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NEWS CLIPPINGS

Currency Watch	
USD	76.49
EUR	80.60
GBP	95.77
JPY	0.59

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	Shri Piyush Goyal calls for strengthening of ethics and corporate governance norms in startups
2	Why Sri Lanka's financial crisis can be a boon for India's garment makers
3	Processing of trade cargo is speeding up
4	Diwali good landing point for FTA, says UK trade minister
5	MSME Ministry launches revamped ZED certification scheme
6	Opening of Indian Mission to boost trade with Lithuania
7	Commerce Ministry makes case for encouraging domestic manufacturing of 102 items to cut imports
8	Commodity Call: Cottonseed oilcake futures can see corrective rally
9	Karur textile exporters seek ban on cotton exports
10	Tamil Nadu govt to establish mega textile park
11	Shiggaon has become a textile hub, says Karnataka CM Basavaraj Bommai

INTERNATIONAL NEWS

Hong Kong-South Korea economic ties set for a 'boost' under world's largest trade pact

Bilateral trade between South Korea and Hong Kong is set to get a boost in coming years when the city joins the Regional Comprehensive Economic Partnership (RCEP), the world's largest trade bloc.

In the first three month of the year, Hong Kong's exports to South Korea increased by 10.8 per cent to HK$18.7 billion (US$2.4 billion) compared to the same period last year, Census and Statistics Department figures released on Thursday showed. However, there was a small year on year fall of 1.1 per cent to HK$6 billion in March.

Despite an evolving geopolitical situation, the two economies remain important trading partners.

Hong Kong was South Korea's seventh-largest trade partner as of 2021, with exports and imports totalling US$39.71 billion, up 23 per cent from $31.19 billion in 2020, data from the Korea International Trade Association shows. South Korea is Hong Kong's fifth-largest trade partner.

Economic ties are set to accelerate if Hong Kong's application to join RCEP is successful.

The city made its application in January, with China's central government expressing support for the bid.

China is the largest economy among the 15 members of RCEP, which centres on the Association of Southeast Asian Nations (Asean), but also includes Japan, South Korea, Australia and New Zealand. The deal went into effect for most members on January 1.

By eliminating tariffs on 91 per cent of goods, RCEP will create a free-trade zone covering nearly one-third of the world's economy, trade and population.

"When Hong Kong joins RCEP, it is expected that it will be able to boost not only trade-in products with Korea, but also contribute to strengthening exchanges and cooperation in logistics, finance and intellectual property, as well as supply chains," said Ivy Szeto, a market research analyst at Korea Trade-Investment Promotion Agency in Hong Kong.

"It is expected that there will also be great positive effects in economic relations with Korea."

Hong Kong will be able to join in the latter half of 2023, at the earliest, due to the fact the trade bloc opens to members only 18 months after going into effect.

South Korea established a consulate in Hong Kong in May 1949, as one of the first five diplomatic missions to be set up overseas after the formation of a postcolonial government.

Since then bilateral trade has grown rapidly.

Hong Kong was South Korea's fourth largest export destination in terms of trade value in 2021, after China, the United States and Vietnam.

Hong Kong is the key entry point for South Korea's merchandise trade with China, and much of its exports to the city are re-exported to mainland China. Hong Kong has long played the role of a re-exporter due to the absence of custom tariffs and low corporate taxes.

South Korea specialises in exports of electronics parts, industrial electronic parts, petrochemicals, home appliances and transport machines.

In 1997, the bilateral Investment Promotion and Protection Agreement went into effect, one of 22 such agreements Hong Kong has made with countries around the world.

Two decades later, the Hong Kong Trade and Development Council opened an office in South Korea.

Hong Kong is Korea's third-largest investment destination, after the US and China, spending money on trade, finance and the professional services industry, according to 2020 data from the consulate General of South Korea in Hong Kong.

Despite concerns that Hong Kong's status as a global financial hub may have been harmed by the imposition of the national security law in 2020, foreign businesses are expected to maintain a strong presence in the city because it is a gateway for investment into the mainland.

More recently, the Hong Kong government's anti-pandemic measures have contributed to the exit of business talent. The government began relaxing some measures this month amid growing frustration with the curbs.

"Despite the surge in Covid cases in Hong Kong in the past month, Hong Kong has not taken extreme measures such as a lockdown, which goes to show it is still different from mainland China," an official at a foreign consulate general in Hong Kong said.

"The differing responses of the governments of Singapore, Hong Kong and China show the degree of attractiveness of each as environments for businesses to operate."

About 140 Korean businesses operate in Hong Kong, including 10 banks, according to data from the same source.

Source: scmp.com– Apr 28, 2022

HOME

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China's Policies 'Raise Strong Concerns': USTR Report

The Office of the United States Trade Representative (USTR) released its 2022 Special 301 Report Wednesday evaluating U.S. trading partners' protection and enforcement of intellectual property (IP) rights, and called out "trading partners that are falling short," USTR Katherine Tai said.

"Intellectual property-intensive industries support more than 60 million jobs, from the independent inventor just starting out to the documentary filmmaker studying critical social issues," Tai said. "We need robust protection and enforcement in foreign countries to protect these individuals, their livelihoods and ensure they can fairly compete in the global marketplaces...The Biden-Harris Administration will continue to engage with these trading partners to level the playing field for our workers and businesses."

This annual report details USTR's findings of more than 100 trading partners after significant research and enhanced engagement with stakeholders. USTR said the Special 301 review of Ukraine has been suspended "due to Russia's premeditated and unprovoked further invasion of Ukraine."

The report said the U.S. is closely monitoring China's progress in implementing its commitments under the United States-China Economic and Trade Agreement (Phase One Agreement). It noted that in 2021, China enacted amendments to its patent copyright and criminal law, as well as other measures aimed at addressing IP protection and enforcement.

"While right holders have welcomed these developments, they continue to raise concerns about the adequacy of these measures and their effective implementation, as well as about long-standing issues like bad faith trademarks, counterfeiting and online piracy," the report said. "Also, statements by Chinese officials that tie IP rights to Chinese market dominance continue to raise strong concerns."

The report also noted that USTR will conduct an Out-of-Cycle Review of Bulgaria to assess whether the country makes material progress on addressing deficiencies in its investigation and prosecution of online piracy cases, particularly its failure to adopt evidence sampling in criminal cases.

The American Apparel & Footwear Association (AAFA) praised the report for identifying foreign countries that deny adequate and effective protection of IP rights or deny fair and equitable market access to U.S. entities that rely upon IP protection. AAFA noted that apparel, footwear, travel goods and related products are regularly found on official lists of counterfeit product seizures.

“Counterfeits are flourishing and endangering consumers and workers around the globe every day,” and “AAFA members continue to report that the pandemic significantly hampers global enforcement efforts,” said Steve Lamar, AAFA president and CEO. “AAFA has appreciated the constructive dialogue with USTR to ensure that intellectual property protection and enforcement against counterfeit and pirated goods remain a top priority in America’s trade relationships to protect creativity and innovation and support jobs across the country”

Several trading partners continued to advance IP protection and enforcement by enacting major legal reforms and joining international IP treaties, USTR noted. For example, the United Arab Emirates enacted new IP, trademark, copyright and cyber-crime laws in 2021, while Chile’s amendment to its IP law took effect in January.

Japan’s Trademark Act amendments came into force in April, and Kiribati, Uganda and Vietnam acceded to the World Intellectual Property Organization (WIPO) Performances and Phonograms Treaty and the WIPO Copyright Treaty, collectively known as the WIPO Internet Treaties.

Concerns with the European Union’s aggressive promotion of its exclusionary geographical indications (GI) policies persist, the report said. The U.S. continues its intensive engagement in promoting and protecting access to foreign markets for U.S. exporters of products that are identified by common names or otherwise marketed under previously registered trademarks.

The U.S. is also concerned about the transfer of much of the GI application review process to EU member states and the reduction of time periods for opposing registration of a GI that is part of the EU’s Common Agricultural Policy, adopted in 2021 and entering into force in 2023.

The report also highlights progress made by trading partners to resolve and address IP issues of concern to the United States. Kuwait was removed from the Watch List this year for making continued and significant progress on concerns that stakeholders identified with IP enforcement and transparency.

