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TEXPROCIL NEWS CLIPPINGS

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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GBP	98.12
JPY	0.61

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INTERNATIONAL NEWS

US economy, manufacturing expected to expand in 2022: ISM

The US economy will continue to expand for the rest of this year, the country's purchasing and supply executives said in the Spring 2022 Semiannual Economic Forecast released by the Institute for Supply Management (ISM). Manufacturing is also expected to expand this year, with revenue and capital expenditure rising by 9.2 per cent and 7.4 per cent respectively.

Capacity utilisation in the US manufacturing sector at present is 87.2 per cent. Services is expected to expand this year as well, with revenue rising by 4.9 per cent and capital expenditure by 6.2 per cent. Capacity utilisation in the services sector is 91 per cent now.

Expectations for the remainder for 2022 are similar to those expressed in December 2021, despite continued inflation and geopolitical unrest, ISM said in a press release.

These projections are part of the forecast issued by Tempe, Arizona-based ISM's business survey committees.

"With 16 manufacturing sector industries expecting revenue growth in 2022, and 13 industries expecting employment growth in 2022 panelists forecast that recovery will continue the rest of the year. Sentiment in each sector was generally consistent with industry performance reports in the April 2022 Manufacturing ISM Report On Business, as well as the fall Semiannual Economic Forecast conducted in December," says committee chairman Timothy R Fiore.

Sixteen of the 18 industries report projected revenue increases for the rest of 2022. Those include apparel, leather and allied products, furniture and related products; chemical products, plastic and rubber products and paper products.

Source: fibre2fashion.com– May 28, 2022

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WTO goods trade barometer flat due to Ukraine war, COVID-19

The Russia-Ukraine war and recent pandemic-related lockdowns in China appear to be dampening global goods trade in the first half of 2022, according to the latest World Trade Organisation (WTO) goods trade barometer. The reading of 99.0 now is slightly below the baseline value of 100 for the index, suggesting continued slow growth in merchandise trade.

The latest outlook scales back the earlier optimism in the barometer from February, which suggested that trade might have been approaching a turning point, with stronger growth expected in the near future, WTO said in a press release.

The anticipated upturn may have been short-circuited by the conflict in Ukraine, which started in late February and triggered sharp rises in food and energy prices, which tend to reduce real incomes and lower economic growth.

China's imposition of major lockdowns to combat a new outbreak of COVID-19 has further disrupted trade and production.

The barometer index might have risen above trend if some of the underlying data in the component indices had not turned down in March and April.

In April, WTO forecast 3 per cent growth in the volume of world merchandise trade in 2022, down from the 4.7 per cent growth predicted as of last October.

Source: fibre2fashion.com– May 27, 2022

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Global crises lead to deterioration in labour market recovery: ILO

Multiple global crises are resulting in a marked deterioration in the global labour market recovery, with increasing inequalities within and between countries, according to a new International Labour Organisation (ILO) report, which found that a great and growing divergence between richer and poorer nations continues to characterise the recovery.

The 9th edition of the ILO Monitor on the World of Work finds that after significant gains during the last quarter of 2021, the number of hours worked globally dropped in the first quarter of 2022 to 3.8 per cent below the pre-crisis benchmark (fourth quarter of 2019). This is equivalent to a deficit of 112 million full-time jobs.

This represents a significant downgrading of figures published by the ILO in January 2022.

Multiple new and interconnected global crises, including inflation (especially in energy and food prices), financial turbulence, potential debt distress and global supply chain disruption exacerbated by war in Ukraine means there is a growing risk of a further deterioration in hours worked in 2022, as well as a broader impact on global labour markets in the months to come, ILO said in a press release.

While high-income countries experienced a recovery in hours worked, low- and lower-middle-income economies suffered setbacks in the first quarter of the year with a 3.6 per cent and 5.7 per cent gap respectively when compared to the pre-crisis benchmark. These diverging trends are likely to worsen in the second quarter of 2022, the report noted. In some developing countries, governments are increasingly constrained by the lack of fiscal space and debt sustainability challenges, while enterprises face economic and financial uncertainties and workers continue to be left without sufficient access to social protection.

More than two years after the start of the pandemic, many in the world of work are still suffering from the impact on labour markets.

Labour incomes have not yet recovered for the majority of workers. In 2021, three in five workers lived in countries where labour incomes had not returned to the level seen in the fourth quarter of 2019.

The gender gap in hours worked also grew during the pandemic. In the first quarter of 2022, the global gender gap in hours worked was 0.7 percentage points greater than the pre-crisis benchmark when a large gender gap was already present. Women in informal employment have been worst affected. And in terms of income groups, low and middle-income countries saw the largest increase of the gender gap.

The sharp rise in job vacancies in advanced economies at the end of 2021 and beginning of 2022 has led to a tightening of labour markets with a growing number of jobs available relative to job seekers. But overall, there is no strong evidence that labour markets are generally overheated, given the considerable pool of unemployed and underutilized labour in many countries.

Driven by disruptions in production and trade exacerbated by the Ukraine crisis, the increase in food and commodity prices is badly hurting poor households and small businesses, especially those in the informal economy.

The report spells out a series of measures as a way forward, which are in line with ILO's Global Call to Action for a human-centred recovery, and the ILO-led UN initiative, the Global Accelerator for Jobs and Social Protection.

These include timely and effective support to maintain the purchasing power of labour income and the overall living standards of workers and their families; urgent tripartite dialogue to support appropriate and fair wage adjustments including to minimum wages, strengthening of social protection systems and income support, and the provision of food security measures where necessary.

These also include careful adjustment of macroeconomic policies so that they address pressures related to inflation and debt sustainability while supporting a job-rich and inclusive recovery; assistance for hard-hit groups and sectors; and long-term, well-designed sectoral policies that promote the creation of decent and green jobs, support sustainability and inclusiveness, and assist enterprises, especially micro, small and medium.

Source: fibre2fashion.com– May 27, 2022

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Container throughput at major Chinese ports reach 17.69 mn TEUs in May

Major Chinese ports have collectively reported a container throughput of 17.69 million twenty-foot equivalent units (TEUs) between May 1 and May 24, recording a rise of 5.4 per cent compared to April and 3 per cent compared to May 2021, as the country comes back on track after the recent resurgence of COVID-19.

The total cargo throughput of the ports amounted to 790 million tonnes, up 4.2 per cent from April 2022, said Chinese media reports quoting the data released by the Ministry of Transport.

Shanghai's daily container throughput has recovered to 84 per cent of the level in May 2021. The daily throughput at the port rose 4.6 per cent month on month to 107,500 TEUs in May.

The country shipped over 25 million tonnes of cargo through the Three Gorges Dam project of the Yangtze River and the Changzhou ship lock of the Xijiang River, up 14.1 per cent from April 2022.

Source: fibre2fashion.com– May 27, 2022

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New manufacturing orders fall for 1st time in eurozone since June 2020

Eurozone economic growth remained robust in May despite headwinds associated with the Russia-Ukraine war, pandemic supply constraints and the rising cost of living, according to IHS Markit. Measured overall, new manufacturing orders fell for the first time since June 2020, contrasting with further solid growth of new business inflows into the service sector.

Although manufacturing output growth improved slightly in May, it remained very modest after production growth had slowed to a near stand-still in April. The second quarter so far has consequently seen the weakest manufacturing expansion since the pandemic-related shutdowns in the second quarter of 2020.

Factory output continued to be constrained by widespread supply shortages, with the Ukraine war and China's lockdowns having exacerbated existing pandemic-related supply chain pressures.

The service sector, however, witnessed demand growth wane slightly compared to April's eight-month high.

However, while the service sector continued to report strong growth from pent-up pandemic demand, the manufacturing sector saw only a modest expansion for the second month running amid falling order book inflows.

