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INTERNATIONAL NEWS

Stagflation risk rises amid sharp slowdown in growth: World Bank

Compounding the damage from the COVID-19 pandemic, the Russian invasion of Ukraine has magnified the slowdown in the global economy, which is entering what could become a protracted period of feeble growth and elevated inflation, according to the World Bank's latest Global Economic Prospects report. This raises the risk of stagflation, with potentially harmful consequences for middle- and low-income economies alike.

Global growth is expected to slump from 5.7 per cent in 2021 to 2.9 per cent in 2022—significantly lower than 4.1 per cent that was anticipated in January. It is expected to hover around that pace over 2023-24, as the war in Ukraine disrupts activity, investment and trade in the near term, pent-up demand fades, and fiscal and monetary policy accommodation is withdrawn, the report said.

As a result of the damage from the pandemic and the war, the level of per capita income in developing economies this year will be nearly 5 per cent below its pre-pandemic trend.

"Markets look forward, so it is urgent to encourage production and avoid trade restrictions. Changes in fiscal, monetary, climate and debt policy are needed to counter capital misallocation and inequality," said World Bank president David Malpass.

"Communicating monetary policy decisions clearly, leveraging credible monetary policy frameworks, and protecting central bank independence can effectively anchor inflation expectations and reduce the amount of policy tightening required to achieve the desired effects on inflation and activity," said Ayhan Kose, director of the World Bank's Prospects Group.

Global inflation is expected to moderate next year but it will likely remain above inflation targets in many economies. The report notes that if inflation remains elevated, a repeat of the resolution of the earlier stagflation episode could translate into a sharp global downturn along with financial crises in some emerging market and developing economies.

The report also offers fresh insights on how the war's effects on energy markets are clouding the global growth outlook, the Word bank said in a press release.

The war in Ukraine has led to a surge in prices across a wide range of energy-related commodities. Higher energy prices will lower real incomes, raise production costs, tighten financial conditions, and constrain macroeconomic policy especially in energy-importing countries.

Growth in advanced economies is projected to sharply decelerate from 5.1 per cent in 2021 to 2.6 per cent in 2022—1.2 percentage point below projections in January. Growth is expected to further moderate to 2.2 per cent in 2023, largely reflecting the further unwinding of the fiscal and monetary policy support provided during the pandemic.

Among emerging market and developing economies, growth is also projected to fall from 6.6 per cent in 2021 to 3.4 per cent in 2022—well below the annual average of 4.8 per cent over 2011-2019. The negative spillovers from the war will more than offset any near-term boost to some commodity exporters from higher energy prices.

The report highlights the need for decisive global and national policy action to avert the worst consequences of the war in Ukraine for the global economy. This will involve global efforts to limit the harm to those affected by the war, to cushion the blow from surging oil and food prices, to speed up debt relief, and to expand vaccinations in low-income countries.

It will also involve vigorous supply responses at the national level while keeping global commodity markets functioning well. Policymakers, moreover, should refrain from distortionary policies such as price controls, subsidies, and export bans, which could worsen the recent increase in commodity prices, the report notes.

Against the challenging backdrop of higher inflation, weaker growth, tighter financial conditions, and limited fiscal policy space, governments will need to reprioritise spending toward targeted relief for vulnerable populations.

Source: fibre2fashion.com– Jun 09, 2022

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European parliament agrees on new rules for minimum wages in EU

The European Parliament and the EU Member States have reached political agreement on the directive on adequate minimum wages proposed by the European Commission in October 2020. The new legislation will apply to all EU workers who have an employment contract or employment relationship.

The EU countries in which the minimum wage is protected exclusively via collective agreements will not be obliged to introduce it nor to make these agreements universally applicable.

According to the agreement, member states will have to assess whether their existing statutory minimum wages (i.e. the lowest wage permitted by law) are adequate to ensure a decent standard of living, taking into account their own socio-economic conditions, purchasing power or the long-term national productivity levels and developments, the European Parliament said in a media release.

For the adequacy assessment, EU countries may establish a basket of goods and services at real prices. Member states may also apply indicative reference values commonly used internationally, such as 60 per cent of the gross median wage and 50 per cent of the gross average wage.

Deductions from or variations to the minimum wage will have to be non-discriminatory, proportionate and have a legitimate objective, such as the recovery of overstated amounts paid, or deductions ordered by a judicial or administrative authority.

EU negotiators agreed that EU countries will have to strengthen sectoral and cross-industry collective bargaining as an essential factor for protecting workers by providing them with a minimum wage.

Member states in which less than 80 per cent of the workforce is protected by a collective agreement will have to create an action plan to progressively increase this coverage. To design the best strategy for this purpose, they should involve social partners and inform the Commission of the adopted measures and make the plan public.

The agreed text introduces the obligation for EU countries to set up an enforcement system, including reliable monitoring, controls and field inspections, to ensure compliance and address abusive sub-contracting, bogus self-employment, non-recorded overtime or increased work intensity.

National authorities will have to ensure the right to redress for workers whose rights have been infringed. Authorities must also take the necessary measures to protect workers and trade union representatives, the release added.

The provisional political agreement reached by the EP negotiating team will now have to be approved first by the Employment and Social Affairs Committee, followed by a plenary vote. The Council also has to approve the deal.

Source: fibre2fashion.com– Jun 09, 2022

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Nearshoring benefits manufacturers as demand for Made in USA products rise

As COVID-induced lockdowns in China snap the links of global suppliers, US manufactures are benefitting from growing 'Made in USA' sentiment among consumers. Established in 1992, New Jersey-based Unionwear saw a rapid surge in business this year. With 100 per cent local supply chain, the manufacturer of customized baseball hats, scarves and backpacks, the company witnessed a surge in buyers no longer able to import goods due to lockdown.

About 70 per cent respondents to a survey by the Reshoring Institute showed preference for US-made products over imported goods; 83 per cent are willing to pay over 20 per cent more for locally-made products.

Realizing the benefits of nearshoring

As per information on BR Logistic website, container rates for China-US routes have surged almost three times of the pre-pandemic rates to about $18,000 per 40-foot container.

Oil prices have also increased due to the Ukraine-Russia conflict, leading to sharp rise in shipping costs. However, localized manufacturing is helping Unionwear sell products at competitive rates. Before pandemic, baseball caps would cost about 40 per cent more than products imported from China. Currently, they are being sold at $10 per unit in wholesale.

Bigger companies in the US are also realizing the benefits of nearshoring as a more secure and reliable option for manufacturing, says a April report by Thomasnet.com.

Meanwhile some non-resident companies also aim to step up investments in the US. South Korea-based Samsung Corporation plans to invest $17 billion to set up a new facility in Texas for producing advanced semiconductors. To be operational in late 2024, the facility would stabilize global semiconductor supply chain.

Released in 2022, the Kearney Reshoring Index shows, 79 per cent manufacturers based in China have either shifted a part of their production to the US or plan to do so in the next three years, and another 15 per cent are planning to follow suit.

Reshoring to make supply more sustainable and carbon-neutral

Meanwhile re-shoring trend in the US has intensified due to the tariffs imposed by Trump government on Chinese imports, says William Reinsch, Industry Expert - International Trade, Center for Strategic and International Studies.