Saudi Arabia was removed from the Priority Watch List due to steps the Saudi Authority for IP took, such as publishing its IP enforcement procedures, increasing enforcement against counterfeit and pirated goods and online pirated content, and creating specialized IP enforcement courts.

Romania was removed from the Watch List for taking significant actions to improve IP protection and enforcement, while Lebanon was removed because stakeholders did not raise significant concerns about IP protection or enforcement during the Special 301 review.

USTR reviewed more than 100 trading partners for this year's Special 301 Report, and placed 27 on the Priority Watch List or Watch List. In this year's report, trading partners on the Priority Watch List present the most significant concerns regarding insufficient IP protection or enforcement or actions that otherwise limited market access for persons relying on IP protection. Seven countries–Argentina, Chile, China, India, Indonesia, Russia and Venezuela–are on the Priority Watch List. These countries will be the subject of particularly intense bilateral engagement during the coming year.

Another 20 trading partners are on the Watch List, and merit bilateral attention to address underlying IP problems. They are Algeria, Barbados, Bolivia, Brazil, Canada, Colombia, Dominican Republic, Ecuador, Egypt, Guatemala, Mexico, Pakistan, Paraguay, Peru, Thailand, Trinidad & Tobago, Turkey, Turkmenistan, Uzbekistan and Vietnam.

"Our hope remains that countries will rededicate efforts and resources to protect American intellectual property rights," said Jennifer Hanks, AAFA's director of brand protection. "Many of the countries AAFA has identified in [its] submission are vital trading partners and the largest sources for the U.S. apparel and footwear industry in producing legitimate U.S.-branded goods. Thus, we must not disrupt legitimate trade.

However, we must find ways to identify areas of needed improvement to protect American jobs and economic opportunity across our country, as AAFA members are in nearly every state."

Source: sourcingjournal.com– Apr 28, 2022

HOME

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Chinese, Malaysian firms sign cooperation agreements on 11 projects

Chinese and Malaysian companies recently signed investment or strategic cooperation agreements on 11 projects involving cross-border logistics, industries and trade in Nanning, the capital of South China's Guangxi Zhuang autonomous region. The deals were signed at the Malaysia-China (Guangxi) Investment Forum and celebrations of the 10th anniversary of the 'Two Countries, Twin Parks' initiative between China and Malaysia.

Within the context of this initiative, two industrial parks were launched in April 2012. The construction area of the China-Malaysia Qinzhou Industrial Park has expanded to 25 square km, and more than 200 projects have settled there, with a total investment surpassing 190 billion yuan ($28.97 billion).

Sheng Qiuping, assistant minister at the Chinese ministry of commerce, said China stands ready to work with Malaysia to implement the Regional Comprehensive Economic Partnership (RCEP) and promote regional economic recovery, official Chinese media reported.

Lim Ban Hong, Malaysia's deputy minister of international trade and industry, said that enterprises of both countries should make good use of the initiative and exploit RCEP's huge dividends.

The 9-sq-km Malaysia-China Kuantan Industrial Park has attracted a total investment of over 40 billion yuan for contracted projects and has created nearly 20,000 jobs

Source: fibre2fashion.com– Apr 28, 2022

HOME

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Many Chinese companies resume work and production

Many Chinese companies resume work and production in different parts of the country to meet demand of overseas orders and promote high quality development.

To meet the international market's demand, staff members are busy at work at a factory in Jimo district of Qingdao city, East China's Shandong province.

Jimo district has more than 3000 textile and garment enterprises, which is a regional textile and garment industry base integrating research, development, design, production and export.

Staff members make protective clothes to fight against the COVID-19 at a factory in Fuzhou, East China's Fujian province.

Multiple measures such as tax and fee reduction have been taken to help private companies resume work and production and promote high quality development in Cangshan district of Fuzhou.

The above mentioned are some examples reflecting the overall trend of Chinese companies resuming work to fight against the re-occurrence of the COVID-19 pandemic.

Source: chinadaily.com.cn– Apr 28, 2022

HOME

****

World's growth engines are sputtering

The International Monetary Fund's revised World Economic Outlook (WEO) is sobering. It is rare for the organisation to revise down sharply its projections for economic growth just one quarter into the calendar year. Yet in this case, it has done so for 86% of its 190 member countries, resulting in a decline of almost one percentage point in global growth for 2022—from 4.4% to 3.6%. Moreover, this forecast is accompanied by a significant increase in projected inflation, and all this bad news is packaged in a wrapping of deeper uncertainty. There is a downward bias in the balance of risks, and inequality is expected to worsen both within and across countries.

The WEO revision is attracting a great deal of media attention. The focus, understandably, is on the relatively large size of the revisions for the current year, most of which are associated with the detrimental economic effects of Russia's invasion of Ukraine. The war has disrupted the supply of corn, gas, metals, oil, and wheat, as well as pushing up the price of critical inputs such as fertiliser (which is made from natural gas). These developments have prompted warnings of a looming global food crisis and a severe increase in world hunger. Given the scale of the disruptions, it would not surprise me if the IMF issued a further downward revision to its growth projections—particularly for Europe—later this year.

But as important as these 2022 effects are, especially when it comes to the impact on vulnerable segments of the population and fragile countries, we also must pay attention to the IMF's 2023 outlook. The projection for next year points to a medium-term problem that is no less important—the lost potency of growth models worldwide. The IMF does not expect its significant downward revision in global economic growth for 2022 to be offset in 2023. Instead, it has lowered its forecast for next year from 3.8% to 3.6%, with those revisions applying to both advanced and developing economies.

The implication is that the world's economic engines are sputtering. This problem is especially worrisome in such a fluid operating environment, because it means that the prevailing growth models are not up to the task of pulling economies through unanticipated negative shocks. Making matters worse, the same models have also failed to maintain a decent level of inclusive growth during periods of less stress. Three major secular developments are to blame for the tepid outlook: the changing nature of globalisation; the prolonged reliance on artificial growth boosters; and the long-term failure to invest in the sources of sustained growth.

Economic and financial globalisation have been evolving in ways that make it more difficult for national economies to leverage international trade and foreign direct investment for domestic growth. While the pandemic raised questions about the proliferation and potential vulnerabilities of "just-in-time" cross-border supply chains, it is worth recalling that trade and investment restrictions were increasing well before Covid-19 emerged. The US-China trade war featured the return of high tariffs and other protectionist measures that have generated far-reaching knock-on effects throughout the global economy.

Moreover, these developments have come at a time when many countries face tighter policy constraints. A return to conventional and unconventional monetary-policy stimulus is now precluded by high and persistent inflation. As the IMF notes, this new environment confronts central banks with very delicate and problematic policy tradeoffs, and it exposes the real economy to the potential vagaries of financial-market volatility.

Although the scope for fiscal action is less limited than it is for monetary measures, it is not well distributed among countries. While governments should use the firepower they have to protect the most vulnerable segments of their populations, some already face troubling debt levels.

These developments coincide with a period of low productivity growth in many countries, which is a function of past and persistent failures to invest in the drivers of genuine growth, including physical infrastructure and human capital.

The IMF's report offers an important reminder to policymakers that they need to focus much more attention on generating innovation, improving productivity, and strengthening the other drivers of robust, inclusive economic growth. Failure to do so will make the risk of medium-term growth stagnation uncomfortably high. In a world that is already subject to considerable climate, economic, financial, institutional, political, and social challenges, that is not a scenario we can afford.

Source: financialexpress.com– Apr 29, 2022

HOME

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Turkiye, UAE discuss proposed CEPA aimed at doubling trade

The United Arab Emirates (UAE) and Turkiye recently launched talks in Istanbul on a comprehensive economic partnership agreement (CEPA), expected to significantly boost bilateral trade. The proposed agreement will enable both sides to develop their commercial and economic relations more comprehensively and deeply, a joint press meeting was told.

The agreement is aimed at removing trade barriers and promoting free movement of goods by reducing tariffs. The UAE is seeking CEPAs with several countries and has signed such pacts this year with India and Israel.

Turkish trade minister Mehmet Mus and UAE minister of state for foreign trade Thani al-Zeyoudi addressed the joint press briefing.

The proposed deal will enable both sides to achieve a bilateral trade volume of nearly $15 billion, Mus said, referring to the highest level ever recorded back in 2017, before declining as relations strained. The CEPA is expected to double bilateral trade, Al-Zeyoudi said.