While both sectors continued to report solid hiring, with the service sector reporting the strongest jobs gain for almost 15 years, business expectations deteriorated slightly to the second-weakest seen over the past year-and-a-half to reflect growing concerns about the outlook, London-based IHS Markit said in a press note.

Meanwhile prices charged for goods and services rose at the second-highest rate yet recorded by the survey, though the rate of inflation cooled slightly compared to April following a second successive monthly easing in firms' input cost inflation.

The seasonally-adjusted S&P global eurozone purchasing managers' index composite output index edged down from 55.8 in April to 54.9 in May, according to the preliminary 'flash' reading.

The latest reading indicated an expansion of economic activity for the 15th successive month, with the rate of growth easing only modestly to remain well above the survey's long-run average.

Growth was led by the service sector, which recorded its second-strongest expansion in the past eight months. Many consumer-facing service sector businesses again reported strong demand due to the reopening of the economy after Omicron related restrictions, driving especially robust growth for tourism and recreation activities.

Many manufacturing industries reported that supply chain delays, combined with increased caution among customers and spending by households being diverted from goods to services, led to weaker output growth or even falling production.

Confidence fell to the lowest since the first wave of the pandemic in manufacturing during May but remained more resilient in services. Looking across the region, France recorded the strongest expansion, its rate of growth easing slightly on April, but remaining the second-strongest since June of last year thanks to a further surge in service sector activity and a more modest expansion of manufacturing output.

Growth in Germany meanwhile lagged that of France but gained a little momentum compared to April to run close to the average recorded so far this year.

Robust services growth in Germany was accompanied by a modest return to growth in manufacturing after April's brief downturn.

The rest of the eurozone as a whole meanwhile also continued to expand, though the increase was the smallest seen over the past four months thanks to slower growth in services and a near-stalling of factory output growth.

Source: fibre2fashion.com– May 27, 2022

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Much needs to be done to boost e-com in Central Asia: Study

Much still needs to be done to boost e-commerce in Central Asia, where many countries lack the systems needed for a robust e-commerce ecosystem, according to a joint study by the Asian Development Bank (ADB) and the CAREC Institute. Improving Internet infrastructure, enhancing cybersecurity and raising digital and financial literacy are some recommended actions.

Xinjiang-China-based Central Asia Regional Economic Cooperation (CAREC) Institute is an intergovernmental organisation contributing to the CAREC programme through knowledge generation and capacity building.

Regional cooperation can help to create a robust e-commerce economy, drive economic growth, create jobs for underrepresented groups and ensure continuity of services even amid disruptions like the COVID-19 pandemic, the study concluded.

In Central Asia, around half the population lacks internet access and many countries don't have the systems needed for a robust e-commerce ecosystem.

In 2019, less than 10 per cent of the population in Azerbaijan, the Kyrgyz Republic, Mongolia, Pakistan, Turkmenistan and Uzbekistan shopped online, the study found.

More people were shopping online in Georgia, Kazakhstan and Tajikistan, but they were still way below the 63 per cent average for the European Union and the 30 per cent average for countries with more similar socioeconomic profiles like Turkey. China was the only CAREC member country that had high figures.

The CAREC programme is a partnership for countries in Central Asia and beyond to promote sustainable development through regional cooperation. Last year, ministers from CAREC's member countries endorsed the CAREC Digital Strategy 2030 that identifies areas where they can collaborate to enhance digitalisation across the region.

The study suggests four ways through which CAREC countries can make the change happen: improving Internet infrastructure to expand access and lower costs; enhancing cybersecurity and raising digital and financial literacy; upgrading payments systems to make online transactions easier; and making delivery services more reliable and less expensive, according to an ADB press release.

While broadband wireless technology infrastructure in most CAREC countries is fairly developed, some rural and remote areas remain uncovered. This could be addressed through stronger competition or the cooperative sharing of infrastructure by existing operators.

The cost of accessing the Internet can be kept affordable by establishing or strengthening internet exchange points (IXPs), facilities where internet service providers, content providers and others come together to exchange their data traffic.

IXPs reduce costs by keeping domestically destined traffic within the country and can help save on international data transit costs. Having more data centres and access to local cloud computing will also boost the ability of businesses and entrepreneurs outside China, where e-commerce is already thriving, to host e-commerce sites domestically.

Consumers need to be confident that their information will be safe when they buy online, and that there are safety nets if they encounter problems. CAREC countries—most of which rank low in the various measures of cybersecurity—need to ensure the use of encrypted servers, require companies to acquire international security certifications, and create security incident response teams.

Increasing consumer trust in financial institutions and mobile payment systems is also important. This can be done through consumer protection regulations, financial and digital literacy training, and raising awareness of the convenience and functionality of mobile payments.

Electronic payment systems in the CAREC region have improved, but some countries should be upgraded to increase their capacity to handle all types of transactions, including bank transfers, in real time.

Azerbaijan and Uzbekistan, for example, also need to simplify the processes that enable merchants to accept online payments. Wider access to smartphones, which are used for mobile banking apps, digital wallets, and QR codes, could be enabled by reducing or eliminating duties on smartphone imports.

Automating trade documentation, including adopting single-window systems, can cut the time products spend in customs and reduce costs. Adopting a de minimis, possibly a uniform rate for CAREC countries, will also allow products under a certain value to be imported duty free. All these steps will further encourage international trade, the study added.

Source: fibre2fashion.com– May 28, 2022

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UK appoints new envoys to boost trade

UK Prime Minister Boris Johnson has appointed Maria Miller, John Whittingdale and John Hutton as new trade envoys to boost British business in Canada, South Korea and Turkey respectively. The new trade envoys will use their skills and experience to help UK businesses find new export and investment opportunities and promote UK trade in their allocated market.

Trade Envoys will build on the UK's strong relations with key trading countries and work with the Department for International Trade's global network to break down barriers to doing business, with total trade with Canada, the Republic of Korea and Turkey representing more than £54 billion of UK bilateral trade.

They will also promote the major opportunities green trade presents, including the creation of high-value jobs in the UK's low-carbon economy and fuelling technological innovations that can be exported worldwide. The new appointments will extend the total number of trade envoys to 40 parliamentarians, covering 80 markets.

UK international trade secretary Anne-Marie Trevelyan said: "These new trade envoys will play vital role in promoting Global Britain across the world, driving economic growth, and encouraging inward investment across the whole of the UK. From the UK's accession to CPTPP, to our ambitions for an enhanced trade deal with South Korea and green trade agenda, there is huge potential for our new trade envoys to strengthen and grow our trading relationships between the UK and Canada, South Korea and Turkey."

Trade envoys are parliamentarians appointed by the Prime Minister, drawn from both Houses and across the political spectrum.

Coming from a range of parliamentary backgrounds, the latest round of trade envoys will bring experience in the creative industries to their new roles, with both Maria Miller MP and John Whittingdale MP serving as previous secretaries of state for culture, media and sport.

Source: fibre2fashion.com– May 27, 2022

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Why apparel brands should align standards to avoid audit fatigue

The Standard Convergence Initiative (SCI) was unveiled by the International Textile Manufacturers Federation (ITMF) and the International Apparel Federation (IAF) at the OECD Forum on Due Diligence in the Garment and Footwear Sector in February of last year. It aims to tackle the problem of audit and standard fatigue in the clothing and textile industries by having third-party and brand/retailer proprietary standards align across four key areas.

These areas are:

- Willingness to harmonise standards
- Compliance with Organisation for Economic Co-operation and Development (OECD) and International Labour Organization (ILO) guidelines
- The use of an existing platform to avoid audit duplication
- Global certification of auditors.

The IAF and ITMF say that if a standard body addresses most or all of the selected criteria, then the standard illustrates a propensity for convergence. The SCI plans to promote these standards, which will hopefully lead to greater alignment/harmonisation of standards and audit/oversight processes.