Bringing these companies back to the US would help them shorten supply chains, making them more resilient to natural and manmade disasters, explains Nick Vyas, Associate Professor -Operations and Supply Chain Expert, University of Southern California Marshall School of Business.

A domestic supply chain also helps make US companies more sustainable and carbon neutral. He advises companies to adopt the triple bottom-line mindset that also takes into account a company's resiliency and sustainability besides costs.

US companies also need to strengthen relationships with suppliers in the Caribbean, South America and Canada in order to become insulated from rising production costs, Vyas affirms.

Source: fashionatingworld.com– Jun 09, 2022

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USA: Global Players Flood US With Apparel Imports; 30% Surge Seen

U.S apparel imports continue to surge, with retailers and brands bringing in 29.7 percent more merchandise in April compared to a year earlier to reach 2.68 billion square meter equivalents (SME) for the month, according to new data from the Commerce Department's Office of Textiles & Apparel (OTEXA).

Virtually every major supplier participated in the growth spurt, from Asia to Africa and the Western Hemisphere, as consumer demand has remained strong despite inflation weighing on disposable income.

S&P Global Market Intelligence revised up its forecast of second quarter gross domestic product growth to 2.4 percent from 1.9 percent and its full-year outlook to 2.5 percent from 2.4 percent.

"The upward revision to Q2 was more than accounted for by an upward revision in consumer spending growth, from 2.1 percent to 4.3 percent," Joel Prakken, co-head of U.S. economics at S&P Global Market Intelligence, said.

OTEXA's report showed imports for top supplier China, despite continued tariffs on apparel, increased 28.5 percent in April from the previous year to 705.78 million SME. However, this was below its Asian competitors for U.S. market share.

Shipments from Bangladesh, for example, rose a year-over-year 51 percent in April to 287.56 million SME, while imports increased 43.4 percent to 166.65 million SME from India, 41 percent to 158.94 million SME from Indonesia, 40 percent to 133.23 percent from Cambodia, 49.7 percent to 49.1 percent from Sri Lanka and 38.2 percent to 87.83 million SME from Pakistan.

The Walt Disney Co. gave Pakistan manufacturers a boost with the recent announcement eight years after it pulled production out of the nation, citing a desire to pivot production from the "highest-risk" countries, that it will permit its vendors and licensees to procure products from facilities enrolled in the Better Work program, an International Labor Organization

(ILO)-backed venture that partners with governments, factory owners and labor groups to promote safe and competitive workplace conditions.

The program kicked off in Pakistan following the signing of a Memorandum of Understanding between the ILO and local officials. Funding for the three-year pilot, which will cover a minimum of 120 factories, is being provided by Pakistan's Export Development Fund, the European Commission and the Australian Department of Foreign Affairs and Trade.

Rounding out the top Asian suppliers, imports from No. 2 supplier Vietnam, bouncing back from a lull caused by factory closures, were up 24.1 percent to 471.39 SME, while Thailand's shipments rose 38.3 percent to 39.13 million SME in the period.

Western Hemisphere production hubs, generally benefitting from free trade deals, posted more moderate gains for the month. Imports rose 14.6 percent to 76.22 million SME from Honduras, 22 percent to 56.7 million SME from Nicaragua, 24.4 percent to 48.01 million SME from Haiti, 9.3 percent to 22.64 million SME from the Dominican Republic, 27.6 percent to 10.37 million SME from Peru and 14.4 percent to 3.47 million SME from Colombia. At the same time, shipments from El Salvador fell 12 percent to 46.56 million SME.

Out of Africa, imports from Egypt were up 50 percent to 51.78 million SME, while shipments rose 150 percent to 9.85 million SME from Ethiopia, 29.2 percent to 12.81 million SME from Kenya and 27.6 percent to 10.37 million SME from Madagascar.

Source: sourcingjournal.com– Jun 09, 2022

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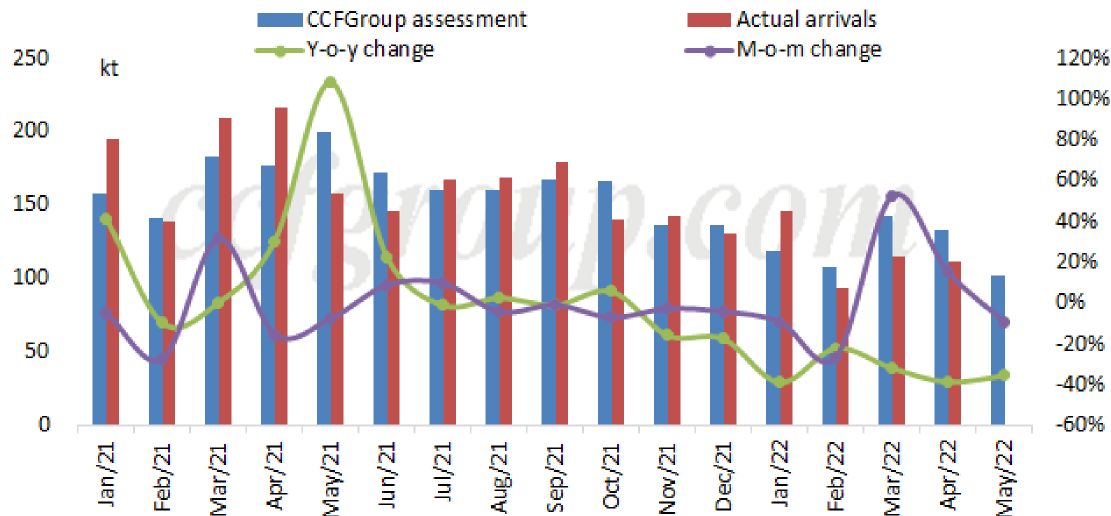
China: May'22 cotton yarn imports may move down 9.02% m-o-m to 101.9kt

1. Imported cotton yarn arrivals to China assessment



According to Apr export data of major cotton yarn import origins and initial research of cotton yarn arrivals of China, May cotton yarn imports of China is estimated at 101.9kt, down 35.51% on the year and down 9.02% on the month.

Since last Oct, forward imported cotton yarn has stayed higher than spot one except for the period close to Spring Festival and mid-Mar when their spread narrowed slightly and attracted traders to place orders intensively. In fact, traders reduced stocks this year and the actual arrivals were much less than primary assessment.

On the one hand, the production of US cotton and India cotton was strongly expected to reduce last year and foreign cotton kept rising for months.

On the other hand, in China local market, downstream demand remained poor and cotton yarn price was hard to move up accordingly. In addition, traditional peak season did not come as expected in Mar, and traders adjusted their strategies.

In mid- to late May, the price spread between forward and spot imported cotton yarn narrowed to below 500yuan/mt, and some traders placed orders intensively, but overall procurement volume was far behind that last year. Market participants showed much hesitance facing the risks. Therefore, May imported cotton yarn arrivals to China are expected to inch down than Apr one.

