An ISO 9001:2015 CERTIFIED COMPANY

TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

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

IBTEX No. 120 of 2022 — June 21, 2022

CLICK HERE
To Watch Currency Outlook by CR Forex Advisors

NEWS CLIPPINGS

Currency Watch	
USD	78.04
EUR	82.17
GBP	95.79
JPY	0.58

INTERNATIONAL NEWS

No	Topics
1	China's economy displays recovery momentum in May 2022
2	Customs delays, higher freight rates impact China’s spandex imports from January to April’22
3	USA: Ocean Shipping Reform Act Awaits Biden’s Signature with House Passage
4	Better Cotton Production Grew 10% Last Year
5	China: Cotton yarn sliding more surrounded by the bearish market
6	Primark’s Giving E-Commerce a Go
7	Cotton Demand Trying to Outrun Economic Jitters
8	Vietnamese, Australian firms seek scope for tech, trade partnerships
9	May saw highest monthly increase in global ocean freight rates: Xeneta
10	Uzbekistan in trade with Central Asia
11	Europe increases its fashion exports by 10.6% in 2021, but reduces its imports

12	Pakistan: Manufacturers, traders asked to benefit from GSP+ status
13	Pakistan: Textile sector: removing structural inefficiencies
14	Bangladesh: BGMEA to showcase Bangladesh's capabilities in Germany

NATIONAL NEWS	
No	**Topics**
1	India-EU FTA talks to resume next week after a gap of 9 years
2	Boris Johnson hails India-UK FTA as 'biggest of them all'
3	Guided by PM Modi, India "batted on the forefront" during WTO negotiations: Shri Goyal
4	Leather, sports goods, textiles to gain from FTA with EU: Piyush Goyal
5	India, EU trade pact to help open doors for several domestic sectors
6	Cotton prices set to come under pressure as demand weakens, economy slows
7	Pandemic induced supply chain disruption in the fashion world
8	Garment exporters face potential loss of Rs 1,200 crore
9	Kharif cotton sowing in Gujarat likely to increase by 20 per cent
10	Karnataka farmers eye more cotton, oilseeds, pulses this kharif season
11	10% import freight cost rise to raise CPI by 0.21 pp: RBI article
12	Pink bollworm surfaces in cotton early this year in Haryana, Punjab

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

China's economy displays recovery momentum in May 2022

China's industrial production shifted from decrease to increase and the equipment manufacturing industry markedly rebounded in May this year. The fall in the index of services production slowed down and modern service industries sustained growth. Market sales picked up in the month and sale of goods for basic living and online retail sales continued to grow.

Investment in high-tech industries grew fast, growth of imports and exports of goods accelerated and trade structure continued to improve in the month, according to official statistics. Consumer price remained stable and growth of producer prices for industrial products continued to slow down.

In May, the total value added of the industrial enterprises above a designated size grew by 0.7 per cent year on year (YoY), while that in April it was down by 2.9 per cent. The month-on-month (MoM) growth was 5.61 per cent.

In May, the index of services production was down by 5.1 per cent YoY, 1 percentage point slower than the previous month.

The total retail sales of consumer goods reached 3,354.7 billion yuan in May, down by 6.7 per cent YoY, 4.4 percentage points slower than that in the previous month, or an MoM increase of 0.05 per cent.

In the first five months this year, the total retail sales of consumer goods were worth 17,168.9 billion yuan, down by 1.5 per cent YoY. Online retail sales totalled 4,960.4 billion yuan, up by 2.9 per cent. The online retail sales of physical goods were worth 4,271.8 billion yuan, up by 5.6 per cent, accounting for 24.9 per cent of the total retail sales of consumer goods.

In May, the total value of imports and exports of goods was 3,450.0 billion yuan, up by 9.6 per cent YoY—9.5 percentage points faster than that in the previous month. Specifically, the value of exports was 1,976.5 billion yuan, up by 15.3 per cent—13.4 percentage points faster than that in the previous month.

The value of imports was 1,473.6 billion yuan in May, up by 2.8 per cent YoY. The trade balance was 502.9 billion yuan in surplus.

In the first five months this year, the total value of imports and exports of goods was 16,037.4 billion yuan, up by 8.3 per cent YoY. Specifically, the value of exports was 8,943.7 billion yuan, up by 11.4 per cent; the value of imports was 7,093.7 billion yuan, up by 4.7 per cent.

