.

Conversely, an evaluation conducted by CARE International found that when supervisors were unsupportive of worker training, conflict on the factory floor could flare up, especially when workers tried to communicate and raise issues as a result of the programs. CARE International also found that workers' families sometimes reacted negatively to women's participation in activities if they took place after working hours, sometimes accusing them of neglecting their domestic responsibilities.

One thing to keep in mind, the ILO said, is that successful interventions transcend a single training or activity. In other words, improvements must be integrated into a consistent and systemic strategy that is implemented over an extended period of time. It's only through ongoing efforts, with multiple opportunities for follow-up, monitoring and evaluation, that can create "lasting change by reinforcing a shift in workplace norms and expectations," the report said.

An example the ILO cited is BSR's HERrespect project, which the management consultancy designed to raise awareness of workplace violence and harassment through the on-site delivery of six modules over a period of 12 months. An evaluation of the program's work in one factory in 2019 found that the proportion of participants who saw supervisors punishing employees as a normal and acceptable occurrence decreased from 50 percent to 6 percent. Meanwhile, the proportion of women who felt uncomfortable reporting an instance of sexual harassment fell from 57 percent to 10 percent, while the number of participants who believed that suggestive or offensive comments from supervisors were normal dropped from 32 percent to 0.

Better Work's program, too, operates on a one-year timetable, and includes assessments, advisory visits, industry seminars and custom training opportunities. It's this "comprehensive approach" to labor standards and working conditions, the ILO said, that has resulted in a reduction in excessive overtime, probationary contracts and gender pay gaps in participating factories. The longer companies participate in the program, it added, the higher the level of improvement.

But voluntary measures alone are insufficient, the report said. Though verbal commitments can trigger positive action, they often lack the incentives needed to drive substantial change without additional formal agreements and legally binding frameworks. Factory managers, for instance, may not want to implement training sessions on violence and harassment because they fear that increased reporting of inappropriate behavior could jeopardize future business.

Without legislation or sectoral agreements, progress towards shrinking gender gaps will "continue to be uneven," the report said, and the sector will "pay the cost" in terms of competing outcomes and poor enforcement. By "creating a shared baseline and reducing competition based on poor labor standards," it said, progress can keep pace more effectively.

The Fair Wear Foundation said that legislation in India and the High Court directive in Bangladesh on the enactment of workplace anti-harassment committees have provided “increased credibility and support” for implementing anti-harassment training, compared with other countries where such requirements are absent.

More recently, the ILO Violence and Harassment Convention (No. 190) and Recommendation (No. 206), which were adopted in 2019, represent a “significant step forward” in tackling gender-based violence and harassment in the world of work. Since the convention’s adoption, the ILO said, national and international NGOs, international organizations, trade unions, businesses and governments have worked together to lobby for its ratification by individual countries.

Last week, H&M signed a watershed agreement to end gender-based violence and harassment at one of India’s largest garment suppliers following a year-long campaign to obtain justice for a young Dalit woman who was raped and murdered by her supervisor.

“Through this work, we have identified a number of key ingredients needed to close gender gaps in the Asian garment sector,” said David Williams, manager of the Decent Work in Garment Supply Chains Asia project. “By showing what can be done and how, this report can inform future policies and actions that could greatly benefit the garment industry and all its workers.”

Source: sourcingjournal.com– Apr 7, 2022

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Bangladesh foreign min Momen calls for US investment in dedicated SEZ

Bangladesh foreign minister AK Abdul Momen recently urged businessmen in the United States to invest in Bangladesh as Prime Minister Sheikh Hasina has allocated a special economic zone (SEZ) to American companies. He was addressing a meeting in Washington, DC, with US Chamber of Commerce's US-Bangladesh Business Council on business cooperation.

Momen was accompanied by a high-level business delegation from Bangladesh to the meeting, where 20 US company executives engaged in discussions on commerce, trade and investment.

Momen noted that US companies can support Bangladesh in fields like telecommunication infrastructure, digital economy, pharmaceuticals, blue economy, information and communication technology, financial technology and digital payments, according to Bangla media reports.

Momen later visited Miami, Florida, to inaugurate the new consulate general of Bangladesh there.

Source: fibre2fashion.com– Apr 07, 2022

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Bangladesh: Gas crisis plagues textile, spinning mills

Production in spinning mills in this peak season has remained halted over the past six days because of a severe crisis of gas for overhauling at the Bibiyana gas field.

Following the suspension in production, the millers are fearing that the export of garment items will be affected because of delayed supply of yarn to the export-oriented garment factories.

Usually, textile and spinning mills require supplies of a substantial amount of gas.

The suffering spinning and textile mills are in the major industrial zones like Gazipur, Savar, Ashulia, Shreepur, Dhaka, Narayanganj, Narsingdi and Bhaluka.

The gas pressure came down to 1 pound per square inch (PSI) to 2 PSI whereas the requirement was 15 PSI to 20 PSI, for which the production in the mills had remained almost suspended.