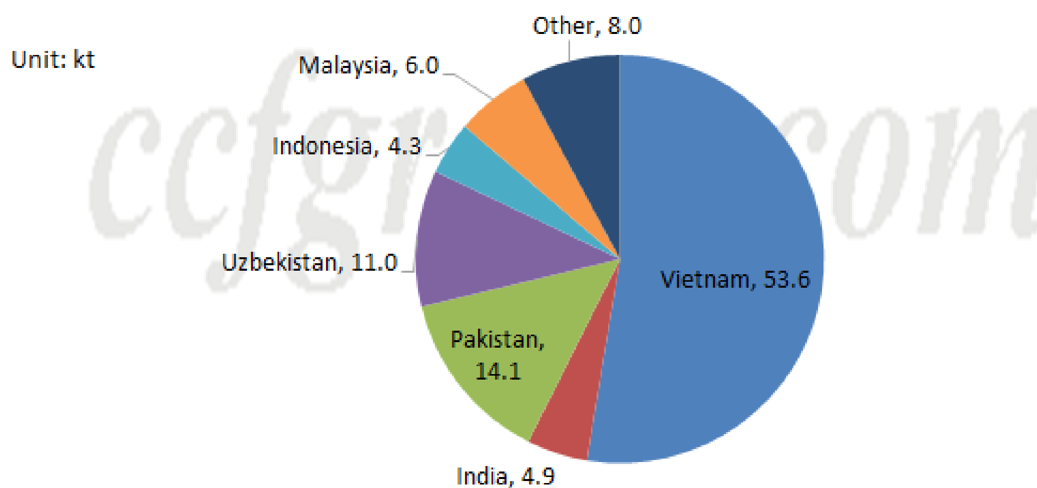
In import origins terms, forward Vietnamese cotton yarn was 1,000-2,000yuan/mt higher than spot one, but the imports of China from it still ranked the first. The import volume was predicted to decline 13.3%. Indian cotton rushed up high under shortage supply and speculation.

It stayed at relatively high level despite a small decrease. In mid-to late Mar, offers of forward Indian cotton yarn slightly fell and traders reported that a small amount of low- to medium-count cotton yarn like 16S and 21S arrived in May. So import volume of Indian cotton yarn is predicted a bit higher at 4.9kt.

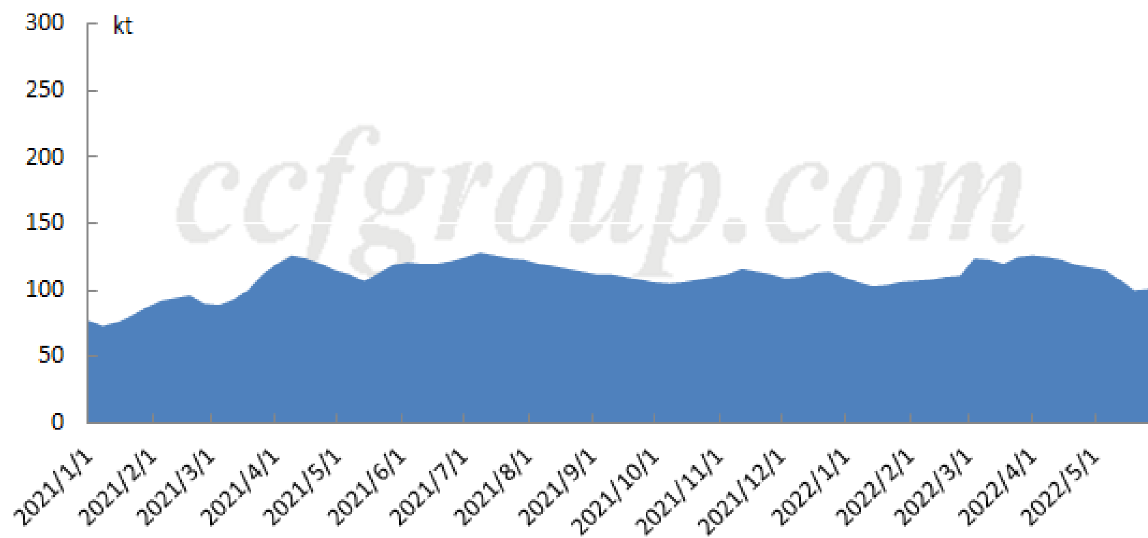
Offers of forward Pakistani cotton yarn did not increase much, and some spinners provided discounts burdened by sales. Apr Pakistan cotton yarn exports increased to 24kt, so that to China is assessed to inch up to 14kt.

The Uzbekistani cotton yarn which had been in retention previously arrived in Mar and Apr. Traders mostly reported scarce ordering recently. So May arrivals of Uzbekistani cotton yarn are expected to fall back slightly to about 11kt.

Cotton yarn imports assessment in Mar by countries and regions



2. Imported yarn stocks keep reducing.



May cotton yarn arrivals kept low and recently, due to the exchange rate fluctuates high, the settlement cost is likely to surge and spot imported cotton yarn price is driven up, but the trade volume reduces obviously and downstream restocking is mainly for rigid demand.

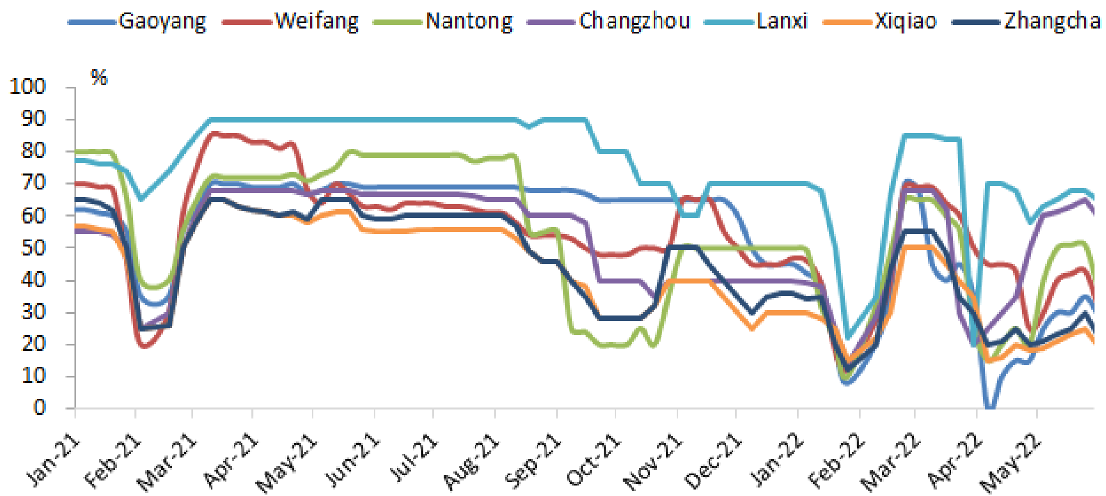
Recently as the lockdown in Shanghai was lifted, the export orders for textile and apparels in Jiangsu and Zhejiang increased, accelerating the destocking of imported cotton yarn in some regions. At present, stocks of spot imported cotton yarn are predicted at around 96kt.

3. Downstream operating rate increased slowly.

In May, the control on the pandemic alleviated and the logistic resumed basically, except some markets, like Gaoyang, Hebei were still affected by the pandemic in Beijing.

As things stand, downstream operating rate of imported cotton yarn is still largely lower than that in the same period last year. The sales of fabric mills move toughly and the inventory has accumulated to around 40 days.

The heavy capital pressure and scarce orders weaken the buying interest of fabric mills.