In the first five months, the imports and exports of general trade accounted for 64 per cent of the total value of imports and exports.

Source: fibre2fashion.com– Jun 20, 2022

HOME

****

Customs delays, higher freight rates impact China's spandex imports from January to April'22

Net data from China Customs shows, China reduced its spandex imports 20.7 per cent to 7,140 tons from January-April'22 while exports declined only 9.5 per cent to 29.6000 tons from January-April'22. China's net exports declined 5.1 per cent on annual basis and continued to fall month by month. Imports too remained low during the period.

Exports decline by 9.5%

During the January-April'22 period, China's spandex exports declined 9.5 per cent to 29.6000 tons. As per a CCF Group report, the average export unit price of spandex increased $1.867/kg on the year.

Exports dropped gradually month-by-month as suppliers bagged lesser orders. Spandex was exported to five more nations taking total export destinations to 91 from January-April, 2022.

The biggest exports to Turkey followed by South Korea and Vietnam. Together, these three nations accounted for 50.5 per cent of China's total spandex exports. On the other hand, China's spandex exports to Bangladesh, Egypt, India and Taiwan declined 20-50 per cent over the same period of January-April,2022 last year.

Imports sees greater decline

China's spandex imports declined 1,883 tons during the period to 7,140 tons. The average import unit price increased $2.446/kg Y-o-Y to $10.872/kg. China's monthly spandex imports hit a four-year low as imports declined by 27.5 per cent M-o-M to 2,302 tons in April with import unit price averaging at $9.793/kg.

Major spandex import destinations remained Vietnam, Singapore and South Korea accounting for 77.7 per cent of total.

China's spandex imports from Vietnam, Singapore, South Korea and Japan declined 23.6 per cent, 12.5 per cent, 8.1 per cent and 30.6 per cent Y-o-Y respectively during the January-April'22 period.

Companies shift focus to Southeast Asia as China market weakens

The weakening of China's spandex market led to many MNCs concentrating on other countries during this period. Demand for spandex also rose in other Southeast Asian countries as textile and apparel production resumed.

A few MNCs also reduced Spandex distribution in mainland China and focused on consuming the material locally. China's spandex imports also suffered owning stricter disinfection of imported goods, delayed customs clearance and high sea freight rates.

Source: fashionatingworld.com– Jun 20, 2022

HOME

****

USA: Ocean Shipping Reform Act Awaits Biden's Signature with House Passage

The House of Representatives approved the Ocean Shipping Reform Act, after one final push by President Biden last week calling on Congress to "crack down" on ocean carriers.

The House voted on the Ocean Shipping Reform Act of 2022 (OSRA22) Monday, passing the bill by a vote of 369-42. The legislation is the Senate version of a shipping reform bill the House passed in December and once again in February when it was packaged as part of the United States Innovation and Competition Act of 2021.

OSRA22 gives more oversight power to the Federal Maritime Commission (FMC) to ensure U.S. exporters are not unfairly bypassed for service by carriers. Carriers would be required to prove the accuracy of late fees, or detention and demurrage, with the proper citations on a shipper's invoice of information justifying the charge. Ocean liners would also be required to report quarterly to the FMC import and export load information.

"Nine multinational ocean shipping companies formed three consortiums to raise prices on American businesses and consumers by over 1,000 percent on goods coming from Asia. This allowed these foreign companies to make $190 billion in profits last year—a sevenfold increase in one year," Congressman John Garamendi (D-Calif.) said in a statement Monday.

Garamendi, who introduced the House version of the bill last year, went on to say OSRA22 will "help crush inflation and protect American jobs."

President Biden, who was in Los Angeles last week for the Summit of the Americas, visited the San Pedro Bay ports complex to promote passage of OSRA22 on Friday, the same day the Labor Department reported the May consumer price index jumped 8.6 percent, for a historically high inflation rate.

"One of the key ways to fight inflation is by lowering the cost of moving goods through the supply chain," Biden said.

"Retailers and thousands of other businesses depend on the global maritime transportation system to move goods through the supply chain every day and continue to face significant challenges, including unfair business practices by ocean carriers," said David French, National Retail Federation senior vice president for government relations, on Monday following the House vote. "Making OSRA federal law helps address longstanding systemic supply chain and port disruption issues that existed well before the pandemic by providing the Federal Maritime Commission the additional authority it needs. Additionally, it provides critical updates to the international maritime transportation system, which has been severely impacted by COVID-19."