On an average day, Md Khorshed Alam, chairman of Ashulia-based Little Star Spinning Mills, can produce 12 tonnes of yarn.

But over the last five days he is producing 2.50 tonnes of yarn per day to serve weavers for the production of garment for the domestic markets.

Primarily, he has been incurring Tk 40.50 lakh in production losses every day, Alam told The Daily Star, adding that the gas crisis had been prevailing for quite some time but worsened over the last five days.

Similarly, Estahak Ahmed, managing director of Bhaluka-based Nortex Textile Mills and Basher Spinning Mills, said his production capacity declined to 8 tonnes to 9 tonnes instead from 50 tonnes per day because of the gas crisis.

He supplies yarn to export-oriented garment factories. "If we cannot supply raw materials timely to the garment factory owners, the factories will lose the buyers and work orders in the peak season," Ahmed pointed out.

Fazlul Haque, managing director of Shreepur-based Israq Spinning Mills, said his production declined to 25 tonnes over the last five days while on an average day he can produce 125 tonnes.

He also apprehends that his buyers might not accept goods if there is a delay as the work orders were placed for a season. If the season passes, the buyers will not want to take the goods, he said.

Monsoor Ahmed, chief executive officer of Bangladesh Textile Mills Association (BTMA), said every day members were complaining of losses and halts in production in the mills for the acute shortage of gas in the mills.

"We are getting ready to assess the losses in the factories over the last few days," he said.

He, however, said on an average, the factories which used to produce 30 tonnes of yarn daily had cut down to only five tonnes a day.

Mohammad Ali Khokon, president of the BTMA, said state-owned gas company Petrobangla had informed that the crisis had been prevailing since December last year but turned acute over the past one week.

"Almost all major textile mills have remained shut over the past five to six days because of the severity of the gas crisis. We want a quick solution as we have to supply raw materials to our buyers," he said.

Officials of Petrobangla could not be reached for comment despite repeated attempts yesterday.

Source: thedailystar.net– Apr 08, 2022

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NATIONAL NEWS

Both Australia, India set to gain from Free Trade Agreement

The India-Australia comprehensive interim free trade agreement is well-timed for both partners and will ensure uninterrupted supply of key inputs to Indian industries,with Australian businesses gaining access to a more reliable alternative of China, which is resorting to sanctions against the Canberra, two people aware of the development said.

So far, China dominates key Australian markets such as pharmaceuticals, textiles, plastics, toys, footwear and leather goods. Now the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA), signed on April 2, could make India an alternative to China, the two added on condition of anonymity.

Friction between Canberra and Beijing has brought a series of official and unofficial Chinese trade sanctions on Australian exports including coal, beef, seafood, wine and barley.

Confederation of Indian Industry (CII) president TV Narendran said that for Australia, India presents a good alternatives to China, and the ECTA agreement will certainly enhance bilateral trade engagements between India and Australia. “It has huge potential and the FTA will unlock it,” he said. Narendran, who is the CEO and managing director of Tata Steel, is heading a business delegation that is accompanying commerce minister Piyush Goyal to Australia. Tata Steel imports Australian coal worth about $2 billion annually.

After the agreement comes into effect, India can import Australian coal cheaper than earlier, he said. Australian coal constitutes over about 70% of total imports from Australia to India and attracts a 2.5% duty. ECTA will allow zero duty import of Australian coal, which is a key raw material for the steel sector, Narendran added. The agreement is expected to be effective in about four months.

India and Australia on April 2 signed a comprehensive interim free-trade agreement that permits zero duty trade on several items. Largely, India imports key raw materials and intermediates from Australia and exports finished products.

After an interaction with businessmen from both countries, India's commerce minister Goyal said that India's manufacturing sector, particularly micro, small and medium enterprises (MSMEs) are interested in the Australian market.

"Australia has a market for pharmaceuticals worth about ₹1 lakh crore or $12 billion. But Indian exports are miniscule [$345 million]. With this agreement, the regulations have been significantly eased to facilitate exports of medicines from India," he said.

Speaking about prospects of the interim FTA between India and Australia, Council for Leather Exports vice chairman RK Jalan said: "The agreement will certainly boost India's footwear and leather exports."

"We currently have 3-5% market share in the about $2 billion Australian market [of footwear and leather accessories], which is largely dominated by China. After duty free exports, our products can compete with Chinese products and we can raise our exports by 25%," he said adding that quality of Indian products are better than the Chinese products.

Goyal said the agreement unlocks huge opportunities for Indian exports of automobiles, textiles, footwears and leather products, gems and jewellery, toys and plastic products.

According to the two people cited in the first instance all these markets have been so far dominated by China with negligible 1-5% markeshare of India.

Speaking to Indian students at University of New South Wales, Goyal said the trade deal will also encourage Indian investments in Australia, which would mean more employment opportunities for Indian students in their Australian facilities.