In conclusion, May arrivals of imported cotton yarn will keep low. Most of recent arrivals were ordered in mid- to late Mar, and the settlement cost has reached high. As most traders did not lock the exchange rate, they may face risks of losses.

At present, imported cotton yarn price is much higher than Chinese one, and it will hardly further increase without the support of downstream demand. It is predicted that overall ordering volume will remain low during the slack season.

Source: ccfgroup.com– Jun 09, 2022

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China's foreign trade up by 8.3% YoY in Jan-May 2022

China's imports and exports totalled 16.04 trillion yuan ($2.4 trillion) between January and May this year, growing by 8.3 per cent year on year (YoY), according to the general administration of customs, which recently said exports grew by 11.4 per cent on a yearly basis to 8.94 trillion yuan, while imports increased by 4.7 per cent from last year to 7.1 trillion yuan.

The nation's trade value with the Association of Southeast Asian Nations (ASEAN), the European Union (EU), the United States and South Korea were respectively worth 2.37 trillion yuan, 2.2 trillion yuan, 2 trillion yuan and 970.71 billion yuan, increasing by 8.1 per cent, 7 per cent, 10.1 per cent and 8.2 per cent YoY respectively.

ASEAN members remain the largest trading partner for China, accounting for 14.8 per cent of the nation's total foreign trade, according to official Chinese media.

Source: fibre2fashion.com– Jun 09, 2022

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Vietnam largest supplier of cotton textiles to China in Q1

Vietnam was the largest supplier of cotton textiles (HS code 52 comprising cotton fibre, yarn and fabric) to China during the first quarter of 2022. US and Brazil took the second and third spot respectively in China's total cotton textile imports during the quarter. The three countries together accounted for more than two-thirds of China's total imports.

China imported cotton textiles worth $2.874 billion in January-March 2022, compared to $2.171 billion in October-December 2021, according to Fibre2Fashion's market insight tool TexPro. The figure was $2.355 billion in July-September 2021, $2.812 billion in April-June 2021 and $3.245 billion in January-March 2021.

An analysis of Texpro data revealed that Vietnam supplied $688.095 million of cotton textiles to China in the first quarter of the current year. This was followed by the US with $687.109 million, and Brazil at $575.256 million in January-March 2022.

Source: fibre2fashion.com– Jun 10, 2022

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Turkiye targets $3 bn worth trade volume with Venezuela: President

Turkiye aims at raising its trade volume with Venezuela to worth $3 billion in future, President Recep Tayyip Erdogan recently said at a joint press conference in Ankara with visitng Venezuelan counterpart Nicolas Maduro. Its trade volume with Venezuela was worth $150 million in 2019. That doubled by 2020 and rose up to $850 million in 2021, Erdogan said.

There are several areas, including trade, energy, mining, construction, health and tourism, in which both sides can increase collaboration, the Turkish president said.

As part of continuing efforts to improve bilateral ties, he said a Turkish government delegation will visit Venezuela next month, according to Turkish media reports.

The two leaders also oversaw the signing of three tourism, agriculture and economic agreements.

Source: fibre2fashion.com– Jun 09, 2022

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Amazon initiative launched in Vietnam to boost cross-border e-com

Amazon Global Selling Vietnam and the Vietnam e-Commerce and Digital Economy Agency under the ministry of industry and trade recently launched a cross-border e-commerce initiative to help the country develop human resources for this sector in the next five years, and thereby, raising the capacity of local enterprises and opening up export opportunities for them.

The initiative is expected to support local firms in digital transformation and equip them with knowledge about export-import and market, and gradually build Vietnamese brands in the global market.

It aims at helping 10,000 Vietnamese enterprises with personnel development in e-commerce between 2022 and 2025, Gijae Seong, head of Amazon Global Selling Vietnam, was quoted as saying by a news agency.

Vietnam earned $13.7 billion from online retail sales in 2021—up by 16 per cent, and the value is expected to climb to $35 billion by 2025, with an annual growth rate of 25 per cent between 2022 and 2025.

The Amazon initiative will come to Ho Chi Minh City, Da Nang city and some other localities this year.

According to an Amazon report, Vietnam's cross-border retail sales increased by over 20 per cent annually, hitting 75.4 trillion VND ($3.3 trillion) last year, and is projected to reach 256.1 trillion VND in 2026.

Source: fibre2fashion.com– Jun 09, 2022

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Bangladesh to introduce employment injury scheme for RMG workers

The government of Bangladesh has agreed to introduce the employment injury scheme (EIS) for workers from the readymade garment (RMG) sector starting from July this year. The agreement was reached during a meeting between the country's labour and employment ministry and the International Labour Organization (ILO) in Geneva, Switzerland held on Wednesday.

The project is expected to be launched during the first week of July as a pilot project, said Bangladeshi media reports.

A bank account for the project will be opened in a government bank and will be operated by a tripartite management committee.

Source: fibre2fashion.com– Jun 09, 2022

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Bangladesh's growth to pick up to 6.7% in FY23: World Bank

Though Bangladesh's growth is expected to slow down in fiscal 2021-22 (FY22), it will pick up again in FY23, says the World Bank's latest Global Economic Prospects report. The 6.4-per cent growth for FY22, will rise to 6.7 per cent in FY23 as pent-up demand subsides, investment recovers and remittance inflows rise as a result of higher growth in the Gulf.

The report noted that energy subsidies as a share of government expenditure are the highest in Bangladesh, along with the Maldives and Pakistan.

With already high energy costs and the uncertain outlook, the region could face additional pressure on inflation—despite the dampening effect of subsidies—and larger current account deficits, it said.

This pressure could undermine growth, increase poverty, and divert budgetary resources away from productivity-enhancing investment and social protection, the World Bank report said.

Source: fibre2fashion.com– Jun 09, 2022

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Bangladesh: Textile sector to enjoy reduced tax of 15% till 2025

Finance Minister AHM Mustafa Kamal has proposed an extension of the existing reduced 15% corporate tax for the textile sector for another three fiscal years, subject to its compliance with some conditions.

While presenting the budget proposal for FY2022-23, he said that the prevailing tax rate for the textile sector stands at 15%, and the Statutory Regulatory Orders (SROs) to this effect expires on 30 June 2022.

"I propose to extend the date of the SRO up to 30 June 2025. I believe the valued taxpayers will take advantage of such long-term preferential tax rate and will properly pay their due taxes", said the minister.

If they have paid any penalty slapped by any government authorities for violation of environmental rules and regulations, that fiscal year they have to pay a regular tax rate. The extension will be effective from 1 July this year and will remain in effect until 30 June 2025.

The finance minister said, "Globally Bangladesh has retained second position in export of RMG. The revenue policy incentive of the government geared towards this industry has been the major driving force behind making this industry globally competitive."

Previously, Bangladesh Textile Mills Association (BTMA) President Mohammad Ali Khokon told requested that the government continue this facility till 2030 to deal with post-LDC challenges.

Envoy Textile Chairman Kutubuddin Ahmed previously told TBS such an extension to the reduced tax rate is not enough. The sector's total tax burden is higher as they have to pay source tax that is not adjustable with the corporate tax.

Finance Minister AHM Mustafa Kamal has placed the Tk678,064 crore national budget for FY23 at Jatiya Sangsad with top priority to safeguarding marginal people from inflation fuelled by the Russia-Ukraine conflict.