“By cutting tariffs, promoting free movement of goods, facilitating capital flows and reducing trade barriers, we will make it easier than ever to do business. It will also underpin a new era of cooperation,” he noted.

“The United Arab Emirates is currently the largest trading partner of Turkey in the Gulf region with a bilateral trade volume of around $8 billion,” Mus said.

The turnover had dropped to as much as $6.9 billion in 2018, before rebounding to nearly $7.9 billion in 2019, according to the Turkish Statistical Institute (TurkStat). The volume rose further to $8.3 billion in 2020 despite the coronavirus pandemic, before dropping slightly to $7.6 billion last year.

Both the countries will become more resistant to cyclical risks and tests when the CEPA negotiations are completed as soon as possible, he said.

The proposed CEPA aims at initiating new steps to stimulate trade and investment in renewable energy, financial services, entrepreneurship, advanced technology, innovation, agriculture, food security, logistical support and tourism, according to an official UAE press release.

Turkey's exports to the country had hit an all-time high of nearly $9.2 billion in 2017, compared to imports worth $5.5 billion.

However, Turkey registered a trade deficit in the following years, before it reversed the trend again last year. Its exports had totaled $3.14 billion, $3.52 billion and $2.72 billion in 2018, 2019 and 2020, respectively, versus imports of $3.78 billion, $4.34 billion and $5.57 billion, according to the data.

Turkey exported around $5.2 billion worth of goods to the UAE last year and bought nearly $2.4 billion worth of products from the country.

Source: fibre2fashion.com– Apr 28, 2022

HOME

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European Green Deal 'Very Much on Track'

An "eco" label that rates the environmental footprint of a sneaker or a T-shirt. Mandatory thresholds for product durability, repairability or recycled content. Penalties for burning or shredding unwanted goods. As the European Union prepares to roll out its package of much-anticipated—if oft-delayed—measures to reduce the climate impact of textile production and create a level playing field across its member states, the question of what makes an item of fashion "eco-friendly" could soon get an answer.

All of the actions—chief among them the Strategy for Sustainable Textiles, the Sustainable Product Policy Initiative, the Substantiating Green Claims Initiative and the Empowering Consumers in the Green Transition Initiative, which frequently reference and overlap one another—fall loosely under the auspices of the Circular Economy Action Plan, itself a "building block" of the EU's sweeping ambition to zero out its carbon emissions by 2050 and decouple economic growth from resource use.

Despite several deadline postponements by Brussels in the face of Covid-19 disruptions, the so-called European Green Deal is "very much on track," said Jori Keijsper, communication advisor for European Commission executive vice president Frans Timmermans, who is spearheading the $2-trillion effort to establish the first "climate-neutral continent," with far-reaching consequences for jobs and livelihoods in the 27-member trade bloc.

Long before any specifics could be hammered out, the EU had flagged textiles as a "priority sector" for accelerating a carbon-neutral, circular economy where products are designed for durability, reusability, repairability, recyclability and energy efficiency.

The European Energy Agency estimates that clothing, footwear and household textiles make up the continent's second-highest pressure category for land use, the fourth-highest for raw-material and water use and the fifth-highest for greenhouse-gas emissions, even though the bulk of those impacts happens in other parts of the world where production takes place. The average European consumes 26 kilograms of textiles—and discards 11 kilograms of them—every year, it added.

Because the textile supply is so highly globalized, only a "coordinated and harmonized response" will be able to address structural shortcomings with textile waste collection, sorting and recycling while boosting the bloc's ability to innovate and remain competitive, European leaders have said. According to a leaked Sustainable Product Policy Initiative draft obtained by Sourcing Journal, there is no "comprehensive set of requirements" to ensure that all products placed on the EU market become increasingly sustainable. As a result, member states have had to adopt multiple approaches at the national level, resulting in "internal market fragmentation" and "insufficient and uneven" enforcement of rules, especially for companies operating across multiple borders.

"The lack of sufficient and comprehensive internal market rules leaves room for initiatives developed by member states or by industries that impair the functioning of the internal market by giving rise to potential barriers, fragmentation and incoherent approaches," the document said. "In addition, in the absence of a comprehensive set of requirements defining product's environmental sustainability or ecodesign requirements, the same product considered sustainable in one member state might not qualify as sustainable in another member state."

There is an expectation that the measures will collectively "stop fast fashion" in its tracks, said Emily Macintosh, policy officer for textiles at the European Environmental Bureau, a network of environmental citizens' organizations across Europe, though that might be overselling them. What is important, however, is having a "political direction," even if the execution might be "slightly less ambitious" than is being marketed. "The textiles sector remains very unregulated but the European Commission is ramping up efforts to regulate it," she said. "This is the first sounding of the bell that gives us an idea of the direction of travel."

The leaked Sustainable Product Policy Initiative draft refers to digital product "passports," a ban on destroying unsold or returned merchandise and "ecodesign" requirements to help stave off greenwashing, "premature obsolescence" and hazardous chemicals. It remains to be seen, however, if a final version or another measure, like the Strategy for Sustainable Textiles, will address additional issues that campaigners have clamored for, including microplastic pollution, extended producer responsibility, and, as Macintosh is hoping for, resource depletion through overproduction.

"It's important from our perspective at the EEB that the circular economy is not just about greening the current business model, which is a kind of a moving-the-deck-chairs-on-the-Titanic approach," Macintosh said. "One of our main priorities is absolute resource-use reduction: recognizing that it's not just about making the business model circular, it's about making the circle smaller and reducing how much goes into the circle in the first place."

Baptiste Carriere-Pradal, chair of the Policy Hub, a think tank founded by the Sustainable Apparel Coalition, Global Fashion Agenda and the Federation of the European Sporting Goods Industry, said that the European Green Deal is one rare area where fashion brands and retailers are urging more ambition rather than less. "It's clear that we want to have a holistic, adequate and homogeneous textile strategy," he said. "[When] you have every country or sometimes even every region doing their own thing, this is a complete waste of time and resources."

Carriere-Pradal said that circularity is a headline priority for many apparel and footwear companies, yet the only way to increase textile-to-textile recycling is if there are better regulations in place to build up the necessary infrastructure. "They know that is necessary for the change," he said.

Another example is the Product Environmental Footprint (PEF), an eco-labeling methodology that pre-dates the European Green Deal but is mentioned under the Sustainable Product Policy Initiative, the Substantiating Green Claims Initiative and others. The scheme seeks to replace the hundreds of different methodologies currently rating the environmental friendliness of materials and products, which can muddle consumer confidence.

"We are keen to have one single method for one single market," said Carriere-Pradal, who also serves as chair of the technical Secretariat of the PEF project.

"Whenever you want to know the carbon impact of a T-shirt, you only need to use one method, no matter [which brand] it's for. So that's really the idea behind that's why we were, as an industry in support of creating a common method validated by the Commission and developed under the oversight of the Commission."

Still, not everyone is in favor of the PEF as it stands. Make the Label Count, an initiative whose roster includes Australian Wool Innovation, the Campaign for Wool, Changing Markets Foundation, Cotton Australia, Fibershed, the International Sericultural Commission, the International Wool Textile Organisation and the Plastic Soup Foundation, claims that fossil-fuel-based synthetics such as polyester score as "greener" than their natural counterparts. The group would also like to see an expansion of the 16 impact categories to include factors such as microplastic shedding and durability.

Until more information is revealed, there is some ambiguity about what form the PEF will take and whether it will be mandatory or not, said Phillipa Grogan, textiles sustainability consultant at Eco-Age, which helped create the Make the Label Count campaign. "What you can say for sure is that it's a product claim. And basically, as things start to gain traction, we'll get more certainty and a more solid foundation to form a critique and hopefully a roadmap to make it a bit more accurate," she said. "The intention is great, [but] it's really important to get this right, otherwise we'll just end up derailing any sort of potential credibility of the whole system."

Another item Grogan would like to see in the PEF—and the European Green Deal's textile initiatives in general—is more attention to the social aspect of fashion production. "It's really hard to separate environmental sustainability from social sustainability because you can't have one without the other—they're symbiotic," she said.

The Ethical Trading Initiative, the Fair Wear Foundation, Fair Trade International and the Solidaridad Network took a similar stance in August when they published a position paper urging the EU to make its mandatory human rights and environmental due-diligence initiative "instrumental" to the Sustainable Textiles Strategy.