With the help of the Standards Map of the International Trade Center (ITC), the SCI has released preliminary results to assess to what degree standards are prepared to converge.

The preliminary results assess six prominent standards operating in the textile and footwear sector, specifically:

- amfori BSCI
- Fair Labor Association (FLA)
- Global Organic Textile Standard (GOTS)
- Made in Green by Oeko-Tex, SA8000
- Worldwide Responsible Accredited Production (WRAP)

The report states: “Third-party standard bodies should consider aligning their standards where feasible to do so and brands/retailers should consider dropping their proprietary standards in favour of more streamlined third-party standards.”

The IAF and ITMF say standards that initially show a high preparedness for convergence and, subsequently, work toward increased convergence, will be promoted on the SCI website. It is hoped that once standard bodies understand where they are on the spectrum of convergence, they will be encouraged to work toward a common goal of increased alignment across certain standard requirements, quality assurance processes and oversight methodologies, the two bodies say.

The status report adds: “Finding common ground across similar or same areas in the plethora of third-party standards operating in the garment and footwear sector will result in a significant decrease in repetitive compliance processes and help manufacturers/suppliers better focus their energy and resources on implementing improvements to working conditions within their organisations and along their supply chains.”

Just Style contacted the operators of the six standards assessed in the report for their comments.

A spokesperson for Social Accountability International, which operates the SA8000 Standard, said: “In general, we strongly support movement away from individual brand and retailer audits in favour of third-party standards and consolidation of audit efforts where feasible.

“As for the SCI report, we cannot comment on specifics as we are still reviewing the report internally at this time.”

Meanwhile, WRAP pointed Just Style to a paper it published two years ago in which it introduces the concept of “symphonization”, a new social compliance paradigm.

“Audit fatigue is a significant issue for manufacturers who must undergo multiple audits each year to satisfy the varying standards and expectations of different buyers,” a spokesperson said. “There have been many attempts to address this issue with a one-size-fits-all approach, seeking to impose a single code to which all are held. However, these initiatives always fail because they do not take into account the differing needs and values of

entities across the supply chain. Instead of repeating past failures to harmonise to a single standard, we believe it is necessary to recognise we can all play different roles towards a common goal, creating a symphony of offerings that satisfy the needs of all relevant stakeholders.

"Turning towards independent programmes that ensure facilities meet responsible sourcing standards not only reduces audit fatigue, but it also demonstrates that brands and retailers are affirmatively examining their own supply chains through a process that is strategic, objective, and accountable. If nothing else, this pandemic has presented our world with the opportunity to reset the supply chain social compliance management paradigm – moving away from duplicative proprietary programmes to an approach involving a handful of specialised, professional, independent organisations providing a menu-of-options for the supply chain as a whole."

amfori, FLA, GOTS, and Oeko-Tex did not respond at the time of going to press.

Click here for the report results in full.

Source: just-style.com– May 27, 2022

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Vietnam's e-com sector maintains sound growth momentum in 2021

In spite of the pandemic, Vietnam's e-commerce sector maintained a sound growth momentum in 2021, with an increase of about 20 per cent and a scale of $16 billion, according to Nguyen Ngoc Dung, chairman of Vietnam E-commerce Association (VECOM). The country now has one of the largest e-commerce markets in the region, besides Indonesia, Thailand and Malaysia.

Vietnam's internet economy grew by 31 per cent last year compared to 2020 and reached a scale of $21 billion. Of that, the online retail sector expanded by 53 per cent and touched a scale of $13 billion.

During the first two waves of COVID-19, the number of online consumers increased drastically in both quantity and quality. The second wave created a fresh and stronger stimulus for e-commerce in the medium and long term and the digital transformation of both traders and consumers was more evident.

The number of new online consumers continues to climb, and a large number of buyers have become smart consumers, more proficient in online shopping skills. A part of consumers even has prioritised online shopping over traditional shopping, according to a Vietnamese media report.

Many traders, especially e-commerce businesses, have actively carried out digital transformation activities to adapt to the pandemic, as well as prepare for business activities in the new normal state after the fourth wave of COVID-19.

Source: fibre2fashion.com– May 27, 2022

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Is Amazon's record loss the warehouse industry's gain?

With Amazon's recent $3.8 billion net loss in the first quarter of 2022, the company is looking to offload at least 10 million square feet of its industrial real estate and is halting further expansion in the warehouse market, according to Bloomberg.

Amazon's total warehousing portfolio available for sublet may reach up to 30 million square feet, but the total amount is uncertain. The excess space is primarily located in New York, New Jersey and California. Amazon may also end some of its leases with landlords without subletting the space.

The company expanded its fulfillment and distribution space dramatically during the pandemic to meet unprecedented demand for its products. In 2019, Amazon leased and owned approximately 192 million square feet of warehouse space, and by 2021, the company doubled its space to 387.1 million square feet, according to the Real Deal.

It appears that the subletting has begun. The Real Deal reports that Dependable Highway Express, a California-based trucking company, recently signed an agreement to sublease a 300,000-square-foot industrial facility from Amazon in the East Bay for five years.

Source: hometextilestoday.com– May 27, 2022

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American clothing retailer Gap's sales down 13% to $3.5 bn in Q1 FY22

The net sales of American clothing retailer Gap in the first quarter of 2022 were $3.5 billion, down 13 per cent compared to last year.

Net sales growth was negatively impacted by an estimated 5 percentage points related to lapping the benefit of stimulus last year and around 3 percentage points from divestitures, store closures, and the transition of the company's European business.

In the first quarter, online sales declined 17 per cent compared to last year and represented 39 per cent of total net sales. Store sales declined 10 per cent compared to last year.

The company ended the quarter with 3,414 store locations in over 40 countries, of which 2,825 were company operated, the company said in a press release.

"Our Q1 results and updated fiscal 2022 outlook primarily reflect industry-wide headwinds as well as challenges at Old Navy that are impacting our near-term performance.

While we are disappointed to deliver results below expectations, we are confident in our ability to navigate the headwinds and re-stabilise the Old Navy business in order to deliver continued progress on our long-term strategy," said Sonia Syngal, CEO, Gap Inc.

"We believe that we can navigate this period of acute disruption and build an even more resilient and agile company. We remain anchored by our belief in our iconic purpose-led brands – Old Navy, Gap, Banana Republic, and Athleta – and are focused on making continued progress against our Power Plan strategy and getting back on track toward delivering growth, margin expansion, and value for our shareholders over the long term."

"We are revising our fiscal 2022 outlook to reflect the impact of certain factors impacting our near-term performance, including execution challenges at Old Navy, an uncertain macro consumer environment, inflationary cost headwinds, and a slowdown in China that is impacting Gap Brand," said Katrina O'Connell, executive vice president and chief financial officer, Gap Inc.

“We expect our performance to improve modestly in the back half of the year and accelerate as we enter fiscal 2023.

We believe that our long-term strategy is the right one and we are taking steps to position our brands, platform and people to capitalize on the significant opportunities ahead.”

Source: fibre2fashion.com– May 27, 2022

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Pakistan's Trade with China and India

Trade is a cornerstone of important economic policymaking. In order to expand trade, many countries have chosen Free Trade Agreements (FTAs)/Preferential Trade Agreements (PTAs). An economy dominated by global value chains and underwritten by regionalism has impressed upon the countries to opt for FTAs.

In order to discuss free trade agreements, trade between Pakistan and China, and trade between Pakistan and India; we refer to Shahid Yusuf's publication F-19150-PAK-1 in the International Growth Centre, 2020 and Akbar Zaidi's chapter on the political economy of neighbourly relations in his book "Issues in Pakistan's Economy," published in 2015.