"The trade deal has raised our hopes in getting internships and job opportunities in Australia," said Kashish, a B.Com. first year student of the University who hails from New Delhi. Several students said that until now getting jobs was difficult in Australia without permanent residency.

Cochlear Ltd CEO and President Dig Howitt said the 1.3 billion-people Indian market is the major attraction for both trade and investments. Cochlear is a medical device company that designs, manufactures, and supplies hearing implants.

Goyal said that in 27 years Cochlear could sell only 27,000 implants in India. But, it can scale up its operations by setting up a facility in India, which will not only reduce the cost of implants but also provide export opportunities from India to other countries, he added. “This they can do without any commitment to technology transfer, as has been insisted by various other countries.”

Howitt said he is encouraged by the deal. “I will expand my market in India and may also consider investing in India.”

Source: hindustantimes.com– Apr 08, 2022

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A strategic compass guides the India-Australia trade deal

Last week, after 10 long years of negotiations, India and Australia finally signed the India-Australia Economic Cooperation and Trade Agreement in a virtual ceremony attended by prime minister Narendra Modi and his Australian counterpart Scott Morrison. Modi rightly described it as "a watershed moment for our (India-Australia) bilateral relations," underlining that "consensus on such an important agreement in such a short period of time shows the mutual trust between the two countries."

Morrison emphasised the pact as the single-largest government investment in Canberra's relationship with Delhi, and given the impending elections in his country, suggested that "this agreement opens a big door into the world's fastest-growing major economy for Australian farmers, manufacturers, producers and so many more."

The interim agreement is expected to benefit several sectors in India, including textiles, leather, furniture, jewellery, and machinery, even as it lifts tariffs on more than 85% of Australian goods exports to India. It comes at a critical time as both India and Australia are reassessing their trade policies. India is trying to establish its credentials as a country ready to do business with trusted partners, and is busy finalising a number of "early harvest" pacts. Australia is seeking to reduce its trade dependence on China by diversifying its export markets after being at the receiving end of Beijing's trade weaponisation.

In the past, trade was seen as a means of reducing geopolitical tensions. "Let us trade more and become friends" was the mantra of the past. Today, it is moving to a phase where nations want to trade only with friends and like-minded countries. Geopolitics is driving the trade and technology agenda, and it is this geopolitical convergence in the Indo-Pacific that is also driving the present upward trajectory in the India-Australia relations. The Indo-Pacific maritime geography is the fulcrum around which New Delhi and Canberra are mapping their strategic priorities. As Australian high commissioner to India, Barry O'Farrell, has cogently articulated, "our (India and Australia's) geography places us squarely in the middle of the world's strategic center of gravity. And as the international system becomes more multi-polar, the region's resilience will be tested." Australia and India have, therefore, according to O'Farrell, accepted a shared responsibility to ensure a peaceful and inclusive Indo-Pacific where the rights of all states are respected regardless of their size.

Despite the differences over the Ukraine crisis, India and Australia remain committed to maintaining an upward trajectory in their relationship. A multipolar Indo-Pacific will remain a mirage without New Delhi and Canberra stepping up their geopolitical game. What is interesting is that while this consensus has been there at the elite level, it is now percolating down as recent polling data shows how the public in India and Australia view each other as “trusted” partners.

This belief in each other’s ability to shape the regional environment, thereby emerging as leading partners, owes a lot to the way in which top leadership in both nations view this partnership as essential to shaping the future of the Indo-Pacific. India-Australia relations have evolved rapidly over the past few years, with the two nations signing the Mutual Logistics Sharing Agreement, allowing the two nations to use each other’s military bases for logistics support improving military partnership.

The two countries also elevated their ties to a comprehensive strategic partnership in 2020, which is based on “mutual understanding, trust, common interests and the shared values of democracy and rule of law.” This is symbolic of their commitment to strengthen their engagement in the Indo-Pacific for the promotion of an “open, free, rules–based Indo-Pacific region supported by inclusive global and regional institutions.” This comprehensive strategic partnership encompasses regular high level political, diplomatic and military engagements, resulting in gradual accretion of trust at various levels.

China’s aggressive policy posturing, of course, has been one of the structural variables that has pushed the two nations to be more ambitious in their bilateral outreach. Amid this rising assertiveness by China, closer cooperation among like-minded nations has gathered momentum. For years, India has been trying to tread cautiously vis-à-vis China. Now, its calculations have changed. The choice to join hands and develop a stronger stance against China with like-minded countries no longer seems radical. For Australia and India, stronger partnership is essential to achieving a “free and open” Indo-Pacific.

There have also been important institutional developments in the Indo-Pacific, foremost among them US president Joe Biden’s elevation of the Quad to the leaders’ level. When the idea of a Quadrilateral Security Dialogue was initially conceived in 2007, both New Delhi and Canberra were not willing to invest wholeheartedly in such a platform. But when

Chinese assertiveness went out of control from 2007-2017, the Quad was resurrected and since then, it has been a story of a dramatic rise.