American Apparel & Footwear Association president and CEO Steve Lamar hailed OSRA22 as an "essential—and frankly long overdue—piece of legislation that will strengthen the resiliency of our supply chains."

"The supply chain crisis that began in 2021 and continues today, showed us how price gouging and non-competitive practices can impact American companies and American families," Lamar said in his statement released after Monday's vote.

The World Shipping Council, an organization representing ocean liners, has said the legislation does little to address the country's broader supply chain challenges. The group has called on lawmakers to instead focus on infrastructure spending.

Even with claims of anti-competitive behavior on the part of carriers fueling inflation, the FMC announced earlier this month the market for ocean freight is competitive and the high rates hitting shippers are the product of the surge in demand during the pandemic. The conclusion was part of a two-year investigation conducted by the FMC.

Source: sourcingjournal.com– Jun 20, 2022

HOME

****

Better Cotton Production Grew 10% Last Year

The Better Cotton 2021 annual report revealed that in the 2020-21 season, the program reached more than 2.9 million cotton farmers in 26 countries, growing 4.7 million tons of Better Cotton and accounting for 20 percent of global cotton production.

In 2021, Better Cotton's membership base surpassed 2,400 members in 63 countries, a 14 percent increase over 2020. These retailer and brand members, 55 percent of which now use the Better Cotton "on product" mark, sourced 2.5 million tons of Better Cotton, making up 10 percent of global cotton production, a 47 percent rise compared to 2020 sourcing volumes.

There was also a 35 percent increase in the number of non-member suppliers–including ginners, traders, spinners, fabric mills, garment and end-product manufacturers, and sourcing agents–using the Better Cotton Platform, taking the total number of suppliers in the wider network to nearly 10,000.

"We can all agree that 2021 was a challenging year, amid the Covid-19 pandemic, and growing climate and biodiversity challenges," said Alan McClay, Better Cotton CEO. "However, we remained steadfast in our commitment and purpose to promote more sustainable cotton production. Of the year's many highlights, I'm proud to share that the Better Cotton program continued to grow and deliver impact where it mattered most."

The report dives into the launch of Better Cotton's 2030 Strategy and key focus areas and priorities for Better Cotton in 2021. It notes that agriculture has a role to play in reducing emissions and the potential to store large quantities of atmospheric carbon in the soil. In 2021, Better Cotton introduced its climate mitigation target–by 2030, the program aims to reduce greenhouse gas emissions per ton of Better Cotton produced by 50 percent compared to a 2017 baseline.

Better Cotton is also developing a comprehensive four-year activity plan and detailed budget for introducing traceability into the Better Cotton network. Its top priority is to find ways to make this work deliver what consumers want in terms of traceability and what farmers need to achieve a thriving market.

In addition, last year Better Cotton invested time and resources into research to better understand what farmers need and want, whether Better Cotton is delivering on this, and how to further improve its offering for farmers and their communities.

Plus, a newly formed Traceability Panel invested over 1 million pounds ($1.22 million) in supply chain innovations.

Last year also saw the first harvest of Better Cotton in Egypt, with 1,000 tons grown by 1,500 licensed farmers. In Greece, the first harvest of Better Cotton took place and 11 licensed farmers produced 23,000 tons of Better Cotton. The Israel Cotton Production and Marketing Board became a strategic partner following the successful benchmarking of its Israel Cotton Production Standard with the Better Cotton Standard System.