Shahid Yusuf writes, "Through FTAs, countries can strengthen linkages created by GVCs (global value chains) and forge other strategic ones as well leading to larger flows of FDI. Trade agreements covering a large region are particularly advantageous because firms can specialize and reap scale economies. In addition to greater access to markets, technology and skills, FTAs are attractive because they can spur reforms – as in the case of China prior to its accession to the WTO – including trade liberalization and bring about a simplification of rules governing trade. Hence FTAs/RTAs have proliferated."

FTAs/PTAs support multilateralism. However, WTO data suggests that trade enhancing impact of FTAs/PTAs is likely to be "modest" since most countries already have agreed to tariff reductions under GATT/WTO.

Akbar Zaidi is of the view that PTAs established on the basis of competitive rather than complementary economies are more likely to be effective to create opportunities for trade and product specialisation.

South Asian Free Trade Agreement was executed in 2004 and it materialised in 2006 but it has performed at a very sub-optimal level. It has not generated much trade amongst its members. Exports are just six per cent and intraregional trade is only three per cent. South Asia has the lowest intraregional trade that makes up five per cent of total regional trade in the world.

Unless India and Pakistan relations improve, SAFTA is not going to perform to its optimal level. This is in direct contrast to India and China's bilateral trade, which is highly substantial despite the border dispute between the two of them. Yusuf refers to a World Bank research to state that trade in South Asia could increase threefold from its current level and this increase in trade could lead to injecting the needed foreign direct investment into the economy. To cite an example, the China-Pakistan Economic Corridor (CPEC) has made crucial investments in energy, infrastructure, and transport. However, there is a dire need for foreign direct investment in the export-oriented sectors in Pakistan.

There are advantages as well as disadvantages to trading between a lower-middle-income economy of Pakistan with a GDP of $313 billion in 2018 and China, which is the world's second-largest economy with $13.6 trillion. The first FTA was negotiated between China and Pakistan in 2006. Its second phase was finalised in 2019. Trade between Pakistan and China that was less than $800 million in 2000 increased to $3.5 billion in 2006.

Pakistan largely imported machinery, transport equipment, iron, steel, yarn, and textiles from China. However, China imported textile yarn, resource-based products, and fabrics from Pakistan. The total Pakistan and China trade was roughly to the tune of $ 13.5 billion in 2017-18. Pakistan imports $11.5 billion worth of goods from China; while exports $1.7 billion worth of products in a similar range of manufactures as mentioned above.

Over the years, Pakistan's exports to China have increased twofold while China's exports to Pakistan have increased threefold. It shows that more industrialised countries have an edge while trading with less developed countries. Pakistan needs to carefully negotiate the terms of trade with other countries. Pakistan should not compromise its long-term economic growth goals while pursuing medium-term trade arrangements.

Akbar Zaidi asks the question of whether Pakistan needs to trade with India meaningfully or can it remain in the bubble of a "non-peace, non-war environment." Though there are two views on trade with India; Zaidi is emphatic that trade with India would be beneficial to Pakistan. Moreover, trade with India would help to bring down hostilities between the two countries.

It is hard to understand why the pro-status quo forces in Pakistan are opposed to trade with India. Despite the so-called claims of "independent foreign policy;" various Indian governments have not been able to pursue an independent foreign policy post-Nehru. Indian governments post-Nehru have been as much influenced by the US, the West, and important countries in the Middle East for decades as Pakistani governments have been for ages.

Indian governments have been as much controlling and influencing their Indian civil society, academic, media and other organs of the state and society for decades as much as Pakistani governments have been controlling their civil society, academia, media, and other organs of the state and society just like the rest of the world whether the US, the UK, the Middle East or the rest of the world.

Whether it is the developed world countries or developing countries; the governments control and influence the rest of the society and the government and the state institutions. So, when Pakistan and India are both in the Western camp and have been influenced by the West and are still being influenced by the West; why are the pro-status quo forces in Pakistan opposing open trade with India? Is it to keep the narrative of the "hostility with India alive" for the sake of showing it to the public, so that they can claim large amounts of the budget for their institutional interests year after year, decade after decade?

Right now, direct trade between India and Pakistan is not high in volume and indirect trade through a third country or smuggling is much greater. The actual trade (the majority being the illicit trade) is four to five times greater than the official trade. And it incurs a loss to both countries. For example, as far back as 2004, it was estimated that Pakistan could save $110 million a year if it directly bought tea from India rather than Kenya or any other source. Other statistics paint a similar picture. Pakistan is losing out by not trading with India. Due to this reason, civilian governments in Pakistan have been for opening up trade with India but it has been opposed by the status-quo forces in the country.

Zaidi refers to the Ministry of Commerce study in Pakistan, "The study looked at a number of sectors in the Pakistan economy and concluded that 'the economic benefits of liberalising trade with India outweigh costs'. Consumers in Pakistan would benefit 'unambiguously' because of lower prices, and the government will get far greater revenue from legalising the

existing illicit trade. Moreover, 'important segments of producers would also benefit because of increased competitiveness and market access to a much larger Indian economy."

Whether it is trade with China, CPEC, or trade with India; the government and the state in Pakistan must do thorough homework and look at the long-term growth prospects of the country and play to its advantage while minimising the risks. There would certainly be costs of opening up the trade but the benefits outweigh them.

Source: dailytimes.com.pk– May 28, 2022

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NATIONAL NEWS

No interim deal, but full-fledged FTA with UK by Diwali: Piyush Goyal

A free trade agreement (FTA) between India and the UK may be clinched by Diwali in October without the requirement of an interim deal, commerce and industry minister Piyush Goyal said in London, appreciating the steady pace of negotiations. Goyal is on a visit to London from Davos ahead of the fourth round of the FTA negotiations between the two countries, scheduled for June 13 in the UK.

"Canada is progressing well towards an early harvest agreement. With the UK, we had agreed to do an early harvest agreement — basically, to grab the low-hanging fruit and leave the more difficult elements for the next stage and give the people of both countries the confidence that this agreement is a win-win," the minister said. "But the way things are progressing, we'll actually land up doing a full FTA with the UK by Diwali. I have had very good meetings on it," he said. The minister was speaking at a curtain raiser event on Thursday evening for the annual UK-India Week by the India Global Forum, scheduled from June 27.

Goyal highlighted the "relentless work" and "engagement with stakeholders" that are needed before hammering out an FTA. "When you do a trade deal, you are crystal-gazing 30-50 years into the future, so you have to be very careful. I can't afford to make a mistake... everybody has to be very cautious. Lot of modelling has to be done," he said.

Earlier on Thursday, Goyal held "productive discussions" with his UK counterpart Anne-Marie Trevelyan on the FTA negotiations. The discussions centred round opportunities to unlock the full potential of bilateral trade and opening up new areas for businesses from both the sides.

During his India visit in April, British Prime Minister Boris Johnson had pitched for wrapping up the FTA by as early as Diwali. Prime Minister Narendra Modi had then highlighted the "good progress" being made in the talks and offered to move "at the same pace and with the same commitment" with which New Delhi had hammered out trade deals with the UAE and Australia.

Both India and the UK launched formal negotiations in January for the FTA, which could ultimately cover more than 90% of tariff lines.

They aim to double bilateral trade of both goods and services to about $100 billion by 2030. The India-UK trade is dominated by services, which make up about 70% of the overall annual commerce. Johnson has favoured more visas to Indian skilled IT professionals to tide over a shortage in the UK.

Source: financialexpress.com– May 28, 2022

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India growing despite global supply chain challenges: PM Modi

Focus should be on developing solutions for small businesses, says the Prime Minister at ISB-Hyderabad

Prime Minister Narendra Modi on Thursday said that despite the global supply chain challenges, India was growing and that the world is realising India means business. The Prime Minister was speaking at the graduation ceremony and the 20th anniversary celebration at the Indian School of Business (ISB) in Hyderabad.