For the US, India, Australia, and Japan, the Quad provides a platform to underscore their commitment to common goals: a rules-based international order, freedom of navigation, and the peaceful settlement of territorial disputes. The rise of the Quad signals the acceptance, both within and beyond the member countries, of the “Indo-Pacific” as a strategic concept. Today, the Quad represents a maturation in thinking by major powers in the region.

And the agenda of the Quad today is wide-ranging to tackle common challenges such as Covid, climate crisis, lack of critical technologies, and terrorism by pooling in their unique strengths and moulding the future Quad. As issue based coalitions that are more flexible, ad hoc, and political in nature compared to formal alliances make their mark in the Indo-Pacific, strong bilateral ties between like-minded nations such as India and Australia will remain critical to shaping the regional security architecture. With the recent trade deal, New Delhi and Canberra have signalled that they take this role seriously.

Source: financialexpress.com– Apr 08, 2022

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India-Australia trade pact has geostrategic significance: Dan Tehan

Australian Trade Minister Dan Tehan on Thursday said the recently signed trade agreement with India is of geostrategic significance and will help in promoting rule-based trade in the Indo-Pacific region. Without naming China, Tehan said there is an "assertive autocratic" government that is seeking to change the rules of the game at the moment. India and Australia inked an economic cooperation and trade agreement on April 2 with an aim to boost economic ties between the two countries.

"Thing that is so great about this pact is its geostrategic significance. The Indo-pacific region has never been more challenged. There is an assertive autocratic government that is seeking to change the rules of the game at the moment and through this agreement, we are standing up… we will not tolerate that," Tehan said at a meeting with businesses of both sides.

As two liberal democracies, both sides are going to fight to keep the rules-based order in place and make sure that all countries in the Indo-pacific can continue to flourish, he said. "…. we are going to make sure that the supply chain is one of the most critical areas, around critical minerals and rare earth…will also be able to flourish during this time because those materials, those rare earth and those critical minerals are going to underpin all the future industries of the world," he added.

Further, he said that India and Australia are integrating their economies even closer and "we are going" to do that by liberalisation.

"When I was in the US last week, the US commerce secretary and the USTR (US Trade Representative) both wanted to know how the negotiations (for India-Australia trade pact) are going and whether we would able to achieve an outcome and had a regular message from my UK counterpart, wanting to know whether we are going to get the deal done or not," he said.

Tehan also said that Canada is also watching the pact very closely as they wanted to see whether India and Australia could send that positive message of how important it is that the countries come together at this time, continue to integrate and grow through liberalisation.

Source: financialexpress.com– Apr 07, 2022

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GST collections likely to hit all-time high of Rs 1.5 trillion in April

With the e-way bills generated for inter-state trade in goods under the goods and services tax (GST) regime touching a record in March, the monthly GST collections will likely hit an all-time high of around Rs 1.5 trillion in April (March transactions).

E-way bills came in at 78.16 million for March, the highest monthly data since the online system was rolled out on April 1, 2018, reflecting an uptick in demand and shipments before the year-end closure by companies for accounting purposes.

GST collections hit an all-time high of Rs 1.42 trillion in March (February transactions), indicating robustness in consumption, efficient plugging of tax evasion and a sustained shift of business to the formal sector of the economy.

“April GST collections will set another all-time high new record,” a senior official told FE.

E-way bills generation is a proxy for GST revenues.

In February, E-way bills generation rose 0.5% on month to 69.15 million whereas March GST collections (February transactions) rose 6.8% on month to `1.42 trillion.

With the E-way bills rising 13% on month in March, the GST collections will see a substantial jump despite a likely increase in GST refunds.

“Companies cleared out more stocks due to year-end push, which increased dispatches and utilization of loading capacity of each truck as well,” All India Transporters Welfare Association (AITWA) joint secretary Abhishek Gupta told FE.

Almost 99% of e-way bills are generated under the road category, Gupta said.

Continued buoyancy in GST collections for several months in a row would help allay the state governments’ concerns about a revenue shock they might have to deal with once five-year revenue protection ends on June 30.

For the Centre, the high mop-up would mean its share of the tax as Central GST would be higher than the revised estimate of Rs 5.7 trillion for FY22 by Rs 20,000 crore or thereabouts.

Given that an incipient pick-up in consumption has resulted in a more-than-proportionate jump in GST revenues, a stronger economic recovery could allow the collections to settle at an elevated level, proving the high revenue productivity of the broad-based consumption tax.

Source: financialexpress.com– Apr 08, 2022

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India-Israel free trade agreement talks to gather pace next month

Talks between India and Israel to explore the possibility of a free trade agreement (FTA) are expected to gain momentum as early as next month, people aware of the matter said.

Discussions and negotiations for an FTA with Israel have been going on for over a decade. However, over the last six months, leaders from both nations have shown enough interest to resume talks to expand bilateral trade ties.