Source: sourcingjournal.com – Jun 20, 2022

HOME

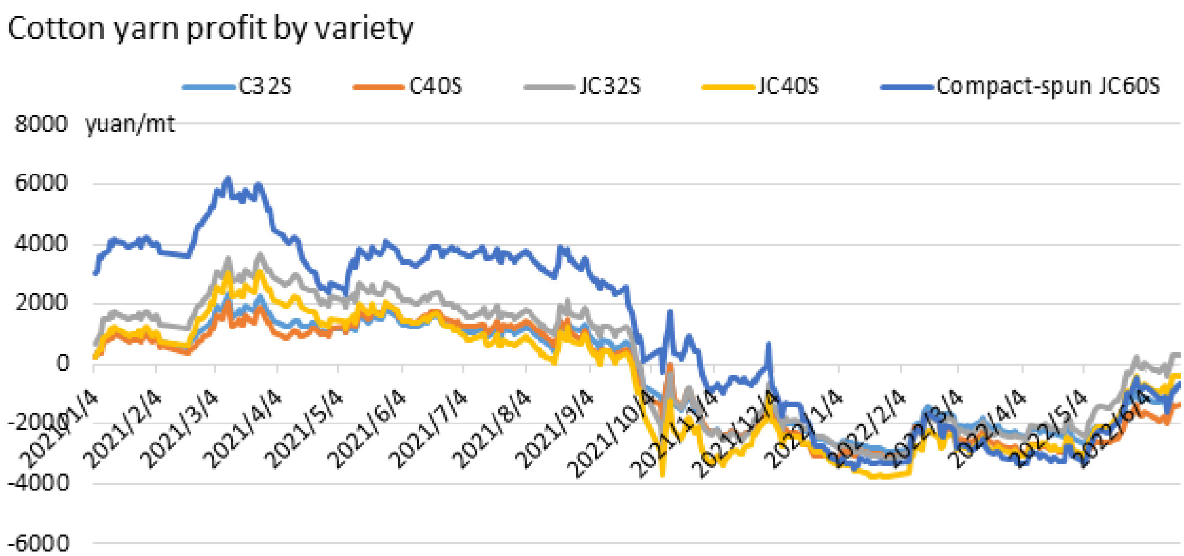
****

China: Cotton yarn sliding more surrounded by the bearish market

ZCE cotton futures nosedived recently and broke through the threshold of 20,000yuan/mt, which triggered the decline of cotton yarn in addition to weak downstream market.

Cotton yarn price stayed relatively firm in May, but cotton price fell evidently, as cotton yarn sales turned better in May than that in Apr, and cotton yarn mills were reluctant to lower prices under great losses. However, it was seen to drop intensively in the first half of May. The market moved into slack season from Jun and downstream demand faltered accordingly.

Furthermore, the continuous weakness of cotton slowed down the procurement of downstream weavers and traders, and cotton yarn inventory accumulated again. On the other hand, under the fall of cotton price, the profit of cotton yarn mills improved. Some varieties could achieved breakeven and the mills in Xinjiang also turned profitable. As a result, cotton yarn mills were more willing to destock amid pessimistic market sentiment.

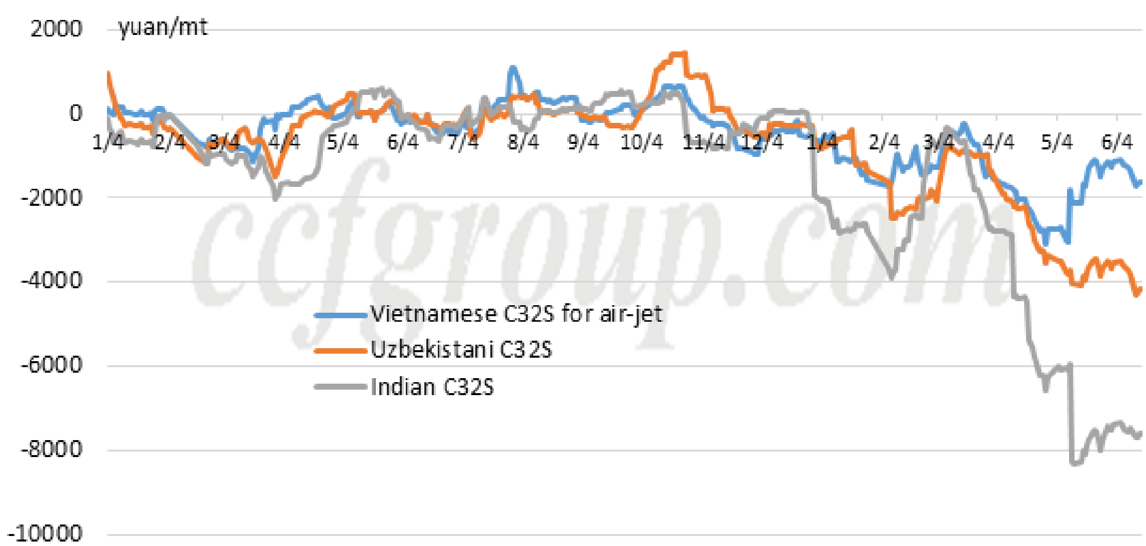


Among cotton yarn, open-end one stood out, and lower-count ones dropped less than high-count ones. Firstly, as raw materials of open-end cotton yarn, combed noil price increased over 2,000yuan/mt cumulatively, but open-end cotton yarn rose less due to soft downstream demand. Secondly, the supply of imported cotton yarn which was mainly low-count ones reduced. Since the beginning of 2022, forward imported cotton yarn price was higher than spot one.