"While we applaud the efforts for coherent policy-making for our industry, we would like the EU Strategy for Sustainable Textiles to address potential negative impacts that new and/or circular business models may have on factory workers, producers and farmers," they said. "The only way that the EU Strategy for Sustainable Textiles can support the transition to a fully sustainable supply chain is if human and labor rights are respected and decent work principles are applied throughout all levels of the supply chain."

Over in the United Kingdom, which split from the EU in 2020, momentum to "build back" a cleaner and fairer fashion industry is also experiencing fits and starts. An extended producer responsibility scheme, designed to "ramp up action on fast fashion and hold manufacturers accountable for textile waste" and due to take effect next year, has been postponed indefinitely, though it will still move ahead, according to the Department for the Environment, Food and Rural Affairs.

Part of a broader Environment Bill, which could also see the government set minimum standards for clothing on durability and recycled content, the scheme is meant to promote the reuse and recycling of textiles and reduce the environmental footprint of the sector. It builds upon the Waste and Resources Action Programme's Textiles 2030 plan, a voluntary agreement that brings together signatories such as Asos, Boohoo, Marks & Spencer and Primark to collaborate on carbon, water and circular textile targets.

"We are firmly committed to ending the 'throwaway' culture as we build back greener," environment minister Rebecca Pow said last year. "Major retailers and fashion brands have made strides in reducing their environmental footprint but there is more we must do. That is why, through our world-leading Environment Bill and landmark reforms, we will take steps to tackle fast fashion by incentivizing recycling and encouraging innovation in new design."

Shady green claims are also coming under scrutiny in the United Kingdom. In January, its Competition and Markets Authority (CMA) revealed that it's reviewing the increasing number of assertions by brands that certain items of clothing are sustainable, better for the environment or made from recycled or organic materials. Infringing businesses, the competition watchdog said, will face "appropriate action" in accordance with consumer protection laws.

"Our work so far indicates that there could be issues with greenwashing in the fashion sector and that's why we've prioritized this area for further investigation," Cecilia Parker Aranha, the CMA's director of consumer protection, said at the time. "People are becoming increasingly aware of the negative impact that fashion can have on our planet.

We know many shoppers are actively looking for brands which are doing good things for the environment, and we want to make sure the claims they see are stacking up. Businesses that can't back up their claims risk action from the CMA and damage to their reputation in the long run."

Meanwhile, Scotland is mulling its own ban on the disposal of resalable goods. "It is absolutely senseless for perfectly good products to end up in landfill," circular economy minister Lorna Slater told BBC News in March.

"Rather than being wasted in landfill or incinerated, they should be reused or repurposed. We are living in a climate emergency. When goods go to landfill without having even been used once, we don't just waste the product, we also waste all the energy and raw materials that went into making it."

Source: sourcingjournal.com– Apr 28, 2022

HOME

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Raw Material Prices in Sourcing's Bullseye

Over the past six months, the rising cost of raw materials has become an increasingly critical factor in sourcing decisions and pricing, impacted by inflation and global trade conflicts. Speaking at the Sourcing Journal Global Outlook Conference, two experts on key natural fibers gave their perspectives on the state of their markets.

Cotton prices 'undefeated'

"Cotton prices have been extremely volatile over the past several months," Jon Devine, senior economist for Cotton Incorporated, said. Citing New York ICE futures prices from early April, "nearby futures prices are now near $1.35 cents per pound," he said pointing to current levels. "These are among the highest readings that we've seen in a decade. They are trading at levels about twice where they were prior to Covid."

Devine noted that upward trends in any financial market are defined by a series of higher and lows and since April 2020, the upward trend in cotton prices has been "undefeated."

The price increases evolved in two different stages, according to Devine. The first, which he described as "relatively linear," ran from a pre-Covid low of about 55 cents per pound to values near 90 cents per pound by September 2021.

"During this time, we saw a strong correlation between the cotton market and seemingly unrelated financial markets," the Cotton Inc. economist said. "For example, cotton futures were nearly identical to those from the S&P 500 broad index of U.S. stocks. However, this is likely not a spurious relationship. Covid represented a major macro event affecting all markets, and the stimulus that followed the [onset of the] pandemic also affected markets across the board, giving rise to what has been called the 'everything rally.'"

He noted that the Federal Reserve and Covid-triggered shutdowns aimed to prevent a widespread collapse in asset values. To achieve this goal, the Fed dropped interest rates near zero and embarked on a campaign of unprecedented money creation.

Additions to the money supply may help explain the linear trajectory of both cotton prices and the S&P 500 that got the market to the 90-cent-per-pound level, he said.

“The upward trend and cotton prices soon gave way to another more volatile period in price movement,” Devine said. “Sparking this phase of price movement was a surge in speculator investment.”

In late September and early October, speculators ramped up their bets that cotton prices would increase, and those bets increased 50 percent. Since then, speculative movement in and out of the cotton market has also tracked closely with changes in cotton price levels.

There are also reasons more firmly rooted in the dynamics of supply and demand, Divine said. These included a decrease in available U.S. cotton that resulted from a smaller harvest thanks to unfavorable weather and strong export demand from China in early fall.

The second stage in the cotton price spike came from strong U.S. consumer demand for apparel. For much of 2021, U.S. consumers spent 25 percent more on clothing than they did in 2019 before the pandemic, he said, versus a more typical 2 percent year-over year increase.

“So, we had very outsize growth,” Devine said. “Elsewhere, consumer demand has been weaker, with tariffs and restrictions on sourcing for the U.S. having added to desperation and willingness to pay to meet U.S. demand.”

In addition, he said the economic cycle saw the world coming out of recession that led to companies drawing down their inventories, and a subsequent uptick in demand drove scarcity. A similar phenomenon happened as the world emerged from the financial crisis in 2010-11, leading to cotton prices peeking out at levels over $2 per pound.

“Memories of 2010-2011 could have motivated some speculator investment,” he said.

This time around, however, the supply-demand situation was much different than it was 10 years ago when the world also faced a supply shortage. When Covid hit in 2020, cotton was already harvested from Northern Hemisphere producers.

"By the time the virus struck and when mills were shuttered, they could not spin that fiber," Devine said. "Both last crop year and the current crop year … had slight production deficits…but both of those shortfalls are much lower than the surplus and the net result is that the world has more cotton in warehouses than it did before Covid. The projected volume the world will have at the end of the current crop year ranks among the Top 7 of all time."

The reason why cotton prices potentially could be so much higher now could also have to do with the shipping crisis, he noted, as delays and difficulty getting fiber where it wants to go could be creating scarcity at the middle level, even if that fiber physically exists somewhere else. Another possible reason for some of the outside movement in cotton prices is tightness in the U.S. cotton situation.

"The U.S. is the world's largest [cotton] exporter, so developments here can be influential on prices globally," Devine said. "The U.S. stocks-to-use ratio dropped sharply last crop year, falling to levels near those that are the lowest experience over the past couple of decades."

For the current 2022-2023 crop year, forecasts indicate an increase in plantings. The recent volatility in cotton prices and volatility in crops that can compete for cotton acreage "have made this an exceptionally difficult year to predict," he said.

"On top of competing crop prices, which are up across the board, growers in the U.S. and globally have to contend with significantly higher input costs," Devine said.

The latest rounds of price increases have also been followed by reports of mills running into resistance about passing along increases downstream, while spinners have also been reporting an accumulation of yarn inventories and some mills in China have indicated that demand has been as weak as they have witnessed since the onset of Covid, he noted.

"On top of that, inflation has become a major concern around the world," the economist said. "The increases in energy and food costs that accompanied the outbreak of war in Europe can be expected to pinch consumer spending on discretionary goods like clothing."

To help fight inflation, Central Banks are already preparing to end stimulus measures and will be pushed to rein in loose monetary policies more quickly than had been expected just a few months ago, he said, suggesting a slower pace of overall economic growth.

“Global economic growth is closely tied to growth in cotton demand, and cotton mill use could decline in the upcoming crop year due to some of these macro factors,” Devine said. “The evolving macroeconomic situation could compound the effects of higher prices.”

The current market suggested a small increase in acreage, and a small decrease in demand could push the world into a cotton surplus for the coming crop year, which could eventually provide some relief to volatile prices, he noted. However, much uncertainly exists, such as ongoing logistical issues and a West Texas drought.