After preliminary discussions between the countries at the end of last year, the process of exchanging items of interest, trade and tariff data had started. “Preliminary discussions had started, but the outbreak of Omicron delayed the talks. Meanwhile, Israel was also having discussions with the United Arab Emirates (UAE) for an FTA. Now that Israel and UAE have concluded the agreement (last week) and (we) will have to complete the procedure of implementation of our trade deal with UAE from 1 May, India will then once again try to engage with Israel,” one of the persons cited above said.

Israel and the UAE concluded negotiations for a free trade deal on 1 April. Similarly, India and UAE had signed the Comprehensive Economic Partnership Agreement (CEPA) in February and the trade agreement is expected to come into effect from May 1.

While external affairs minister S Jaishankar had, in October last year, said that both countries intend to conclude negotiations by June, the official cited above said that as of now there is no clarity regarding the nature of the trade deal. “We would like to re-engage with Israel and see what are the gains in trade, after which we need to finalise the modalities. Once there is clarity (on whether there will be a broader trade deal to an early harvest trade agreement), then we can launch the negotiations. A timeline will be fixed once both countries finalise the modalities,” the official told Business Standard.

Experts said that a trade pact with Israel will have a greater strategic significance and will not be limited to trade and investment. “FTAs are being signed for strategic reasons also and may not look only at the economic gains. In the case of Israel, the deal isn’t significant in terms of economic/commercial gains but because Israel is now a key country for

India as we are procuring defence equipment from them," Biswajit Dhar, professor at Jawaharlal University said.

WhIsrael is India's 34th largest trading partner. On the other hand, India is Israel's third largest in Asia and seventh largest globally. Merchandise trade between both nations reached $6.35 billion, excluding defence, during the April 2021-January 2022 period.

Even though the balance of trade has been in India's favour, the share of exports to Israel is little over one per cent of India's total exports.

Bilateral trade between the two nations has been dominated mainly by diamonds and chemicals. However, in recent years, there has been an increase in business in areas such as electronic machinery and high-tech products, communications systems, and medical equipment, among others.

Major exports from India to Israel include pearls and precious stones, chemical and mineral products, machinery and electrical equipment, textiles, plastics, rubber, and plants and vegetables, among others.

Source: business-standard.com– Apr 08, 2022

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GatiShakti, PLI scheme to offset global headwind, boost growth: Finmin report

GatiShakti and Production-Linked Incentive Schemes will offset global headwinds and drive investment, resulting in high post-recovery growth for the Indian economy, a Finance Ministry report said.

Geopolitical conflicts and their consequent impact on food, fertiliser and crude oil prices cast a cloud on the growth outlook globally, as per the monthly Economic Review prepared by the ministry.

India may feel its impact although the magnitude will, of course, depend on how long the dislocations in energy and food markets persist in the financial year and how resilient India's economy is to mitigate the impact, it said, adding transient shocks may not have a big effect on real growth and inflation.

"Offsetting these potential headwinds, GatiShakti and Production Linked Incentive Schemes will drive investment, which will combine with supply chains strengthened by structural reforms taken in the past few years to deliver high post-recovery growth for the Indian economy," it said.

With growing evidence of improving labour force participation and declining unemployment rate and the government's unwavering commitment to provide continued support to the economically poor (the PM Gharib Kalyan Yojana was extended for another six months, up to the end of September 2022), the growth path ahead will likely be a more inclusive one, it said.

PMI Services has also stayed in the expansionary zone continuously for eight months on the back of E-toll collection, E-Way Bill, Railway freight and Air Cargo, among others, complementing the robust manufacturing sector, the report noted.

Resultantly, GST collections breached Rs 1.4 lakh crore in March 2022, heralding the onset of post-recovery growth, it said, adding elevated PMI Services also reflect growth in contact-based services, as states progressively relax pandemic-induced restrictions in view of India's COVID-19 vaccination coverage expanding faster than the decline in cases of a new infection.

In this backdrop, private consumption may be beginning to perk up. UPI transaction values and volumes have more than doubled in 2021-22, with the volume of UPI transactions in March 2022 crossing 5 billion in a month for the first time, the report said.

Observing that the capital investment by the central government for the period of April 2021 to February 2022 has surpassed the levels in the corresponding periods of pandemic and pre-pandemic years, it said, adding there are nascent signs that rising public capex may be crowding in private investments as well.

In a major vote of confidence in the attractiveness of the Indian economy as a major foreign investment destination, gross FDI inflows into the economy have risen to USD 69.7 billion in April-January 2021-22, the ministry said in the report.

Investments funded through External Commercial Borrowings (ECBs) have continued to remain on an upswing, registering a 29.7 per cent growth during April-February 2021-22, vis-a-vis the corresponding period of last year, it noted.

Growing FDIs and other capital inflows have ensured a comfortable foreign exchange reserves position with an import cover of more than 12 months, it said.

The report further said that a broad-based economic recovery has also spurred the growth of employment opportunities as reflected in net EPF subscribers reaching 15.3 lakh in January 2022, 37.4 per cent higher than in the corresponding period of the previous year.