This is the fourth budget of the third consecutive term of the government led by Prime Minister Sheikh Hasina and also the overall 51st budget of the country.

The proposed budget is Tk74,383 crore higher than the original budget size of the FY2021-22 fiscal year, which was Tk603,681 crore.

Source: tbsnews.net– Jun 09, 2022

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Pakistan: Import bill surges on higher global commodity prices

Pakistan's trade deficit widened 57.85 per cent in 11 months of FY22 to $43.33 billion year-on-year on account of a broad-based surge in global commodity prices, Covid-19 vaccine imports, and demand-side pressures, all contributed to the rising imports. The imports surged mainly by an increase in energy prices as well as imports of food items to bridge the shortages in the local production of agriculture yields, showed Economic Survey 2021-22 on Thursday.

Remittances, which always supported in easing out pressure of trade deficit recorded a 7.1pc growth to $22.9bn on a year-on-year basis. This ever-highest level of workers remittances was not sufficient to offset trade deficit.

According to survey due to pro-business measures and recent rupee depreciation, exports marked an impressive growth of 27.78pc year-on-year to $28.84bn in July-May FY22. Around two-thirds of the increase came from the textile sector, especially from the high value-added segment. Pakistan's textile exporters capitalised on the policy support available –including the SBP's concessionary refinance schemes for working capital and fixed investment, and the regionally competitive energy tariffs and managed to ship higher volumes to key destinations--such as the US, UK and EU.

Higher cotton prices also helped to increase the export unit prices both low and high value-added textile products. Apart from textiles, rice exports also rebounded during FY22, mainly due to the non-basmati variety.

The growth in textile sector was achieved despite global logistical crisis and rising freight cost elevated the landed cost of imported cotton in Pakistan, which is eventually being factored into exports unit prices of finished goods like apparel and textile.

Containers freight rates increased dramatically between January 2019 and March 2022. The year 2021 saw an especially steep increase in global freight rates, reaching a record price of over $10,800 in September 2021. Whereas, on year-on-year the global freight rate index increased by 68.3pc to $8,200 in March 2022 as against $4872 in March 2021.

Source: dawn.com– Jun 10, 2022

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Pakistan: Listless business on cotton market

ICE cotton futures rose more than 1% on Wednesday on mill fixations as it tracked a rebound across broader commodity markets.

Cotton contracts for July rose 1.92 cent, or 1.40%, to 138.87 cents per lb, as of 01:25 p.m. ET (17:25 GMT). It traded within a range of 137.07 and 139.41 cents a lb.

"We're seeing a bit of mill fixations, said Bailey Thomen, cotton risk management associate at StoneX Group. "Hopefully, the easing of lockdowns in China could bring back a bit more demand," Thomen added. China is a top buyer of US cotton.

Adding to cotton's support, the prices of corn, soybeans and oil also rose in a commodities rebound, boosting sentiment.

China cotton futures on the Zhengzhou Commodity Exchange were up 0.62 % to 20,370 yuan per tonne.

Total futures market volume fell by 24,997 to 14,821 lots. Data showed total open interest fell 1,183 to 211,503 contracts in the previous session.

The Spot Rate remained unchanged at Rs 21000 per maund. The Polyester Fiber was available at Rs 310 per kg.

Source: brecorder.com– Jun 10, 2022

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Despite Post COVID-19 Situation, Pakistan's External Sector Perform Well

Pakistan 's external sector performed better by encouraging exports performance and imports have also risen significantly because of the description of global supply chain and evolving post COVID -19 situations.

According to Pakistan Economic Survey 2021-22 launched on Thursday, the broad-based surge in global commodity prices, COVID-19 vaccine imports, and demand-side pressures, all contributed to the rising imports.

During Jul-Mar FY2022, goods exports grew by 26.6 percent and amounted to US$ 23.7 billion, whereas services exports grew by 17.1 percent and amounted to US$ 5.1billion.

Resultantly, the trade deficit grew by 55.5 percent to US$ 30.1 billion which is historically high. Remittances which always supported in easing out pressure of trade deficit of both goods and services recorded at US$ 22.9 billion during Jul-Mar FY2022 and posted a growth of 7.1 percent.

According to the Survey this ever-highest level of workers remittances was not sufficient to offset the trade deficit. Thus, the current account deficit was recorded at US$ 13.2 billion during FY2022.

Further, low performance of financial accounts during the period not only resulted in depletion of foreign reserves but also brought the exchange rate under pressure. External sector performance as COVID-19 disrupted economic activity worldwide. Thus, in Pakistan, after a slight contraction of real GDP in FY2020, Pakistan's economy rebounded in FY2021 and FY2022.

Many policy measures were initiated to support export-oriented industries and facilitate these firms to increase export earnings.

Due to pro-business measures and recent rupee depreciation, (as per PBS data) exports marked an impressive growth of 25.0 percent during Jul-Mar FY2022 amounting to US$ 23.3 billion as compared to US$ 18.7 billion in the same period last year, survey said.

Around two thirds of the increase came from the textile sector, especially from the high value-added segment.

Pakistan's textile exporters capitalized on the policy support available including the SBP's concessionary refinance schemes for working capital and fixed investment, and the regionally competitive energy tariffs and managed to ship higher volumes to key destinations (such as the US, UK and EU).

Higher cotton prices also helped to increase the export unit prices of both low and high value-added textile products. Apart from textiles, rice exports also rebounded during Jul-Mar FY2022, mainly due to the non-basmati variety.

Supply of energy to export oriented sectors including textile at regionally competitive rates i.e. electricity at US cents 9/kWh all- inclusive and RLNG at US$ 6.

5/MMBtu all- inclusive during FY 2022. However, the existing tariff of US$ 6.5 /MMBtu for Captive Power (self-power generation) was revised to US$ 9/MMBtu w.e.f. 15.11.2021 to 31.03.2022.

Release of Rs 16 billion under Duty Drawback of taxes and levies (textiles & non textile) till third quarter of FY2022. Continuation of duty-free import of textile machinery to encourage investment in the textile sector and enhance capacities.

The global economy has faced multiple headwinds during Jul-Mar FY2022. The post COVID-19 growth rebound had contributed to higher consumer demand for many products and commodities, thereby stressing supply chains and leading to a commodity price 'super cycle'.

From late February 2022 onwards, geopolitical tensions between two major commodity producers Russia and Ukraine significantly added onto the commodity price spiral, pushing up prices of energy and food commodities even further.

Just as the higher commodity prices were pressuring external accounts of emerging markets (EMs), higher inflation out-turns in the US and other advanced economies resulted in central banks adopting a tightening monetary policy stance.

The revival of global economic activity in the first half of 2021 has boosted merchandise trade over its pre-pandemic peak, as global merchandise trade volume has increased by 9.8 percent in 2021.

The global trade grew by 26 percent and reached US$ 22.4 trillion, while services trade grew by 15 percent and reached US$ 5.7 trillion. World merchandise trade volume is projected to grow by 3.0 percent in 2022 and 3.4 percent in 2023 provided the Ukraine-Russia war does not expand further.

The total imports during Jul-Mar FY2022 clocked at US$ 58.9 billion as compared to US$ 39.5 billion in the same period last year, showing a growth of 49.1 percent.