“One way that we can help navigate that uncertainty is a look back to the futures market,” Devine added. “The market is currently predicting a steep decrease in prices…after the next harvest before the December 2022 contract. It remains to be seen whether the 20-cent-per-pound gap between July and December futures will close, but the size of that gap suggests continued volatility. The weather, macro conditions and geopolitics can all be expected to be significant market movers.”
‘Unusual’ trends in fiber prices

Johannes Stefan, commercial director, Europe, Americas & Turkey, for Lenzing, said the market for viscose, one of the company’s product lines, is currently close to its 10-year price average.

“One thing that we see is that there is quite a bit of movement into production locations outside of China, especially into Bangladesh, the ASEAN countries, with a very strong development of spinning capacity and fabric production capacity,” Stefan said. “The other one is a very strong increase in demand for preferred materials, everything from organic cotton to sustainable viscose and recycled polyester,” which has led in some cases to what he called “micro shortages.”

“Also quite unusual is that the relationship of fiber prices to each other has changed significantly,” he said. “Polyester fibers are now just a third of cotton fiber prices…also viscose is now only half the price of cotton. In many conversations we have with customers, they are also raising questions–will this lead to a shift from one fiber to another fiber?"

Lenzing's wood pulp-based fibers Modal and Tencel have seen less of an impact from external and macroeconomic factors, with prices more stable and trending slightly downward compared to 12 months ago. Also, the investment in sustainable closed-loop production, which includes recovery and reuse of chemicals in the process, has lowered costs, Stefan said.

"Within the group of wood-based cellulosic fibers, there is one that stands out and it's Lyocell fibers," he added. "This is where we are growing fastest as a company, but this is also where we see a lot of industry growth with annual growth rates up to 20 to 30 percent growth added capacity."

Source: sourcingjournal.com – Apr 28, 2022

HOME

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Vietnam businesses struggle to import intermediate goods from China amid COVID lockdown

Manufacturers reliant on raw materials imported from China are struggling now after China enforced strict COVID-19 lockdown policies to curb recent outbreaks.

The spokesperson for a truck manufacturing company in HCM City told Tuổi Trẻ (Youth) newspaper that his company has been waiting for a shipment of components from China for the last three months.

Usually, the wait is for a maximum of two months, he said.

Other businesses relying on imports from China are also having difficulties and even being penalised by unhappy customers.

Logistics businesses are unable to transport goods from China to Việt Nam by sea or land due to the former's stringent safety procedures.

Phan Thị Thanh Xuân, deputy chairman of the Việt Nam Leather, Footwear and Handbag Association, said her industry imports around 70 per cent of its inputs from China, meaning the lockdown is disrupting supply.

Nguyễn Đức Thăng, director of Đáp Cầu Garment JSC, said his too company is unable to import from China.

Many of its materials are transported from ports in Shanghai, which is under a strict lockdown.

"It is impossible to find new raw materials suppliers quickly since China is the workshop of the world, supplying large volumes of materials at reasonable prices."

The company is having to renegotiate delivery dates.

Businesses and trade groups need to be pro-active about adapting to China's strict COVID policies, according to the Ministry of Industry and Trade.

It said it would help businesses access new markets to avoid relying on a single source, and make use of Việt Nam's numerous free trade agreements.

Businesses should look to source raw materials domestically rather than abroad, it said.

Many industries such as textile and garment and leather and footwear export large volumes but rely heavily on imported materials since Việt Nam's supporting industries are under-developed.

COVID outbreaks in supplying countries, including China, have been hindering local production in the last two years.

Source: einnews.com – Apr 29, 2022

HOME

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Vietnam, Netherlands boost trade, investment relationship

Dutch vice minister for foreign economic relations Hanneke Schuiling, during a recent visit to Vietnam, expressed her wish for the approval of the $1-billion Cai Mep Ha logistics centre and deep-sea port. She met Vietnam's vice minister of industry and trade Dang Hoang An to discuss the bilateral trade and investment agenda and the implementation of the EU-Vietnam Free Trade Agreement (EVFTA).

The aim of the visit was to promote economic cooperation between both sides, especially in the areas of agriculture, water, logistics, energy and technology.

The Netherlands supports Vietrade and the Dutch Business Association in Vietnam to implement the Ready to Export programme, which fosters cooperation between small and medium enterprises (SME) in both nations.

Schuiling offered further support to facilitate the implementation of the EVFTA in Vietnam, especially in relation to SMEs and multi-modal logistics solutions, according to Vietnamese media reports.

"The Netherlands stands ready to support Vietnam in developing the necessary legislative environment, in particular, the framework to facilitate offshore wind and direct power purchasing agreements by private companies," added Schuiling.

The Netherlands has invested €50 million ($53.2 million) in both private- and publicly-funded projects in the Mekong Delta, and there is room for a considerable increase in climate funding for Vietnam.

Source: fibre2fashion.com – Apr 29, 2022

HOME

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Pakistan: Stable trend on cotton market

Cotton Analyst Naseem Usman told that the rate of cotton in Punjab and Sindh is in between Rs 18000 to Rs 21,000 per maund.

Member of the Core Committee of Pakistan People's Party Senator Taj Haider on Wednesday called for fixation of a reasonable minimum support price for the cotton crop of this Kharif season. In a statement here, the Pakistan Peoples Party Parliamentarian said that the cotton crop was the backbone of our economy. The textile industry provided ample employment for our peasants and workers at many stages of the production cycle, besides being the major contributor to the country's exports.

"Our cotton crop which once figured 14 million bales has gone down to 6 million bales due to its low profitability and shifting to other cash crops," he added. A reasonable support price like Rs. 8000 plus per maund plus could encourage the farmers to cultivate the crop over more area and to use sufficient and better, the cotton production might jump easily by another 5 million bales. Senator urged the price fixation before sowing of cotton crop, otherwise it would not help in increasing the crop area.

Textile industry had been importing large quantities of cotton which also was becoming uneconomical due to the devaluation of Pakistani rupee, he said. Pakistan needs to drastically cut down its imports. Import substitution of 5 million cotton bales would save us 5 billion dollars in the import bill. Whereas, for just one billion dollars loan from the IMF, Pakistan was being forced to raise fuel prices which would result in an overall increase in our production costs and would further push up the inflation.

ICE cotton futures jumped over 3% to their daily trading limit on Wednesday, boosted by solid demand and prospects of risks to supply from unfavourable weather.Cotton contracts for the second-month July contract soared to their daily trading limit of 140.68 cents per lb. The Spot Rate remained unchanged at Rs 21000 per maund. Polyester Fibre was available at Rs 290 per kg.

Source: brecorder.com– Apr 29, 2022

HOME

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NATIONAL NEWS

Shri Piyush Goyal calls for strengthening of ethics and corporate governance norms in startups

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today called for further strengthening of ethics and corporate governance norms in startups. He was addressing the 'Confederation of Indian Industry (CII)- Global Unicorn Summit- Shaping 1,000 Unicorns by 2030' in New Delhi today.

He stressed that instances of fudging revenues, data fraud, tax evasions and other malpractices have to be curbed at an early stage or it would kill the entrepreneurial spirit of young startups and have a very damaging effects to the startup ecosystem. He called for more transparency and the setting up of better standards and benchmarks and more self-regulation in the starup ecosystem. He asked startups to think in long-term, in order to create sustainable wealth for ourselves and society.

Observing that India is home to 95 unicorns, Shri Goyal quipped that we needed just one more sixer to hit a Century of Unicorns. Government's efforts to reduce regulatory compliance burden has encouraged innovation and promoted commercialization of IPR and made it easier to begin, operate, grow and exit businesses, he added.

The Minister spoke of the tremendous talent that lay in Tier 2, 3 cities and smaller villages of India and asked that startup revolution be taken in that direction. Startups like Zoho recruit coders from rural areas thus bringing Silicon Valley to rural India, he added.

Expressing his desire that startups must incorporate in India and list in India and not move to tax havens, Shri Goyal urged them to approach the government if they face any issues and assured that it would strive to resolve problems.