“Last year, the highest ever recorded FDI came into India,” he said, adding that India was the fastest growing economy among the G20 countries.

The Prime Minister pointed out that often Indian solutions are being implemented globally. “Therefore, today on this important day, I would like to ask you to link your personal goals with the goals of the country”, he said.

‘Lack of political willpower’

Stating that the need for reforms was always felt in the country, Modi said there was always a lack of political willpower. “Due to the continuous political instability in the last three decades, the country has seen a lack of political willpower for a long time,” he said. Since 2014, the country has been witnessing political will as well as continuous reforms, he added.

Modi advised ISB graduates to focus on solutions for small businesses that can create employment for scores of people.

Madan Pillutla, Dean, ISB said the institution was aspiring to become a resource for the nation and partner in development. The faculty at ISB were attempting to solve India-specific problems, he added.

Harish Manwani, Chairperson, Executive Board of ISB, said the role of business and expectations on corporates have been changing. “We need new business leaders who are value-driven and not only run great companies but also good companies,“ he said.

In the first combined graduation ceremony of ISB's Hyderabad and Mohali campus held on Thursday, 923 students received their post - graduate degrees.

Source: thehindubusinessline.com– May 26, 2022

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Moody's slashes India's growth forecast to 8.8% for 2022

Moody's Investors Service on Thursday slashed India's economic growth projection to 8.8 per cent for 2022 from 9.1 per cent earlier, citing high inflation.

In its update to Global Macro Outlook 2022-23, Moody's said high-frequency data suggests that the growth momentum from December quarter 2021 carried through into the first four months this year.

However, the rise in crude oil, food and fertilizer prices will weigh on household finances and spending in the months ahead. Rate hike to prevent energy and food inflation from becoming more generalised will slow the demand recovery's momentum, it said.

"We have lowered our calendar-year 2022 growth forecast for India to 8.8 per cent from our March forecast of 9.1 pr cent, while maintaining our 2023 growth forecasts at 5.4 per cent," Moody's said.

Strong credit growth, a large increase in investment intentions announced by the corporate sector, and a high budget allocation to capital spending by the government indicate that the investment cycle is strengthening.
"But unless global crude oil and food prices rise further, the economy seems strong enough to maintain solid growth momentum," Moody's added.

Source: thehindubusinessline.com– May 26, 2022

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India-EU FTA to focus on low-hanging fruit first

India and the EU are expected to review their respective stance and focus on low-hanging fruit first, as they are set to re-launch negotiations for a free trade agreement (FTA) in June after a gap of about nine years, sources told FE. “Both the sides are likely to take stock of the progress so far and discuss how to proceed further. It makes sense to focus on points of convergence first before moving on to contentious matters,” one of the sources said.

After 16 rounds of talks between 2007 and 2013, formal negotiations for the FTA were stuck over stark differences, as the EU insisted that India scrap or slash hefty import duties on sensitive products such as automobiles, alcoholic beverages and dairy products. Similarly, India’s demand included greater access to the EU market for its skilled professionals, among others. However, both the sides have now decided to take the negotiations to their logical conclusion.

The EU, after the Brexit, continued to be India’s largest export destination (as a bloc) in FY22. Its outbound shipments to the EU jumped 57% on year in FY22 to $65 billion, albeit on a contracted base. Similarly, India’s imports from the EU jumped 29.4% last fiscal to $51.4 billion.

In April, both the sides decided to set up a trade and technology council to boost bilateral ties, as the bloc’s president Ursula von der Leyen met Prime Minister Narendra Modi here. This move underscored growing co-operation between New Delhi and Brussels, as the US is the only other country that has a technical agreement with the EU, along the lines of the one signed with India now. The council is aimed at providing political-level oversight of the entire spectrum of the India-EU ties and to ensure closer coordination.

Both the leaders had reviewed progress in the India-EU Strategic Partnership, which also included negotiations for the FTA, and decided to further deepen cooperation in trade, climate, digital technology and people-to-people ties. They had also discussed issues relating to climate change and the possibility of collaboration in areas like green hydrogen.

Source: financialexpress.com– May 28, 2022

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New government in Australia to support trade pact with India

The change of government in Australia will not adversely affect the India-Australia free trade pact signed in April this year as the Labour Party wants a comprehensive trade agreement with New Delhi, just like the former government, Australian High Commissioner to India Barry O'Farrell has said.

"As Madeliene King (Labour Party trade spokesperson) noted last week, labour will deliver a bill on what its predecessor has done and not tear it down. We look forward to the resumption of negotiations on the closer (comprehensive) economic co-operation agreement which are due to start in June this year," O'Farrell said at the Indo-Australian Chamber of Commerce in New Delhi earlier this week.

Bilateral pact

India and Australia signed the bilateral Economic Cooperation and Trade Agreement (ECTA) on April 4 with commitments to liberalise trade in goods and services. The free trade pact is likely to almost double bilateral trade in goods to $50 billion in five years from about $27 billion at present, per government estimates.

According to the trade deal, the two sides will now negotiate a Comprehensive Economic Co-operation Agreement that will include items that have been kept out of ECTA including many farm products and chapters on areas such as digital trade and government procurement.

"ECTA gives us both the opportunity to harness the complimentary nature of our economies in areas such as critical minerals, professional services, education and tourism. Indian consumers and businesses will benefit through elimination of tariffs on 85 per cent of Australia's goods exports to the country while Australian consumers will benefit by 96 per cent of your goods coming to Australia duty free," O'Farrell pointed out.

On clean energy

Australia is in a prime position to help India reach its clean energy goals through supply of lithium and other critical minerals, he added. "ECTA will provide certainty in supply of high quality, competitively priced

critical minerals to India which are essential to production of high end technical goods such as electric cars and solar panels. This can support India's ambition to play a major role in advance manufacturing," the High Commissioner said.

While the Australia-India ECTA has already been tabled in Australian Parliament on April 4, it will next have to be considered by the Joint Standing Committee on Treaties. The process of ratification of ECTA may take up to six months if things move smoothly so the industry would need to wait a while to take advantage of the duty cuts.

"The historic India Australia ECTA promises to unlock a wide range of bilateral trade and investment opportunities, offering our members commercial benefits like easier market access, lower tariffs and other concessions," pointed out IACC CEO, Petula Thomas.

The IACC has just launched its Northern India Chapter to build stronger economic ties between Northern India & Australia.

Source: thehindubusinessline.com– May 26, 2022

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Ban on cotton exports unlikely to serve any purpose: Textile secretary

A ban on cotton exports at this juncture is unlikely to serve any purpose, textiles secretary Upendra Prasad Singh told FE. Outbound shipments of cotton are unviable now, as domestic prices of the fibre have exceeded the global levels, he said.

"On top of the high domestic prices, there are logistics costs for exports. So, exports in any case are not happening now," Singh said on Thursday.

The textile and garment industry has been seeking an immediate ban on cotton exports on the assumption that such a move would shore up domestic supplies and curb the exorbitant rise in prices of the fibre and its by-products. Cotton prices have more than doubled in the past one year to breach the Rs 100,000-mark for a candy of 356 kg.

Singh said, unlike cotton, there is adequate availability of cotton yarn in the domestic market.

However, yarn prices, too, have skyrocketed, reflecting the jump in the primary raw material (cotton) prices. Garment companies, especially exporters who had firmed up contracts well in advance when yarn prices were somewhat cheaper, are finding it difficult now to renegotiate the deal and pass on the rise in input costs to the buyers, he added.

Acknowledging the crisis the entire textile and garment value chain is facing, Singh said the government is working with industry players to find out ways to improve domestic supplies in the short term. Some cotton import deals have been firmed up after an effective duty of 11% was scrapped recently. However, even supply from overseas against these contracts will reach only by July-August, while the new crop will start hitting the market from mid-September, he said, adding that there is a shortage now.