The increase in imports is recorded in all the major groups. Multiple factors have contributed to the steep rise in imports during Jul-Mar FY2022.

Rising global commodity prices contributed significantly to the increasing import volume.

Disaggregated data on imports indicates that the energy group is the largest source of the increase in imports, contributing over one-third to the YoY increase in imports during the period. Similarly, price-led pressures were also noted across non-energy commodities imported by Pakistan, such as edible oil (palm and soybean), sugar, tea, fertilizer, and steel.

At the same time, the domestic demand for imported raw materials (such as cotton and steel) and capital goods was also elevated in the wake of the policy induced economic rebound.

Source: urdupoint.com– Jun 09, 2022

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NATIONAL NEWS

India among top 10 global economies for FDI in 2021: UN

Foreign Direct Investment inflows to India declined $19 billion to $45 billion in 2021 but the country still remained among the top 10 global economies for FDI last year, the United Nations said on Thursday.

According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report, flows of foreign direct investment recovered to pre-pandemic levels last year, hitting nearly $1.6 trillion.

However, the prospects for this year are grimmer as global FDI in 2022 and beyond will be affected by the security and humanitarian crises caused by the Ukraine war, by macroeconomic shocks set off by the conflict, by energy and food price hikes, and by increased investor uncertainty.

India, which had received $64 billion in FDI in 2020, recorded a decline in FDI inflows in 2021 at $45 billion. But India was still among the top 10 economies for FDI inflows in 2021, ranking seventh after the US, China, Hong Kong, Singapore, Canada and Brazil.

South Africa, Russia and Mexico rounded up the top 10 economies for FDI inflows in 2021.

“Flows to India declined to $45 billion. However, a flurry of new international project finance deals were announced in the country: 108 projects, compared with 20 projects on average for the last 10 years,” the report said, adding that the largest number of 23 projects was in renewables.

Large projects include the construction of a steel and cement plant in India for $13.5 billion by Arcelormittal Nippon Steel (Japan) and the construction of a new car manufacturing facility by Suzuki Motor (Japan) for $2.4 billion.

Outward FDI from South Asia, mainly from India, rose by 43 per cent to $16 billion.

Impact of the Ukraine war

The report noted that the war in Ukraine will have far-reaching consequences for international investment in economic development and the Sustainable Development Goals (SDGs) in all countries. It comes as a fragile world economy was just beginning an uneven recovery from the effects of the pandemic.

The report said the direct effects of the war on investment flows to and from Russia and Ukraine include the halting of existing investment projects and the cancellation of announced projects, an exodus of multinational enterprises (MNEs) from Russia, widespread loss of asset values and sanctions virtually precluding outflows.

It added that to date, MNEs from China and India account for a negligible share of FDI stock in Russia (less than 1 per cent), although their share in ongoing projects is larger.

The report said despite successive waves of Covid-19, FDI in developing Asia rose for the third consecutive year to an all-time high of $619 billion, underscoring the resilience of the region. It is the largest recipient region of FDI in the world, accounting for 40 per cent of global inflows.

The 2021 upward trend was widely shared in the region, with South Asia the only exception, where FDI inflows declined by 26 per cent to $52 billion in 2021 from $71 billion in 2020 as the large M&As (mergers and acquisitions) registered in 2020 were not repeated.

Inflows remain highly concentrated and six economies (China, Hong Kong, Singapore, India, the United Arab Emirates and Indonesia, in that order) accounted for more than 80 per cent of FDI to the region.

Project finance continues to grow

The report noted that international project finance announcements in industrial real estate have also grown for several years, with no let-up during the pandemic. In 2021, deal numbers tripled to 152 projects with a value of $135 billion. Large projects include the construction of a steel and cement manufacturing plant in India for $14 billion and the construction of a 960-hectare pharmaceutical park in Vietnam for $10 billion.

Further it said that more than 60 per cent of greenfield investments are in developed economies, especially in Europe (45 per cent). Of the Research and Development (R&D) investment in developing economies, India captures almost half of all projects.

In developing economies, United States MNEs targeted India in 8 per cent of the deals, mostly buying minority stakes to gain access to the market and to local innovative solutions.

For example, eBay (United States) jointly with Microsoft (United States) and Tencent (China), acquired an undisclosed minority stake in online retailer Flipkart (India), for $1.4 billion in 2017. Similarly, Paypal (United States) acquired undisclosed minority stakes in a range of Indian companies across several industries, including software providers, online brokerage systems, professional services and electronic payments (Moshpit Technologies, Speckle Internet Solutions, Scalend Technologies, Freecharge Payment Technologies).

It added that four Chinese companies accounted for 11 per cent of the deals and invested a relatively higher share in developing-economy MNEs (34 per cent) than their developed counterparts did. "They invested especially in Asia, with shares divided equally between India and South-East Asia," it said.

The report noted that investment facilitation measures undertaken by nations accounted for almost 40 per cent of all measures more favourable to investment. Many new measures concerned the simplification of administrative procedures for investment.

For example, India launched the National Single-Window System, which will become a one-stop shop for approvals and clearances needed by investors, entrepreneurs and businesses

Source: thehindubusinessline.com– Jun 09, 2022

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Iran is exploring an alternative banking mechanism to promote trade with India

In a bid to promote two-way trade with India, Iran is exploring an alternative banking mechanism within the framework of the international law, Iran's foreign minister Hossein Amir-Abdollahian said on Thursday.

"I had a fruitful discussion with Senior Ministers of the Indian government to establish such a banking mechanism," the foreign minister said speaking at an interactive meeting organised by MVIRDC World Trade Center Mumbai – an international trade promotion organisation and All India Association of Industries (AIAI) – an industry body.

Both the sides discussed the possibility of rupee-rial trade and agreed on a conducive legal mechanism to promote two-way commerce, he said. A Memorandum of Understanding was also signed between the West Asian nation and World Trade Center Mumbai to promote bilateral trade and investment as also with All India Association of Industries.

Apart from establishing a banking mechanism, the two countries have also explored the possibilities of settling trade transactions in rupee or through barter system, said the minister, who is on a three-day visit to India.

Within the framework of international law, there are existing banking mechanisms which Iran has already implemented with a dozen countries, the minister said.

The two countries have also agreed to "precipitate" investment in the Chabahar Port which has already commenced operations with investment support from Asia's third largest economy.

To supplement the port activities, Iran has also activated North-South and East-West Transit Corridors to support trade with other countries, the minister said.

Speaking at the session, Iran's Deputy Minister of Judiciary, Fattah Ahmadi, said, "Iran is clear in its intention to support trade and investment ties with India by signing an agreement on mutual legal assistance in civil and commercial matters."

The two Iranian ministers also invited Indian companies to explore trade and investment opportunities in Iran by assuring that its government will provide a conducive business environment to protect their commercial interest.

Earlier, in his welcome remarks, Vijay Kalantri, Chairman, MVIRDC World Trade Center, Mumbai, and President, All India Association of Industries (AIAI), said, “Currently, the bilateral India-Iran trade is hardly $2 billion; but there is untapped potential to raise it to as much as $50 billion if both the countries launch rupee-rial trade or barter trade that can reduce transaction cost and increase volume of trade.”