The Minister said that Venture Capitalists must also promote and protect Intellectual Property created by young entrepreneurs, provide expertise to scale-up and explore greater capital infusion. He expressed hope that Indian Intellectual Property would benefit the world but asked that India be the primary beneficiary these innovations. Reiterating the Prime

Minister's clarion called of 'vocal for local', and 'local to global', Shri Goyal said that there could be nobody better than our startups to realize both these mantras.

Terming cyber security and data privacy as pressing issues faced by the global economy as digitization rose, Shri Goyal noted that India's consumer digital economy is worth approximately USD 100 billion and is expected to become a USD 800 billion market by 2030. He spoke of the persistent need to ensure that the enormous data collected by digital technology platforms is safeguarded.

Speaking of the tech revolution that Indian economy has been witnessing, with unicorns emerging in Fintech, Edtech, Healthtech, e-Commerce and media among other sectors, the Minister reminded that within 2-3 months of Startup India Global VC Summit 2019, National Startup Advisory Council (NSAC) was formulated, which, he said, had done a stellar job in promotion innovation and startups.

Shri Goyal stressed that Indian startups are now offering some outstanding, high-quality solutions to the modern problems faced by society. He cited examples of Qure.ai, the Mumbai-based Startup that uses deep learning algorithms to interpret X-rays and CT scans in seconds and Bengaluru based CropIn Technology which provides one-stop SaaS based solutions to farmers - real time weather updates and predicts crop yields.

Speaking of the need to encourage startups whose business model is based on high tech innovation in engineering, defence or significant scientific advances, the Minister said that technology makes the impossible, possible! With rise of digital commerce metaverse new opportunities for the users and providers to connect will be unlocked, he said and asked for the metaverse to be leveraged to boost trade and commerce.

Shri Goyal opined that in India's bid to become Aatmanirbhar in energy and defence, there was a lot of white space which can be filled by startups, thus reducing our dependence on imports. Space is another avenue in which Government is encouraging private players to explore collaboration with ISRO, he added.

Quoting Prime Minister Shri Narendra Modi, the Minister said 'Don't just keep your dreams local, make them Global' and added that many of India's startups were already venturing out beyond the borders of India and making a mark for themselves in both emerging economies and developed world by being scalable and affordable. Asking the nation to buy from startups and encourage B2B procurement from startups, the Shri Goyal said that startups must also be stimulated by subscribing to their IPOs and giving them access to domestic capital.

He called for more media coverage for startups, especially in regional languages so that their ideas reach even remote parts of the country. The Minister also that that the efforts made by startups must be respected and added that the founders, the heroes of the startup ecosystem, must be given their due recognition. Reaching the 1000 unicorns mark by 2030 is an achievable dream

The Minister also called for the creation of a Gen-next National Council which would serve as an advisory body to nurture entrepreneurial talent and potential of our youngsters and to give both continuity and change to the startup ecosystem through its structure and functioning. The Minister assured that the Government was committed to supporting entrepreneurs and investors in the common pursuit of making India the best place for innovation and startups.

Source: pib.gov.in– Apr 28, 2022

HOME

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Why Sri Lanka's financial crisis can be a boon for India's garment makers

The economic crisis in Sri Lanka is likely to benefit the Indian apparel industry as the former's export industry has been hit due to several hours of power cut, diesel shortage and people suffering from high prices of essential commodities. Indian apparel exporters are beginning to receive orders from the UK, EU, UAE, Australia and Latin America due to these economic headwinds that are disrupting the production of key exports such as apparel and tea from Sri Lanka.

"Normalising discretionary spends, higher realisations, and sustained export demand, including due to higher opportunities following supply chain issues at Sri Lanka and China, will drive up the revenue of ready-made garment (RMG) makers by 16-18% this fiscal," said Crisil Ratings in a note.

Operating margin of ready made garmet makers should improve by 75-100 basis points on-year to 7.5-8.0% this fiscal, though still lower than the pre-pandemic levels of 8-9%. Profitability will be supported by partial pass-through of higher input prices and better operating leverage. Besides, the depreciation of the rupee and continuation of export-linked incentive schemes will be added advantages for export players in the road ahead, shows an analysis of 140 RMG makers rated by CRISIL Ratings.

The Indian government earlier this month approved 61 applications with an investment potential of over Rs 19,000 crore under the production linked incentive (PLI) scheme for textiles with an eye on the international market.

"Export demand is expected to grow at least by 12-15%, despite the higher base of last fiscal, as overseas players continue to diversify their supplier base in light of the economic crisis in Sri Lanka and the fresh Covid wave in China, which has disrupted supply-chains," said Anuj Sethi, Senior Director at Crisil.

While key raw materials such as cotton yarn and man-made fibre are 15-20% dearer, garment makers should be able to partially pass on input price hikes on demand rebound, and improved operating leverage, which will support overall profitability, said Crisil.

Already, the textile hub of Tirupur in Tamil Nadu and tea estates of southern India and Assam are witnessing a surge in overseas orders as the export demand has diverted to India. Global brands such as Zara, Mango and H&M place orders with Asian countries, including India, Sri Lanka, Bangladesh, Cambodia and Vietnam.

UP Singh, Secretary, Ministry of Textile was quoted as saying by ANI, "Some countries who were earlier importing from Sri Lanka, have started contacting India, as Sri Lanka is under its worst economic crises. Some orders have already been given to companies in the Tirupur district of Tamil Nadu. Tirupur is the hub of the textile industry in Tamil Nadu."

Singh said that last year's textile sector export was around $43 billion and this year the target has been set for 100 billion. He said India currently produces more than 340 lakh bells of cotton, but consumption is going to be more than production due to the order diversion from Sri Lanka due to the crisis.

Countries like Bangladesh and Vietnam have no import duties for importing cotton from Australia, Brazil and South Africa while Indian importers had to pay 11 per cent duty leading to high input cost which makes them uncompetitive. However, the government earlier this month removed the basic customs duty of 5% on cotton imports but since raw material prices are on the rise globally, it may not bring down the overall cost of production significantly.

Source: timesofindia.com– Apr 29, 2022

HOME

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Processing of trade cargo is speeding up

Central Board of Indirect Taxes and Customs (CBIC) has come out with a Time Release Study (TRS) for 2022. TRS is a tool to measure the time taken for completing the regulatory and logistics processes involved in clearance of import/export consignments. Customs plays a pivotal role in regulatory functions with Participating Government Agencies (PGAs) including but not limited to Plant/Animal Quarantine authorities.

Private stakeholders like terminal operators, transporters, Container Freight Stations (CFSs), Customs brokers, etc., perform logistics functions. The role of importers and exporters too are important. TRS, while measuring these functions through time stamps, also identifies bottlenecks and suggests corrective actions. This study in CBIC started in 2013.

Since then it has come a long way in terms of expansion in scope, standardisation in methodology and in-house capacity. In terms of Article 7.6 of Trade Facilitation Agreement (TFA), "Members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as, inter alia, the Time Release Study of the World Customs Organization (referred to in this Agreement as the WCO)".

The 2022 report of CBIC unfolds the performance of Customs and other players in the supply chain ecosystem by drawing inferences from data-driven sources in an impartial manner. The study has been conducted by a team of officers from CBIC by collaborating with stakeholders.

To enable a trade-friendly environment, government of India has put in place National Trade Facilitation Action Plan 2020-2023 containing and envisaging measures to reduce the overall release time associated with the clearance of goods both on import and export side with the following time lines:

Imports — less than 48 hours for sea/ICD/ICP and less than 24 hours for air.

Exports — less than 24 hours for sea/ICD/ICP and less than 12 hours for air

To ascertain the extent to which these time lines have been achieved, TRS has taken up a study relating to 61,976 import declarations known as Bills of Entry (Bs/E) and 50, 656 export declarations known as Shipping Bills (S/Bs) filed for a period of one week from January 1-7, 2022, and made a comparison of the same with 53,844 Bs/E and 34,722 S/Bs for 2021.

Average Release Time (ART) of these declarations have been measured by considering the time taken for release/clearance of the cargo right from the time of its arrival. Arrival to release of cargo is not a single step process. Instead, it is segmented into a series of stages and time taken for completion of each such stage is measured to arrive at the ART. The spread of the study spans across 15 ports — four sea ports, six air cargo complexes (ACCs), three inland container depots (ICDs) and two integrated check posts (ICPs) under four broad categories.

Data generated from different sources has been refined to draw tangible inferences. It is also fascinating to note the resilience shown by the trade despite pandemic situation, rising freight costs and shortage of containers globally.