Source: financialexpress.com– Apr 07, 2022

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Deposits in euros: Exporters start getting payments for Russia supplies

After weeks of uncertainties, Indian exporters have started receiving payments for their goods despatches to Russia, with both the countries working towards resolving the payments issue that had hit the cash flow of scores of domestic traders.

As many as 35 of the 56 major exporters to Russia, identified by the commerce ministry, have received payments, a senior government official told FE. Others, too, are expected to get payments soon, he added. Some Indian exporters had earlier claimed that $400-600 million in payment was stuck, though there was no official word on it.

Russian importers have made payments in euros through banks like Gazprombank that are outside the ambit of western sanctions, according to sources. This has made it easy for Indian banks, who had put on hold fresh deals with Russian lenders after the Ukraine war, to get into transactions with them.

“Once the (Russian) importers deposit the euros there, the correspondent Indian banks convert them and release payments to relevant Indian exporters in the rupees,” one of the sources said. “We have about 100 authorised dealers-category-1 banks, which are allowed by the RBI to undertake capital and current account transactions. These banks can act as the correspondent banks,” he added.

An exporter said the visit of Russian foreign minister Sergei Lavrov last week also “had a positive impact on bilateral trade and payment issues”. “If European countries can still deal with Russian suppliers, why shouldn’t we do business with the Russians?” he asked.

However, the sources said these payments are meant for goods already despatched before the war. “Fresh supplies (after the war) to Russia are very limited, and exporters are trying to ship some goods to Vladivostok port there (through China). However, shipping lines are reluctant to offer services there now,” one of the sources said.

Last week, Lavrov also pitched for a rupee-rouble mechanism to trade oil, defence equipment and other goods between the two countries.

Already, following Russia's attack on Ukraine, the US and its European allies decided to block certain Russian banks from the SWIFT financial-messaging infrastructure for cross-border payment. VTB, Russia's second-largest bank by assets, VEB, another big player, and five smaller ones have been cut off from the SWIFT. This adversely affected various countries' trade transactions with Russia.

New Delhi buys substantially more goods from Moscow than what it ships out to the latter (its bilateral trade deficit stood at $4.34 billion in the first three quarters of FY22). So, payments shouldn't be an issue, if a proper rupee-rouble architecture is worked out, exporters have said.

India mostly buys petroleum products, diamonds and other precious stones and fertilisers from Russia. Similarly, it ships out capital goods, pharmaceutical products, organic chemicals and farm products to Moscow.

Capital goods and certain consumer products made up 25% of India's exports to Russia in the first three quarters of this fiscal, while pharmaceutical and organic chemicals accounted for over 22% and farm items 18%.

Source: financialexpress.com– Apr 08, 2022

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ICAR Chief Tells Researchers To Look For Methods To Maximize Cotton Yield

The Indian Council of Agricultural Research (ICAR) has urged researchers to study yield and techniques in order to increase the production of cotton. The Director-General of ICAR, Trilochan Mohapatra, who presided over a three-day workshop on cotton hybrid technology on Wednesday emphasized cotton production utilizing genetic modification hybrids. He directed the researchers to create techniques for single-picking, mechanized harvest, high-density planting, and genomics-assisted breeding. T R Sharma, ICAR deputy director general (crop science), highlighted the importance of creating pre-breeding lines for genetic variation as well as the incorporation of product profiles in cotton cultivation.

TNAU Vice-Chancellor V Geethalakshmi also spoke at the event about the crop of cotton and the involvement of hybrid cotton in crop improvement. The event was hosted by the ICAR-All India Coordinated Research Project (AICRP) in cooperation with the Indian Society for Cotton Improvement (ISCI) in Mumbai the Tamil Nadu Agriculture University (TNAU).

Cotton Demand And Shortage

Organically grown demand for cotton from distributors and companies increased substantially in 2020, with an increasing number of companies attempting to make it a major component of their materials and fibers. Increasing evidence of natural cotton's environmental advantages, as well as the millennial generation's involvement in sustainable growth and purchasing power in the marketplace, are encouraging more companies to set objectives as well as agreements to boost their cotton usage. Some of these businesses have been providing cotton and also have the plan to raise their purchases, but many are brand new to the fiber.

The major supply contributory factor to the current cotton shortfall is indications of forced labor in Xinjiang, China, which prompted several countries to ban cotton imports from this region. For many years, China seems to have been one of the world's leading producers of cotton, taking account 17 percent of the fiber in the 2018/19 crop production year. As a direct consequence, industries that previously sourced from China are now looking to other countries, especially India, Turkey, U.S., Kyrgyzstan, and Tajikistan.

Source: krishijagran.com– Apr 07, 2022

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India tightens export guarantee cover for shipments to Sri Lanka

The Export Credit Guarantee Corporation of India (ECGC) has tightened the conditions for insurance cover for Indian exports to Sri Lanka. It said that it has modified underwriting policy for export transactions to Sri Lanka. The modification in insurance cover will be effective from today, April 7, 2022.