The government is also counting on arrivals of a variety of cotton that is harvested in summer. But the supply from this harvest is limited—about 5-10 lakh bales.

Senior industry executives have already blamed the misleading cotton production estimates firmed up by the agriculture ministry for their plight. The domestic cotton output is now estimated to be just about 314 lakh bales, of 170 kg each, in the current marketing year through September, way below the agriculture ministry's initial projection of 362 lakh bales.

Domestic consumption, meanwhile, has been estimated to be about 340 lakh bales. A more realistic projection in the beginning of the year would have prepared them better for any potential shortage, they have stressed.

An informal cotton advisory group, led by industry veteran Suresh Kotak, will hold its first meeting on May 29 to discuss how to deal with the current situation and how to draw a long-term strategy to improve cotton output and productivity in the country, among others.

The group, set up earlier this month, has representation from the ministries of textiles, agriculture, commerce and finance, along with Cotton Corporation of India and Cotton Research Institute.

Source: financialexpress.com– May 27, 2022

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CBIC issues SOPs for recovering tax dues from insolvent companies

The Central Board of Indirect Taxes and Customs (CBIC) has issued standard operating procedures (SOPs) to ensure the timely recovery of goods and services tax (GST) dues from companies undergoing liquidation under the Insolvency and Bankruptcy Code (IBC).

The CBIC said it has nominated a nodal officer to ensure filing of claims with the Insolvency and Bankruptcy Board of India (IBBI) within 90 days of the commencement of the process. This is aimed at protecting the government's revenue and to make the process smooth and effective, the CBIC said in the note. A corporate debtor undergoing insolvency is liable to furnish its GST returns, pay tax, and meet all other compliance as per the GST law during the corporate insolvency process.

Tax officers can't make any claims after the winding up order of a company is passed. However, the CBIC observed, that there is an inordinate delay in filing claims by the Customs and GST authorities, which results in their claims not being admitted once a resolution plan is approved, the CBIC said.

It also observed that the authorities then litigate on the rejection of the claims, despite the settled position that no such claims can be raised once the plan is approved and no demands can be raised on the resolution applicant that has taken over the company. One reason for such delay in filing claims is that the GST zonal office concerned did not receive information that the resolution process had been initiated.

Accordingly, the CBIC has proposed that the IBBI share such details on a regular basis with the nodal officer. According to the procedure, correspondence with the resolution professional should be made regarding the resolution plan, which is to be verified regularly with IBBI through its website about the National Company Law Tribunal's (NCLT's) orders concerning liquidation or even withdrawal of the matter.

Source: business-standard.com– May 27, 2022

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Economic recovery is underway despite headwinds: RBI Annual Report

'Revival of economic activity must be assiduously nurtured to boost consumer confidence'

The Indian economy is relatively better placed to strengthen the recovery that is underway and improve macroeconomic prospects, going forward, even as the geopolitical conflict in Europe threatens to overwhelm the global economy and its constituents, according to the Reserve Bank of India.

Referring to the prospects for agriculture and allied activities brightening at this juncture on the prediction of a normal monsoon, the central bank, in its latest annual report, observed that early indicators point to revival of economic activity across other sectors that needs to be assiduously nurtured in order to boost consumer and business confidence and private investment.

Capacity utilisation in several industries is moving closer to normal levels, although rising input costs and persisting supply bottlenecks, for instance in semiconductors for the automobile sector, may impede or delay a fuller recovery, the report said. With the lessons of the experience of 2021-22, contact-intensive sectors are expected to rebound over the year ahead, with positive implications for the workforce and for consumption demand, per RBI's assessement.

The report noted that the year gone by brought many challenges, but a recovery is underway in spite of headwinds.

The central bank observed that future path of growth will be conditioned by addressing supply-side bottlenecks, calibrating monetary policy to bring inflation within the target while supporting growth and targeted fiscal policy support to aggregate demand, especially by boosting capital spending.

Undertaking structural reforms to improve India's medium term growth potential holds the key to secure sustained, balanced and inclusive growth, especially by helping workers adapt to the after-effects of the pandemic by reskilling and enabling them to adopt new technologies for raising productivity.

The RBI highlighted that longer-than-expected supply chain bottlenecks, elevated freight rates and the upsurge in global inflation amidst escalating geopolitical tensions pose significant risks. "Although direct trade and finance exposures in the context of the ongoing conflict are limited, elevated crude oil prices can widen the current account deficit while foreign portfolio investors may remain risk averse towards Emerging Market Economies (EMEs), including India," cautioned the central bank.

Nevertheless, robust reserve buffers, a strong FDI (foreign direct investment) pipeline and proactive policy measures towards supporting merchandise exports and participation in Global Value Chains should help the economy withstand adverse global spillovers.

"Emerging market and developing economies (EMDEs) are bearing the brunt of global spillovers, despite being bystanders. "Capital outflows and sizeable currency depreciations have tightened external funding costs, pushed up debt levels and put their hesitant and incomplete recoveries in danger," RBI said. The report said the inflation trajectory going forward is subject to considerable uncertainty and would primarily depend on the evolving geopolitical situation.

Sharp movements in global commodity prices are having a significant bearing on food inflation dynamics in India, it added.

Though record foodgrains production and forecast of a normal south-west monsoon augurs well for food inflation, heightened uncertainty around global food prices arising from geopolitical risks might offset these positive domestic impulses, especially via elevated prices of wheat, edible oil, feed costs and key agriculture inputs like fertilisers.

Moreover, volatility in the prices of international crude oil and key raw materials and intermediates, together with global supply chain disruptions, may push up input cost pressures.

In particular, a scenario in which crude prices persist above $100/barrel poses a major upside risk in terms of re-igniting second-round effects across manufacturing and services prices.

Source: thehindubusinessline.com– May 27, 2022

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Will the IPEF replace the RCEP?

The launch of the Indo-Pacific Economic Framework (IPEF) at the Quad Summit in Tokyo has raised questions on what it intends to achieve. There is speculation on whether it is an economic framework that will primarily serve security interests of the US and its allies.

There are also conjectures over whether it intends to replace the Regional Comprehensive Economic Partnership (RCEP) as the premier trade and economic cooperation construct in the Indo-Pacific. Whether economics will play second fiddle to security in IPEF will be revealed over time, but security interests have been crucial in determining the fundamentals of the IPEF. The latter is posited on the pillars of resilient supply chains, clean economy, digital connectivity, and fair conduct of cross-border business.

The security implications of these pillars are obvious. Supply chain resilience has acquired national security implications with various countries struggling to overcome sourcing dependencies. Be it semiconductors, pharmaceuticals, or food, countries enjoying monopolies in supplying raw materials and components to these chains—however small and low-value—can destabilise production if they experience supply disruptions. Such risks can be minimised only by diversifying sourcing—either by building local capacities or importing from other locations.

In an ostensible effort to reduce sourcing dependencies on China, IPEF will aim to diversify sourcing and reposition supply chains. By linking a group of 13 strong economies through common rules for resilience including seven from Southeast Asia—a manufacturing hub already absorbing parts of supply chains physically reshoring from mainland China—sourcing dependencies on China can significantly reduce.

Clean economy will comprise efforts to develop sustainable development solutions across the Indo-Pacific with emphasis on decarbonisation and renewable energy. Technologies facilitating these goals must move seamlessly across borders. Disturbed flows would impact national capacities to pursue clean energy and climate goals with implications for environmental security. With COP27 coming up and countries bracing to honour past pledges, the Indo-Pacific must rise to the occasion through wholesome policy efforts like in the IPEF.