Kalantri also suggested exploring preferential trade agreements to provide fillip to bilateral trade and investment.

Source: thehindubusinessline.com– Jun 09, 2022

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Revised MSPs still about 47% lower for most of the 14 crops under scheme: Report

If the very low extent of procurement under the MSP is any indication, the very scheme is inefficient, given the low intake and massive price differences between the support and market prices, according to a Crisil analysis. The government on Wednesday announced an average 6 per cent increase in the minimum support prices (MSPs) for this Kharif marketing season (2022-23), which is the highest in the past three seasons.

But going by the past three years' data, the impact of the MSP has been almost nil on 12 of the 14 crops covered under the scheme, according to the analysis.

According to Crisil, of the 14 crops covered under MSP, only paddy and cotton saw a meaningful procurement during the past three years, with 45 per cent for paddy and 27 per cent of cotton output were procured at MSP but when it comes to groundnuts it was only 4-5 per cent of production and for pulses, it was even less.

The massive price difference is due to the fact that in fiscal 2019, the government had said going forward MSPs would be fixed at 50 per cent over the all-India weighted average cost of production.

According to the agency, three aspects have to be looked at when assessing MSPs: the increase in the cost of production, level of crop procurement at MSP and traded prices of crops.

However, from none of these parameters, the scheme is beneficial for farmers, the agency said, because both intakes at the MSPs -- which are as low as 47 per cent of the mandi price in the case of cotton and other crops, also the prices are never on par with the market prices.

Even the cost of production assessment by the Commission for Agricultural Costs and Prices (CACP) for this season is flawed and much lower than the actual cost to the tune of 5 per cent as against 3 per cent calculated, the report said.

Based on ground-level interactions, the agency estimates show the increase in the cost of production for the previous Kharif season was much higher at 5 per cent, compared to the 3 per cent shown by CACP. This was due to an increase in diesel price (which happened after the CACP assessment), which impacts machine labour that constitutes 12-13 per cent of the cost of production.

Additionally, while selling prices for fertilisers remained largely stable due to a rise in subsidies, that of pesticides was up 7-8 per cent, which is not factored in fully in the current MSP revision.

Labour and irrigation also turned dearer, which together account for 55-60 per cent of the farming cost.

The second important aspect while assessing MSP is the level of procurement since farmers can obtain the benefit of MSP only when their crop gets majorly, if not fully, procured at the MSP.

While paddy farmers in the North can benefit from the 5 per cent increase in the MSP, for cotton farmers it will be better to sell in the open market as the cotton MSP is 47 per cent lower than the mandi prices in May 2022.

When it comes to oilseeds, the MSP for soybean has the sharpest rise of 9 per cent followed by sesame and sunflower (7 and 6 per cent jump, respectively. But despite this 9 per cent increase in soybean MSP, it is still 36 per cent lower than the mandi price for May. While the mandi prices are expected to cool off during the peak arrival season in October-November, they are expected to be above the MSP for cotton and oilseeds, the report said.

Among pulses, moong has the highest rise in MSP at 7 per cent, followed by jowar at 8, and ragi at 6 per cent over last year.

Source: economictimes.indiatimes.com– Jun 10, 2022

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PM Gati Shakti National Masterplan to help achieve India's aim of USD 5 Trillion economy, says Shri Som Parkash

Shri Som Parkash, Minister of State for Commerce & Industry, today said the PM Gati Shakti National Masterplan will help achieve India's aim of USD 5 Trillion economy.

Addressing the Industry Stakeholders at the INDIA INTERNATIONAL LOGISTICS & SUPPLY CHAIN Conference, organised by PHDCCI, Shri Som Parkash, said India is one of the most attractive destinations for investment in the world and government has prepared some important frameworks to help thrive businesses in the country. One of them is PM Gati Shakti masterplan and its implementation, which will help us to achieve our aim in logistic efficiency.

An infrastructure master plan will make a difference through integrated approach by breaking the entrenched silos over six years, which has received Rs 20,000 crore allocation in this year's Budget. Propelled by seven engines – roads, railways, airports, ports, mass transport, waterways and logistics – PM Gati Shakti is an idea whose time has come, added the Minister.

The Minister appreciated PHDCCI for being the forerunner in having a specalised forum for Gati Shakti, the contribution for which will go long way in alligning the objectives with the PM's Vision of being a globally leading economy.

To help make this plan success, the Minister urged all industry stakeholders to work in this direction collectively to achieve its significant results.

Shri Amrit Lal Meena, Special Secretary – Logistics, Dept of Commerce & Industry, Govt of India, said that a lot work is being done in this direction, mainly on component cost of transportation & fuel and inventory cost to bring in logistic efficiency. Time and cost overruns are major factors of concern in the implementation of the plan. Steps are being taken to bring them down to zero level.

In PM GatiShakti master plan, 600 layers of all different ministries of state governments are integrated on digital platform for better coordination and early resolution. Gaps are identified and taken up on priority basis regarding transportation to eliminate unnecessary congestion, said Shri Amrit Lal Meena.

Shri Pradeep Multani, President, PHDCCI , mentioned that the Indian logistics sector is on a big growth tide. According to the domestic rating agency ICRA, India's logistics sector is expected to grow at a rate 8-10 per cent over the medium term. This is an improvement over the compound annual growth rate (CAGR) of 7.8 per cent at which the industry grew during the last five years.

Going forward, the government's focus is to bring down the cost of logistics from the present 14.4 per cent. The development of the logistics sector is also extremely important for the Indian economy, as it will boost exports, create jobs, and give the country a prominent position in the global supply chain, said Shri Multani.

Source: pib.gov.in– Jun 09, 2022

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'ITC, Hindustan Unilever, TT Limited and Rupa have shown interest in Bihar'

State industry minister Syed Shahnawaz Hussain said at New Delhi on Thursday that many companies like ITC and Hindustan Unilever are ready to invest in Bihar. Two leading textile companies, TT Limited and Rupa and Company Limited, have also expressed interest in setting up their units in the state.

Addressing a press meet in the national capital on Bihar's Textile and Leather Policy, 2022, Shahnawaz said: "Earlier they used to make godowns in Bihar. But now factories are being built here. Now we are inviting the industrialists of Bihar, who have gone out of the state due to lack of resources."

Elaborating about the new Textile and Leather Policy, the industry minister said it would give 15% subsidy that can go up to Rs 10 crore for setting up an industrial unit. Rs 2 per unit subsidy for electricity and a worker will also get a monthly grant of Rs 5,000 for five years. Besides, there would be 30% transportation subsidy besides Rs 10 lakh carriage (of raw and finished materials) subsidy annually for five years.

"We have made the best policy textile policy in the country. Under the policy, we are giving grant up to Rs10 crores. Besides, we are giving Rs20,000 crore for skill development in order to develop the required skill sets among the workers here and ensure employment," Shahnawaz said. He claimed that presence of weavers community is an important asset base in terms of availability of skilled and semi-skilled workers for textile units.

"Being one of the highest populated states in the country, with a population of around 14 crores, Bihar itself is a huge market base. Also due to its proximity to nations such as Nepal, Bhutan and Bangladesh and also states like Uttar Pradesh, West Bengal and all north eastern states, it is an ideal place for export or sale of textile and leather items to these nations and neighbouring states," Shahnawaz said. He added that several ethanol plants are ready for operation at Ara and Gopalganj. "Ethanol will now be produced rapidly in Bihar. Many people are coming to Bihar for this. So far, 17 plants have been approved. Thousands of people will get employment from these plants," Shahnawaz said.