After carrying out a review of the rating of Sri Lanka in view of prevailing economic and political crisis, ECGC, which offers credit guarantee has changed the cover category from Open Cover to Restricted Cover category (RCC-1). This category of export credit guarantee offers revolving limits and is normally valid for a year after being approved on a case-to-case basis. However, the premium rates for the shipments insured under the insurance covers will remain unchanged, ECGC said in a press release.

Industry experts told Fibre2Fashion that the public sector export insurer has tightened the policy cover due to current crisis so that it can monitor the risk of underwriting. But previous policies issued for exports will remain unchanged and will be honoured as per the documents.

According to ECGC, this change has been made to ensure that ECGC is able to assess and monitor risks covered under its export credit insurance policies and to place appropriate risk mitigation measures. It claimed that the measure will assist ECGC customers i.e. exporters in improving payment realisation prospects from buyers in Sri Lanka.

ECGC has also asked to contact their servicing branch of ECGC for cover on shipments to Sri Lanka. "ECGC continues to monitor the situation and further review of the underwriting policy will be undertaken based on future developments," it said.

Source: fibre2fashion.com– Apr 07, 2022

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Indian firms prefer Indonesia, Vietnam, Malaysia, Singapore in ASEAN

Indonesia, Vietnam, Malaysia and Singapore are among the favourable destinations for Indian enterprises to expand their footprint in the Association of Southeast Asian Nations (ASEAN) region. Indian companies with an ASEAN focus are quite optimistic about business growth in the region, according to a survey commissioned by Standard Chartered.

Respondents believe Indonesia (61 per cent) is the most promising market for their organisation in terms of growth potential within ASEAN, followed by Vietnam (49 per cent), Malaysia, and Singapore (46 per cent each).

Surveyed Indian companies expect their business to increase production in ASEAN, while 93 per cent of these firms project growth in revenues over the next 12 months.

Access to the large and growing ASEAN consumer market (90 per cent), availability of an abundant and skilled workforce (51 per cent), and access to a global market enabled by a network of free trade agreements (44 per cent) are regarded as the most important drivers for expansion into the region by senior executives of the respondent Indian companies.

Around 63 per cent of respondents indicated their company will increase investments into ASEAN over the next three to five years on the back of the ratification of the Regional Comprehensive Economic Partnership (RCEP) agreement, Standard Chartered said in a press release.

However, the poll revealed that Indian corporations are well aware of the vast spectrum of hazards that exist in Southeast Asia. The pandemic and other health catastrophes (which received 85 per cent of the vote), delayed recovery of the economy, and a decline in consumer spending (which received 73 per cent of the vote), as well as geopolitical instability and trade tensions (54 per cent) were the top three dangers cited.

More than three-fifths of the respondents agreed that the most significant challenges they will face in the next 6-12 months will be adapting their business model to industry practices and conditions in ASEAN, understanding regional regulations, payment methods, and infrastructure, as well as building relationships with suppliers and adapting supply chain logistics.

To mitigate these risks and drive resilient and rebalanced growth in ASEAN, the survey respondents consider entering new partnerships to increase market presence (73 per cent), investing in leadership and talent development (59 per cent), and driving sustainability and ESG (environmental, social, governance) initiatives (41 per cent) as the most important areas for their companies to focus on.

Source: fibre2fashion.com– Apr 07, 2022

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Going for off-beat trade? Textile, paper could be the next big plays: Aishvarya Dadheech

First let us talk about the valuation of the broader market after the correction. October onwards, the correction happened. and The conflict in Russia only accelerated that correction. Smallcaps, midcaps both bore the worst brunt. Some of them corrected 40-50% and even more got hit. After that, do you see a case to relook in that area?

What happened in the last five-six months in mid and smallcaps basically took away all the froth which had been built in last two years. We believe that on the valuation side, midcaps and the smallcaps, especially the midcap index, are now trading almost in line with largecaps. An opportunity exists in the whole space. Second and the most important point is definitely midcaps have outperformed Nifty 50 in FY22.

But if you look at the slightly older data, in the last five-years, the midcaps and smallcaps were still underperforming. In the last five years, the underperformance is as acute as 16-17%. There are a lot of catchup that will happen in the broader market and more important, we understand that there is a very strong correlation between how the economy does and how the broader markets do. There is a very positive correlation.

Once we see the economy coming out of this, the unlock thing is playing out. Going ahead, midcaps and smallcaps will do meaningfully well. We all know that a lot of these sectors especially on the unlock theme like QSR or restaurants, hotels, airlines, luggage – most are available in the midcap category itself and we should not forget that when you highlighted about Russia-Ukraine and in the last couple of quarters, the maximum impact on profits was visible in the broader market.

The earning growth will still be higher in the midcaps and smallcaps compared to largecaps over the next two years. We believe any investor should have a very decent allocation given the valuation comfort, given the higher earning propensity and they should be able to make good returns out of it over the next two to three years in this category.

In the last six-eight months, which are the areas and businesses you have been studying or topping up your positions in. Where do you see secular arguments on business growth being intact and robust?