Security threats are deeply embedded in cross-border digital connectivity. Cybersecurity breaches through data hacks have become unfailingly regular in cross-border systems, particularly in financial transactions and sensitive business information. At the same time, the way forward on global integration is clearly through the digital path. With turfs already split on the use of 5G telecom equipment given the ‘access’ it provides to its suppliers, trade facilitation and adoption of common digital standards will be the IPEF’s core agenda for minimising threats of digital ‘invasion’.

Fair conduct of cross-border business connects to bribery, money laundering and corruption issues. A plurilateral commitment, such as that of the IPEF group of large economies, to jointly curb these practices, is a welcome effort. The implicit security imperative of the focus is the idea that these practices have led to faulty projects with suboptimal outcomes while draining national resources and causing harm to communities and societies.

Much of the conversation in the days ahead will focus on the relationship between the IPEF and the RCEP. The speculation will be on whether they will compete or coexist. The Southeast Asian slant in the IPEF is unquestionable. There are 11 members of the IPEF—Australia, Brunei, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, Vietnam—that are in the RCEP. The RCEP has been operating since early 2022. It is a free trade agreement (FTA) based on ASEAN-centrality. It has brought together all the countries with who ASEAN has bilateral FTAs, except India, who did not join it. The IPEF, on the other hand, while emphasising the importance of ASEAN and Southeast Asia in its pronouncement, is not an ASEAN FTA.

There are other major differences between the IPEF and the RCEP. The IPEF will not pursue tariff liberalisation, one of the key goals of the RCEP. It will focus specifically on supply chains, digital connectivity and clean economy—issues only peripherally addressed by the RCEP. The IPEF will also advance labour and environment standards that are not part of the RCEP or other existing ASEAN FTAs. The RCEP includes China, and theIPEF the US and India—it is a collective of US defence partners and strategic allies. Furthermore, it will work closely with Quad members (US, India, Japan, and Australia) aiming at reducing economic dependency on China in strategic industries.

The IPEF's economic agenda might not be dwarfed by its security objectives, but it will strive to make economics and security work in tandem. It would be naïve to suppose that the IPEF's efforts to establish standards and rules in its focus areas will be devoid of security perspectives. The combined emphasis on economic prosperity and security interests makes it a unique regional format and markedly different from the RCEP.

Source: financialexpress.com– May 27, 2022

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Govt launches e-commerce marketplace for driving exports

Indian Business Portal to empower MSME exporters to reach out to new markets, buyers

Indian Business Portal, an online global trade hub for exporters and foreign buyers, was launched on Friday to empower MSMEs to identify new markets, according to a statement issued by exporters' body FIEO.

Union Minister Anupriya Patel, who officially launched the portal on Friday, said it would support MSMEs and encourage greater exports of products `Made in India'. During the pandemic, e-commerce has shown immense potential in supporting millions of businesses to sustain themselves.

"Indian Business Portal will be a big encouragement to start-ups, SMEs, artisans and farmers (of GI tagged products) and service providers to take their first step toward exports. I hope more exporters will engage on the portal and would provide their valued feedback to FIEO," she said.

FIEO in partnership with GlobalLinker, has designed and developed Indian Business Portal, a B2B digital marketplace. "FIEO will promote the marketplace worldwide to help Indian exporters, SMEs and artisans promote their products and services globally," said A Sakthivel, President, FIEO.

Tech-enabled governance will play a key role in determining India's growth and competitiveness, said Santosh Kumar Sarangi, Director General of Foreign Trade. "The government is focused on paperless, automated processing systems, simple procedures for trade players, online data exchange between departments, digital payments and acknowledgements," he said.

Source: thehindubusinessline.com– May 27, 2022

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New Guidelines of Micro & Small Enterprises Cluster Development Programme (MSE-CDP) approved

The Government has approved New Guidelines of Micro & Small Enterprises Cluster Development Programme (MSE-CDP), which will be implemented during 15th Finance Commission Cycle(2021-22 to 2025-26). The scheme aims at enhancing the competitiveness and productivity of Micro & Small Enterprises by undertaking interventions such as:

Common Facility Centers (CFCs): The central government grant will be restricted to 70% of the cost of project from Rs. 5.00 crore to Rs. 10.00 crore and 60% of the cost of project from Rs. 10.00 crore to Rs. 30.00 crore. In case of NE & Hill States, Island territories, Aspirational Districts, government grant will be 80% of the cost of project from Rs. 5.00 crore to Rs. 10.00 crore and 70% of the cost of project from Rs. 10.00 crore to Rs.

30.00 crore. The project for CFC with project cost more than Rs. 30.00 crore shall also be considered but the Government assistance would be calculated by taking into account the maximum eligible project cost of Rs.30.00 crore.

Infrastructure Development: The central government grant will be restricted to 60% of the cost of project from Rs. 5.00 crore to Rs. 15.00 crore for setting up of new Industrial Estate / Flatted Factory Complex and grant will be 50% of the cost of project from Rs. 5.00 crore to Rs. 10.00 crore for up-gradation of existing Industrial Estate / Flatted Factory Complex.

In case of NE & Hill States, Island territories, Aspirational Districts, grant will be 70% of the cost of project from Rs. 5.00 crore to Rs. 15.00 crore for setting up of new Industrial Estate / Flatted Factory Complex and 60% of the cost of project cost from Rs. 5.00 crore to Rs. 10.00 crore for up-gradation of existing Industrial Estate / Flatted Factory Complex.

The project for ID with project cost more than Rs. 10.00 crore/15.00 crore can also be considered but the government assistance would be calculated by taking into account the maximum eligible project cost of Rs. 10.00 crore/15.00 crore.

The New guidelines of MSE-CDP are available on the website of the Office of DC(MSME).

Source: pib.gov.in– May 27, 2022

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RBI to hike repo rate by 50 basis points, lower FY23 growth to 7 pc in June review: Barclays

The Reserve Bank will opt for a larger, 0.50 per cent, hike in key rates at its next monetary policy review in June to protect medium term economic stability in face of the uncomfortable inflation situation, a British brokerage said on Thursday.

The central bank will likely revise its inflation estimate to 6.2-6.5 per cent, which is way above the upper end of its tolerance band of 2-6 per cent, the economists at Barclays said.

On the growth front, it said the RBI will do a downward review of its FY23 GDP expansion to 7 per cent from the earlier 7.2 per cent.

“We expect the RBI to deliver another large interest rate hike in June, as above-target inflation could undermine medium-term economic stability,” its chief economist Rahul Bajoria said, adding that the quantum of rate hike can be 0.50 per cent.

The RBI had hiked its key rate by 0.40 per cent in a surprise move on May 4, and Governor Shaktikanta Das has already said that the possibility of another hike at the June review is a “no-brainer”.

Bajoria said his calculation of higher threshold inflation and lower trend inflation could give RBI some room to look through the current inflation spike.

He said the “main challenge” for the RBI is to balance upside risks to inflation with downside risks to growth.

“Given the central bank’s desire to signal that inflation management remains key for its policy objectives, we believe the RBI will stay the course and deliver a 0.50 per cent hike in the repo rate in June, taking it to 4.90 per cent,” he said, adding that the six-member rate setting panel will take the decision unanimously.

A further tightening in liquidity cannot be ruled out, the brokerage said, adding that in the base case, it expects a 0.50 per cent increase in the cash reserve ratio again to take the level to 5 per cent.

At the May 4 review, the RBI had hiked the CRR (Cash Reserve Ratio), or the amount of time deposits banks have to park with RBI, by 0.50 per cent to suck out an additional Rs 87,000 crore from the system.