The study covers release time relating to both imports and exports. Coming to the import side, the study reports an improvement in port-wise ART for 13 out of the 15 ports when compared with 2021. ART for seaport has dipped from 108 hours in 2021 to 95 hours in 2022. In the case of ACC, ART for 2022 is 49.56 hours vis-a-vis 59.29 hours in 2021. ICDs and ICPs have clocked 89.39 hours and 17.07 hours respectively.

It may also be noted that over the last five years, the average release time in Nhava Sheva has halved from 181 hours in 2017 to 88.23 hours in 2022, a testimony to our commitment towards trade facilitation.

The study also analysis the impact of Direct Port Delivery (DPD) on ART. DPD is a facility extended to trusted importers to move their containers from terminals to their warehouses without transiting through CFSs. Such DPD containers are found to have a better ART than the ones that are moved to CFSs for clearances.

Significant progress has been made in Mundra seaport wherein DPD container release time has improved from 123.54 hours in 2021 to 52.54 hours in 2022, while Chennai leads with an ART of 47.54 hours as against 122.31 hours of ART for non-DPD containers moved to CFSs.

In this regard, it is noteworthy to recall Prime Minister Narendra Modi's inaugural address at the Maritime India Summit on March 2, 2021, that made specific reference to DPD and Direct Port Entry (DPE). A paradigm shift in stakeholders' preference for DPD has the potential to significantly reduce release time.

On the export side too, there has been remarkable improvement on some of the processes. These benchmarking has been possible by reducing the layers of transaction through the initiatives of CBIC that has done away with static time-consuming assessment and inspection cycles. Credit should be recognised with the way Customs formations have steadily and systematically shrunk the dwell time and have enhanced the speed of cargo release. PGAs and trade too deserve their share of appreciation.

Way forward

This study of TRS is comprehensive and indicate definitive patterns of a process involved in clearance of cargo. The study will serve the purpose when it is widely discussed and debated by the stakeholders. Penal provisions imposed for delayed filing of Bs/E and duty payments have facilitated faster filing of documents and expeditious realisation of duties to Customs. Instead it should be a voluntary process so that it sets in a healthy trend — both for department and for importers.

TRS should attempt a detailed impact analysis relating to specific trade facilitation measures that were initiated with an aim to achieve reduced release time.

While time has been measured, the scope can be widened to include cost-benefit analysis also.

At times, some traders abuse facilitation measures, which calls for action. Thus, the balancing acts of facilitation and enforcement are not without challenges.

Source: thehindubusinessline.com– Apr 28, 2022

HOME

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Diwali good landing point for FTA, says UK trade minister

The UK's minister driving the free trade agreement (FTA) negotiations with India said on Wednesday that the Diwali deadline set for a deal is a good "landing point" as there is "real optimism" on both sides.

UK Secretary of State for International Trade Anne-Marie Trevelyan was giving evidence to the House of Commons International Trade Committee when she was asked about the timeline announced by Prime Minister Boris Johnson during his visit to India last week.

The minister said the negotiating teams, currently in India for the third round of FTA talks, have been "going at pace" and if they come across "bumps in the road", those will be dealt with accordingly.

"Diwali seems like a good landing point. Like all of these things, if you provide a political anchor it helps drive the energy," said Trevelyan, in response to questions from the cross-party parliamentary committee.

"But we may yet come across areas of disagreement and need more time on (them). But our respective Prime Ministers have given us that landing zone and there is real optimism and real effort on both sides... the team are out there this week moving into the next stage, looking at the various chapters where those areas of agreement are and indeed looking at the text already, which is really exciting," she said.

"The Prime Minister was out last weekend, helping champion all the work that my team are doing to move forwards on an India FTA," she added.

The senior Cabinet minister also indicated that while an interim agreement by mid-April ahead of a full-fledged FTA by year-end had been on the agenda, there has been a mindset shift on the Indian side to go ahead for a completed agreement by October.

"It (interim agreement) is a tool, but their mindset has changed since doing deals with Australia and UAE. Getting an interim agreement by mid-April fell away by virtue of resource capacity within their trade team," said Trevelyan, with reference to India's recently concluded trade agreements with Australia and the UAE.

"Actually, now having had two rounds of talks with their fantastic team, there is a sense that we probably can do more than perhaps those early conversations; which is why we have all set ourselves the challenge to see if we can draw what will be the broad FTA that both parties want to see through the course of this year," she said.

The minister was also questioned about India's "neutrality" in the Russia-Ukraine conflict and its impact on the talks.

However, Trevelyan was clear that the "trade track" of the bilateral relationship was not tied in with the diplomatic side.

"Every country takes a position. India's taken a neutral position… The key is that trade deals aren't the tool for the broader diplomatic agreement discussion. Those continue and there's continuing discussions around areas of policy difference, whatever they might be," she said.

"What we will continue to do is encourage everybody to think about how their relationship, either with Russia or indeed with Ukraine, can be enhanced or reduced in order to bring this war to an end as quickly as we can," she noted.
The minister highlighted that while historically, FTAs have been very much about "straight forward movement of goods", they are now about looking beyond to areas such as innovation.

On a specific question on whether her negotiating team has a mandate to raise issues around the Russia-Ukraine conflict, she said: "No, they have a very clear mandate to continue discussing the broad range of trade issues that we want to see in a trade deal with India." The minister reiterated that the UK wants to see a "broad partnership" covering defence and strategic ties and as part of those discussions UK minister of state for defence procurement Jeremy Quin has been out in India for the last few days talking to his counterparts in India.

"So, lots of different tracks going on but for the FTA, we have a mandate from across Whitehall and the team are cracking on with making progress and we'll see how we go. We hope we can make good progress, but we may yet encounter challenges," she said.

During his two-day visit to India, Johnson had announced that he and Prime Minister Narendra Modi have told the negotiators to get the FTA done by Diwali, which falls on October 24 this year.

On the eve of the visit, officials had confirmed that four out of 26 chapters within the FTA have been finalised during the first two rounds since the negotiations began in January and "significant progress" has been made in the remaining 22 chapters.

Source: financialexpressard.com– Apr 28, 2022

HOME

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MSME Ministry launches revamped ZED certification scheme

The Ministry of Micro, Small and Medium Enterprises has launched a revamped Zero Defect Zero Effect (ZED) Certification Scheme. The first phase of this overhauled programme will focus on manufacturing MSMEs while the second would be for those MSMEs in the services sector. According to an official presentation, the ZED certification can help MSMEs get easier access to capital.

Speaking at an event to launch the scheme, MSME Minister Narayan Rane said, “MSMEs contribute 30 per cent to India’s Gross Domestic Product and 50 per cent to the export from this country.”

Elaborating the contours of the new scheme, Vinamra Mishra, Director, Ministry of Micro, Small, and Medium Enterprises said, “MSMEs that have ZED certification will be eligible to get concessions on parcel special trains, as well as get preferences from credit bureaus and banks.”

“Banks have offered to lower processing fee and some relaxation in the rate of lending to those MSMEs that have a ZED certification. There will also be some support in the risk assessment of these certified MSMEs,” he added.

The MSME ministry has also reworked the eligibility criteria for certification under the scheme. The number of parameters required for a Gold category ZED certificate has been trimmed from 50 to 20. MSMEs that have existing certifications for a criterion will also be considered valid for qualifying parameters.

As of November last year, 23,948 MSMEs had registered with intent to adopt the principle of the ZED Scheme. This scheme is part of a drive to create awareness amongst MSMEs about Zero Defect Zero Effect (ZED) practices and motivate and incentivize them for ZED Certification while also encouraging them to become MSME Champions.

Source: economictimes.com– Apr 28, 2022

HOME

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Opening of Indian Mission to boost trade with Lithuania

Union Cabinet chaired by Prime Minister Narendra Modi has accorded approval to the opening of a new Indian Mission in Lithuania in 2022. This will boost trade between the two countries.

Opening of Indian Mission in Lithuania will help expand India's diplomatic footprint, deepen political relations and strategic cooperation, enable growth of bilateral trade, investment and economic engagements, facilitate stronger people-to-people contacts, allow for more sustained political outreach in multilateral fora and help garner support for India's foreign policy objectives. Indian Mission in Lithuania will also better assist the Indian community and protect their interests, the Indian ministry of external affairs said in a media release.