Source: timesofindia.com– Jun 09, 2022

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Why is Ludhiana's apparel industry staring at losses?

Shanghai port was never so crammed. And calm too. Hundreds of behemoth cargo ships have been anchored off-shore for the last two months, as sea ripples slam against their metal walls only to fade away. That is the only sound one could hear there.

But the quiet Shanghai port has been creating a different sort of ripples across most shores of the world. Silence was never so contagious, and disturbing too.

The effect of lockdown in Shanghai -- also known as China's financial powerhouse -- has spelt doom for scores of industrial cities across the world. The supply chain is in tatters, and so is the fate of factories, their owners and workers.

One such industrial town, over 4,500km from Shanghai shores and pinned close to the India-Pakistan border, is now a pale shadow of what it used to be a few summers ago. The city, which used to produce about 90% of the country's apparel, has now some of its machinery covered under the same readymade garments, although unfinished.

The accessories -- like buttons, chains etc.-- which went into these apparels used to come from the Shanghai factories. Their journey used to end in the narrow lanes of Ludhiana's bustling Shahpur Road -- which house most of the factories.

But the seeming sense of normalcy in this crowded market for fabrics and garments belies the deep distress that the city's textile industry finds itself in. Repeated supply shocks, the latest being the closure of the Shanghai port in China, have all but brought the industry to its knees.

Ludhiana, Punjab's Rs 20,000-crore textile hub, accounts for more than 90 per cent of India's apparel production for the domestic market.

But for the last six years, it has been repeatedly hit by one setback after another. In 2016, demonetisation crippled the city's hosiery industry, which mostly comprised micro and small businesses. Then, just as it started finding its feet again, the Covid-19 pandemic piled more misery on it.

And the latest supply shock came from the closure of the Shanghai port for the last two months. Shanghai handles a fifth of China's cargo and the country holds a virtual monopoly on the supply of garment accessories such as buttons, chains, embellishments, and so on. Even though the port opened for business last week, industry insiders say that it will take over a month for the supply chain to return to normal.

Factory owners say that earlier, basic raw materials would take 15-20 days to be shipped and specialised orders would take 60 days. These supply cycles have now extended multi-fold. So, input costs for manufacturers have also gone up.

Vinod Thapar of Knitwear Club, an apparel industry association, told Business Standard that several factory owners have been forced to source their accessories locally. But the local products lack competitiveness, both in terms of quality and cost, he said.

Vinod Thapar, president, Knitwear Club (Ludhiana), says all accessories - almost 95 % - come from China. Accessories are essential in value-addition, but due to lockdown, the garment industry in India faced no supply of accessories. Unavailability of containers from China and the long time of shipping to India are a setback. Also, fabrics of jackets that are popular in India comes from China. Indian fabrics (for jackets) cannot match the products from China in quality and competitive pricing. We want good relations with China so that imports are smooth. There is demand for accessories in India.

Many retailers say that their products would not sell for even half the price without the accessories that are mostly imported from China.

Thapar and others say that though the Shanghai port reopened on June 1, manufacturers in Ludhiana have already curtailed or delayed their production plans, at the risk of not having ready stock by the time the peak season arrives in winter.

Harinder Thapar, a textile manufacturer and retailer, pointed out another problem. The depreciation of the rupee against the dollar. He said that traders will end up paying more for material.

In addition to the cost inflation in basic raw materials, the high price of crude is also severely impacting business, since fabrics like nylon and polyester are petroleum-based products.

Sudarshan Jain, president, Knitwear and Apparel Manufacturers Association of Ludhiana, said that the industry expects the prices of winter apparel to increase by 15-20 per cent this season.

Conclusion: The lockdown in Shanghai has now been lifted. The port is again buzzing with activity and ships are fanning across oceans, heading to far off cities. The relief for Ludhiana's apparel industry is also on the way.

Source: business-standard.com– Jun 10, 2022

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Cotton yarn prices decline in Delhi; steady in Ludhiana, Panipat

Cotton yarn prices dropped by ₹5-10 per kg in Delhi market as buyers were reluctant for fresh deals. However, prices remained unchanged in Ludhiana market due to thin trade as buyers adopted wait-and-watch policy.

The demand reduced to less than half of normal. Recycled yarn market in home furnishing hub of Panipat also witnessed steady prices.

Cotton yarn prices remained stable amid thin trade in Ludhiana market. A local trader Gulshan Jain told Fibre2Fashion, “Buyers were absent from the market as there was uncertainty regarding price direction. Trade reduced to mere 40 per cent of normal.”

In Ludhiana, 30 count cotton combed yarn was sold at ₹420-425 per kg (GST inclusive), according to Fibre2Fashion’s market insight tool TexPro. 20 and 25 count combed yarn were traded at ₹410-415 per kg and ₹415-420 per kg respectively. Carded yarn of 30 count was quoted at ₹360-365 per kg.

Delhi market noted declining trend due to slower buying. Cotton yarn prices dropped by ₹5-10 per kg. According to traders, there was limited buying, while stockists and traders are selling off their stocks. But spinning mills did not cut their selling prices.

In Delhi, 30 count combed cotton yarn was traded at ₹400-410 per kg (GST extra), 40 count combed at ₹440-455 per kg, 30 count carded at ₹360-365 per kg and 40 count carded at ₹400-405 per kg.

Panipat market noted stable trend in recycled yarn prices. Poor demand and downfall in cotton comber did not support sentiments in the recycled yarn market.

In Panipat market, 10s recycled yarn (white) was traded at ₹95-105 per kg (excluding GST), 10s recycled yarn (coloured - high quality) at ₹140-145 per kg, 10s recycled yarn (coloured - low quality) at ₹95-105 per kg and 20s recycled high quality PC yarn (coloured) at ₹185-195 per kg.

10s optical yarn was traded at ₹125-130 per kg in the market. The price of comber decreased to ₹140 per kg after downfall in cotton prices.

Meanwhile, cotton prices showed bearish trend in north India due to poor buying from mills. Cotton was sold at ₹10,200 per maund of 37.2 kg in Punjab market, compared to last week's price of ₹10,400 per maund.

Source: fibre2fashion.com– Jun 09, 2022

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Kitex to expand in Telanagana with a third garment unit

After launching a textile park in Kakatiya, Telangana, Kitex Garments plans to expand and set its third unit in the state. Manufacturer of infant wear, Kochi-based Kitex Garments will invest Rs 2,400 crore in Telangana over three years to set up two integrated fibre- to-apparel manufacturing clusters in the State.

Earlier, it had planned to invest Rs 1,000 crore but increased its investment seeing the response of Telangana government. The company's initiatives will help create employment opportunities for 22,000 people. Kitex has set a target to ship three million pieces made in Telangana to the export markets.

On May 7, Kitex launched its Kakatiya Textile Park unit. Within a month, it announced plans to expand even further. The government also plans to invest Rs 1,000 crore in the state, encouraging Kitex to expand its facilities further in the state.

Source: fashionatingworld.com– Jun 09, 2022

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