Source: financialexpress.com– May 26, 2022

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Cotton yarn prices down in Mumbai as India's import weighs on market

Cotton yarn prices eased down by ₹5-10 per kg in Mumbai market as demand further weakened. Local traders said that poor demand and psychological pressure of import deals caused for down fall in yarn prices. Taiwanese supply of cotton yarn is expected to reach at Indian ports in July. Tiruppur market noted stable trend in yarn prices.

A broker from Mumbai told Fibre2Fashion, "Recent reports of cotton yarn import dampened market sentiments. Buyers further cautioned from possible better availability of yarn." There was very limited trade in cotton yarn as buyers were reluctant to buy at higher prices.

In Mumbai market, 60 count carded cotton yarn of warp and weft varieties were traded at ₹2,070-2,120 and ₹1,950-2,020 per 5 kg (GST extra) respectively. Carded cotton yarn (44/46 count) of warp variety was traded at ₹1,930-1,970 per 5 kg. 80 count carded cotton yarn of weft variety was sold at ₹2,080-2,120 per 4.5 kg. 40 count carded cotton yarn (warp) was sold at ₹370-378 per kg. 40 count combed yarn (warp) was priced at ₹420-440 per kg, according to Fibre2Fashion's market insight tool TexPro.

Traders from Tiruppur said that weaker demand is main cause of concern for the market. The entire market of south India remained under pressure due to weaker demand. Yarn prices in Tirupur were stable after down fall in early of this week.

In Tiruppur market, 30 count combed cotton yarn was traded at ₹405-410 per kg (GST extra), 34 count combed at ₹420-425 per kg and 40 count combed at ₹435-440 per kg. Cotton yarn of 30 count carded was sold at ₹370-375 per kg, 34 count carded at ₹380-385 per kg and 40 count carded at ₹390-395 per kg, as per TexPro.

In Gujarat, cotton prices were hovering at around ₹100,000-105,000 per candy of 356 kg. According to the traders, demand and as well as supply remained stable. The prices were steady after decline in early of this week. Buyers were reluctant to book new deals.

Source: fibre2fashion.com– May 27, 2022

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Textile and clothing turn expensive

Radha (name changed) went to Gani Market in Erode on Friday to buy a few essential items of clothing for her family. While the shopkeeper quoted ₹140 for a product, she wanted it for ₹90. Unable to get it at such a low price, she went to another shop.

"The wholesale price of basic garments, like banian, has increased from ₹90 to ₹140 a piece in the last four months. But customers ask for the old rate. We cannot sell at such a low price and so they go back without buying anything," says K. Selvaraj, president of the Gani market weekly textile traders' association. According to him, business has dropped 50% in the last four months because of the steep hike in the prices of textile goods.

The price rise varies from product to product, going up 30% to 40% for many items. This is because of the steep hike in cotton and yarn prices. Various reasons are cited for the prices of cotton and yarn to increase. But it is hurting customers and the industry, he says.

The traders at the market, numbering over 200, have wholesale trade from Monday to Wednesday every week and retail business on other days. "We used to do business worth ₹5 crore from Monday to Wednesday. Now, it is not even ₹1 crore. So we are reducing the goods we purchase from the manufacturers," he says.

According to the South India Hosiery Manufacturers Association in Tiruppur, of which members supply hosiery products across the country, the prices of hosiery goods are up 30% since January. "It is a question of survival now. Orders are reducing and even if there are orders, the manufacturers are reluctant as they do not know how much the raw material prices will increase," says one of its members.

R. Nandagopal, a garment exporter and president of Power Table Owners' Association, says customers shop for half-a-dozen to one dozen pieces when they buy essential garments. Now they buy two or three pieces because of the high price. The agents who take the goods from the manufacturers are not paying on time because they have stocks piling up.

In the case of exports, the manufacturers are unable to quote prices and buy yarn for the order without getting confirmation from the buyers.

"Workers at my unit used to work 12 hours a day and on Sundays. We used to recruit regularly. Now, there is work for just eight hours a day and Sundays are holidays. There are no new recruitments," he says.

Southern India Mills' Association chairman Ravi Sam pointed out that the price of cotton shot up from ₹73,800 a candy in January to ₹1 lakh in May and the price of yarn went up from ₹401 a kg to ₹481 a kg. The textile and clothing inflation has gone up because of the high cost of raw materials, he says.

Several smaller spinning mills have stopped production and purchase of cotton as it is unviable to operate at the current price levels, according to the South India Spinners' Association.

Source: thehindu.com– May 27, 2022

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High cotton, input prices force Gujarat textile processors to cut operations by 40%

Cascading effects of inflated prices of cotton and other inputs have forced textile processing units in Gujarat to cut dyeing and printing activities by nearly 40%.

Many of the nearly 3,000 processing units in Surat, Ahmedabad and Jetpur have told their employees to work just thrice a week.

"Apart from unprecedented high cotton prices, retail demand for fabric and garments is sluggish. Moreover, due to heatwave, footfalls in textile markets have reduced by more than 50%. Outstation traders are also avoiding visits. The situation is likely to improve after the monsoon," said Jitendra Vakharia, president of the South Gujarat Textile Processors Association.

Surat-based weavers, who normally produce nearly 4 crore metres of grey fabric daily, but are producing hardly 2.5 crore metres at present due to overall inflation, Vakharia said. Besides, high prices of coal have made textile processing even costlier.

Instead of retrenching workers, many processors have told them to take three to four days off in a week till the situation improves, he said. More than 2,500 textile processing units are situated in and around Surat, the state's commercial capital. They employ more than 2.5 lakh people directly.

At the 300-odd textile processing units in Ahmedabad, production of grey fabric has gone down by 50% to nearly 1 crore metre per day, according to Naresh Sharma, vice-president of Ahmedabad Textile Processors' Association.

Most of the units are functioning just three to four days a week, he said. Some of the bigger units have decided to function in a single shift. "We are permitting migrant workers to go on vacation to their respective states, as more than 70% of the the total workforce of the textile processing sector of Gujarat is from states like Uttar Pradesh, Bihar, Odisha and Rajasthan," he said.

The small textile dyeing and printing cluster at Jetpur in Rajkot district is also facing similar challenges. The units here predominantly process pure cotton fabric. But high cotton prices have resulted in 50% less grey fabric arriving in the town.

Most textile processors in the state think the situation is likely to improve only around Diwali, with the arrival of fresh raw cotton in the market.

Source: financialexpress.com– May 28, 2022

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Indian companies import Taiwanese cotton yarn, local market cautious

Record price rise in cotton and cotton yarn in India has encouraged domestic industry to explore possibilities of imports. According to trade sources, some Indian companies have begun to import cotton and polyester yarn from Taiwan. Traders expect that if cotton yarn imports pick up, better supply of cotton yarn may put pressure on domestic prices.

According to trade sources, some big companies of weaving segment in the country have made deals for import of about 4000-5000 tonnes of yarn. The landed cost of imported yarn will be around ₹15-20 per kg cheaper than the domestic prices.

According to sources, more such deals are expected for import of yarn in the country. As per information in trade circles, apart from cotton yarn, polyester and blended yarn are also being imported. Bharat Bhai, a trader of Ichalkaranji in Maharashtra told Fibre2Fashion, “Due to the high prices of cotton yarn in the country, the import from Taiwan is quite feasible.

Imported supplies can dampen domestic market prices of yarn. However, deals for imports of yarn in little quantity may not increase domestic supplies significantly in near future.”

According to a Ludhiana-based trader Gulshan Jain, Indian imports have encouraged Taiwan's suppliers to quote higher prices for further deals. If there is an increase in prices of Taiwanese supply, import parity will be wiped out.

He also said that it will take at least a month’s time for Taiwanese supply to reach in India. The supply is expected to come in July only when, till then domestic cotton prices may also correct due to the prospective imports. But it is expected that Taiwanese supply can put psychological pressure on the domestic yarn market.

Source: fibre2fashion.com– May 27, 2022

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