"The decision to open a new Indian Mission in Lithuania is a forward-looking step in pursuit of our national priority of growth and development or 'Sabka Saath Sabka Vikas'. Enhancement of India's diplomatic presence will, inter-alia, provide market access for Indian companies and bolster Indian exports of goods and services. This would have a direct impact in augmenting domestic production and employment in line with our goal of a self-reliant India or 'Atmanirbhar Bharat'," the release added.

Textile exports account for 4.28 per cent of the total exports of Lithuania, amounting to $1404.84 million annually, according to Fibre2Fashion's market insight tool TexPro. Russian Federation, Germany, Denmark, United Kingdom and Latvia are the top export destinations for Lithuania's textile products.

As for the imports, Lithuania imports textiles worth $1531.09 million annually, mainly from China, Germany, Poland, Italy and United Kingdom, as per TexPro.

Source: fibre2fashion.com– Apr 28, 2022

HOME

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Commerce Ministry makes case for encouraging domestic manufacturing of 102 items to cut imports

The commerce ministry has made a case for encouraging domestic manufacturing of 102 items like chemicals, electronic products and insulin injection as their share in the country's total imports are high.

According to an analysis of imports by the ministry, the 102 items are in huge demand in the country and are imported because domestic supplies are not adequate.

"Based on the study results, it is suggested that items showing high growth and/or high share i.e. a total of 102 items with share of 57.66 per cent in total import may be prioritised for immediate interventions for domestic production opportunities," the report said.

It has recommended that industry associations, manufacturers and business leaders may consider exploring domestic capacity expansion in these items with a view to meet the domestic demand, which in turn will fuel economic growth and create employment opportunities.

The study was conducted to identify items which are consistently being imported, and have significant share in value of imports. The objective is to enhance their domestic production capacity and reduce import dependence.

As many as 88 items such as gold, natural gas, crude palm oil, integrated circuits, parts of telephonic/telegraphic apparatus and personal computer have shown increase in imports in the short, medium and long run.

India's imports have touched USD 611.89 billion in 2021-22 as against USD 394.44 billion in 2020-21.

Source: financialexpress.com– Apr 28, 2022

HOME

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Commodity Call: Cottonseed oilcake futures can see corrective rally

The continuous futures contract of cottonseed oilcake (COCUDAKL) on the National Commodity and Derivatives Exchange (NCDEX) broke below the important support band of ₹3,000-3,015 last week and extended the decline. It made a low of ₹2,800 on Monday and has bounced off a bit to the current level of ₹2,860.

The price level of ₹2,800 is support where a rising trendline also coincides, making it a key level. Although the overall bias seems to be bearish, the contract might witness a corrective rally towards the price band of ₹3,000-3,015.

However, this is not a given and so, risk-averse traders can stay away from longs and avoid countertrend calls. It is worth noting that the downtrend will most probably resume after the contract moves up to the above-mentioned price band.

Consider fresh longs

Considering the above factors, traders with a higher risk appetite can consider fresh longs. But note that it is a short-term trade and so, stick to the stop-loss and target levels strictly. That is, buy at the current level of ₹2,860 and place stop-loss at ₹2,780.

When the contract surpasses ₹2,740 move the stop-loss upward to ₹2,840. Liquidate the longs when the contract hit ₹3,000. Fresh trades henceforth can be decided based on how the contract reacts to the price band of ₹3,000-3015.

Source: thehindubusinessline.com– Apr 27, 2022

HOME

Karur textile exporters seek ban on cotton exports

Expressing concern over the 'abnormal increase in yarn prices' even after the waiver of the import duty on cotton, the Karur Textile Manufacturer Exporters' Association has urged the Centre to ban export of cotton and cotton yarn.

The association also urged the government to bring cotton/ cotton yarn under the essential commodities list and monitor the production and sales to avoid artificial demand.

The association expressed surprise and concern over the continuing rise in yarn prices. "Even after the removal of 11% import duty on cotton, the yarn prices are increasing abnormally. Mills increased yarn prices on April 15 and surprisingly again on April 22nd the yarn prices were increased by a minimum of ₹10 per kg.

Earlier, the mills used to fix yarn prices once in a month. But from June last year, they started doing it fortnightly. But over the past three months there is no specific schedule for revision and most of the mills increase the yarn prices every week," P. Gopalakrishnan, president of the association, said.

"In addition to the yarn price increase, mills are declaring that they can't take bookings because they have already booked orders for the next two months. When the mills are running to full capacity, we doubt whether the mills are artificially creating demand to increase the yarn price furthermore," Mr.Gopalakrishnan said.

Mr.Gopalakrishnan pointed out that Karur was one of the well known textile clusters producing cotton home textile made ups. The cluster produced ₹8,000 crore worth of textile goods, including ₹4,000 crore worth of exports annually.

"But the since the second quarter of 2021, the Karur cluster was facing a lot of challenges due to various factors, especially the abnormal increase in prices of yarn. Up to December 2021, the yarn prices had increased by more than 40%.

Up to April 25 this year, the yarn prices have increased by another 50%. Some yarn counts have increased more than 100% when compared to the yarn price in 2020," he said. The entire textile industry had been hoping that the recent decision of the Centre to waive import duty on cotton would help bring down the prices, he added.

Due to abnormal increase in yarn price, manufacturers and exporters in Karur are unable to book new orders from overseas customers or execute the already booked orders as there is no price stability even for two weeks.

"This has forced us to stop operations. It is going to be the question of survival for our direct and indirect employees and loss of seasonal orders worth about ₹1,500 crore for us. Since the entire textile supply chain is in trouble, we hope the government will intervene by banning export of cotton and cotton yarn," Mr.Gopalakrishnan said.

Source: thehindu.com– Apr 28, 2022

HOME

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Tamil Nadu govt to establish mega textile park

The Tamil Nadu government will soon establish a mega textile park and it is likely to come up in Virudhunagar, minister for handlooms and textiles R Gandhi announced in the state assembly on Thursday.

It would come under the PM Mega Integrated Textile Regions and Apparel Parks (MITRA) scheme, which was designed to strengthen the Indian textile industry by enabling the scale of operations and reducing logistics costs by housing the entire value chain in one location.

“Under the scheme, the state government has submitted a proposal to establish a mega textile park in Virudhunagar district,” said the minister while replying to the demand for grants for the department.

A special purpose vehicle, with 51% equity shareholding of the state government and 49% of the Union government, would be set up, the minister said in the policy note. He said the project has a budget outlay of Rs 4,445 crore, including administrative expenses of Rs 30 crore, over seven years till 2027-2028.

Source: timesofindia.com– Apr 28, 2022

HOME

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Shiggaon has become a textile hub, says Karnataka CM Basavaraj Bommai

Chief minister Basavaraj Bommai performed the foundation stone laying ceremony for Shahi Export, a ready-made garments factory, at Munavalli village on national highway-48 in Shiggaon taluk on Thursday. He highlighted the thriving business ecosystem across the state and said it will offer excellent investment opportunities and create more jobs for locals.

"I have paid particular attention to the Haveri industrial corridor and have asked authorities to identify 1,000 acres of land for the industrial area in Haveri town," he said. Bommai noted that the Shiggaon-Savanur assembly segment has become a hub for the textile industry because small garment industries have already functioned and created more than 2,000 jobs for women. "The textile park, Shahi Exports and others will be set up and they will function within a year. More than 10,000 local women will get jobs in these industries," he said.

Shahi Exports will function by January 2023 and the unit will be expand further. It will also help develop auxiliary businesses in this region, he added.

CM meets surgery victims

Some women who have alleged that they have been forced to undergo hysterectomy (removal of uterus) met chief minister Basavaraj Bommai seeking justice and compensation at Shiggaon on Thursday. As many as 1,522 women from different Lambani Tandas have allegedly undergone hysterectomies at the Ranbennur general hospital in 2017. Hospital surgeon Dr Shanta P allegedly performed the surgeries without the knowledge of the victims. After the procedure, the women have been facing many health complications.

"The government should initiate stern action against the surgeon and allot adequate funds to lead our livelihood because we are facing a financial crisis," one of the women urged the CM.

Bommai assured that the state government will take action against the accused doctor and release funds for compensation.

Source: timesofindia.com– Apr 29, 2022

HOME

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