We are positive on the economic recovery perspective from India at least. We believe this unlock theme should do really well going ahead and sectors which will benefit because of the economic recovery should be the focus point of investors in that particular regard. We are very positive about BFSI as one sector. If you see, in the last two years, the theme which actually played out was deleveraging. A majority of these companies, the cement companies, the metal companies were deleveraging. Now we are entering into a point where releveraging will start.

The balance sheets of the banks are at levels which we have not witnessed in the last decade or so. Most of these banks are over-provisioned as of now. They have a very strong capital adequacy and the last quarter which went by the majority of profits were supported by banks. This will happen over the next couple of quarters. We believe private banks and good NBFCs are the play one should look at.

Apart from that, the Russia-Ukraine war has changed the whole narrative of geopolitics. Over the last 20-30 years, the theme which played out was globalisation and interdependence. But what happened after the Russia-Ukraine crisis is that a lot of these countries were left and not been able to get those key things which are required for the economy to move ahead.

We believe deglobalisation can possibly be a theme which could play out for the next couple of years. A lot of these manufacturing units, especially in pharma space, chemical, textile, paper – the manufacturing plus capex theme – can play out for this country and India will not be an exception.

Apart from that, sectors which will benefit from the opening of the economy, like cinemas, airlines, luggage and even QSR are expected to do really well over the next year or two. We have got into names like this, we increased our allocation to BFSI over last year and we remain pretty confident about it

What have you been buying in BFSI, apart from banks?

In BFSI, we like private banks the most. But we believe that opportunity still is right in NBFC space, especially in the housing side. Housing growth has not been that high. It has been lingering around 5%, 6%, 7%. But we believe that the situation is good. So, whenever there is a very strong equity market, we believe that is played out in a very strong real estate market.

We have seen a lot of data on a lot of real estate players. The kind of growth which we are witnessing is unprecedented. We believe NBFCs more related to housing should do well. Auto, which has been a dark horse and the related things can also pick up well. So, we are buying more housing and auto NBFCs. It might be a bit too early to tell but even mid-sized banks could be looked at this point of time. It is basically a waterfall that happens. When the credit growth picks up and when it moves from 8% to 9-10%, the majority of the gains will happen to the large banks. But when the valuations start inching up, investors rotate and start looking slightly down the curve. Today could be a good time to look into midsized banks where there is two to three year visibility.

Your portfolio has a fair degree of weight on the chemical space. We were just looking at the data that even chemical names have done phenomenally well in the last two weeks. Where have you been raising your weight as far as chemical goes? Do you see margin pressure related worries ebbing out or can they persist or get more prolonged after the next couple of quarters?

Chemicals has become a difficult sector now. We were early investors into the chemical sector way back in 2016-2017 when valuations used to trade around 13-14 or 15 times forward PE. Now those valuations are as high as 30 to 40 times and on top of it, we have this inflation fear because a lot of the raw material inflation has been around 10% to 30% which will to an extent be visible on the margins of many of these chemical companies.

Overall we remain very selective in the chemical space. So, though we are holding a decent amount of chemicals as an exposure, the key thing to look out for is whether these companies have a very strong pricing power and whether they are able to maintain margin.

There could be a one or two quarter of blip, but overall for the next two to three years, if the margin is something that they can really improve and the valuations are comfortable in conjunction with growth.

Even if a company is at 30 times price to earnings, if it is growing at 35-40 times, we are okay with that. So, there will be a handful of companies like this and one cannot just completely go and spray money on chemical sectors. One has to be very selective and there are still stories to follow. We are very positive on a one plus strategy which because of the China issue and deglobalisation, can help India to become a big player in the chemical sector. So long-term, we are very positive. In the short term, it could be a blip and one has to be very careful about what they are owning in the chemical space.

Would you look at offbeat open up trades beyond the hotels and exhibition companies – the footwear range, the luggage range and all of that? Or even paper companies which cater to office-related stationary or paper or if school going kids and all of that. Is that something which interests you?

Yes, we are very positive on footwear accessory. We have a couple of names in our portfolio which we believe are not only about open up economy trade but are like businesses which are doing phenomenally well. Similarly, there are sectors like textiles and even paper but there are very few names which clears out with a stringent filter.

The investor should be open to owning sectors like this. Textile could be the next big thing and play out like chemicals.

Similarly we are seeing a huge traction in the paper industry. That will also be the next big play. But investors have to stay with the best and stay with the players who have been able to show the pricing power and have an ability to remain tough when things are going to be tough because of inflation but we definitely like these sectors, apart from luggage and exhibitions and all that.

I am also excited about consumer discretionary. It is the retail part where we believe a theme would play out very strongly. The consumer staples are under pressure because of rural slowdown as well as the inflationary impact. But consumer discretionary will do really well going ahead. A lot of retail businesses which are into merchandising or possibly clothing and fashion, can also do meaningfully well over the next year or two and that should be looked after.

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