The very scarce opportunities for placing orders reduced available spot cargos in China market gradually, so traders and downstream weavers switched to operate Chinese low-count cotton yarn. Thirdly, the restriction on Xinjiang cotton hindered the export of China increasingly.

US customs will start to launch gene detection from Jun 21. European Parliament approved the resolution on Xinjiang on Jun 9 and required the ban on Xinjiang-origin products. Europe and the US are major export destination of Chinese textile and apparel, so these actions hit the export of Chinese cotton products greatly, which also plays a significant role of stagnated sales of high-end or high-count products. At present, price spread of cotton yarn containing imported cotton and that made of Xinjiang cotton has widened to around 2,000yuan/mt, which was 1,500yuan/mt in the past years.

Price spread of forward imported cotton yarn and spot one



Nevertheless, cotton products also perform badly in China local market.

In terms of retail sales, monthly retail sales of apparel, shoes, hat and knitted products performed worse on the year than that of social consumer goods. It decreased over 10% on the year in Mar-May, with over 20% in Apr, and 8.1% cumulatively in Jan-May. Currently, the government has introduced a series of incentives to stimulate domestic demand and later consumption may improve, but it still takes some time for local market to recover all around.

In short term, the demand is not expected to turn much better in traditional slack season in Jun-Jul. There are many uncertainties in the second half year which depends on China macro economy situation and the export situation under restriction on Xinjiang cotton. On the other hand, it is close to the end of cotton crop year, but the ginners still hold a large amount of cotton stocks in hand and they are also burdened with loan payment, so cotton market is likely to weaken, and accordingly, cotton yarn price will further fall back.

Source: ccfgroup.com – Jun 18, 2022

HOME

****

Primark's Giving E-Commerce a Go

Primark will allow shoppers to collect items purchased online in one of roughly two dozen pilot stores trialing the new service in August.

The development comes as the Irish fast-fashion retailer saw traffic to its newly improved digital site climb 60 percent, with the average customer "viewing twice as many pages per session" and nearly 15 percent of browsers using the feature to see which products are in stock in store, Primark parent Associated British Foods (ABF) said on Monday.

Roughly 40 percent of the 2,000 apparel, accessories and home products available through the click and collect pilot launching in up to 25 Primark stores will be exclusive to the service. While it tests the offering, ABF said employees will manually pack click and collect orders at a dedicated distribution center and automate the process later when it's time to scale.

There's no charge to use click and collect or return items purchased through the service in store, it added.

Sales at the 403-store chain rebounded in the third quarter ended May 28, up 81 percent to 1.73 billion pounds ($2.12 billion), with year-to-date sales up 69 percent to 5.27 billion pounds ($6.45 billion). This was largely the result of all Primark stores being open in the period versus last year when some were subject to Covid-19 restrictions. Versus the same pre-Covid quarter, sales were up 4 percent.

Also encouraging is that higher prices didn't seem to scare shoppers away.

ABF said comparable sales in the U.K. and Ireland have improved, while remaining Covid restrictions are holding back some areas of the European continent. Still, ABF expects Primark to hit a 10 percent adjusted operating profit margin for the full year.

Primark apparel, footwear and accessories sales in the UK for the 12 weeks through May 1 were in line with their 2019 benchmarks on a bounce back in tourism and more people returning to their offices.

Customers responded to dresses, heels and blouses in bright colors, according to ABF, which said swimwear, sliders and beach towel sales "strengthened over the quarter as customers looked to holiday travel and leisure activities."

Licensed product for the Lilo & Stitch and Stranger Things franchises drew an "exceptionally strong customer response," it added.

It plans to open stores in Chieti and Bologna in Italy, Brno in Czechia, Tallaght in Ireland and Jamaica Avenue, in Queens, N.Y. by the end of August.

"We are making good progress in developing a strong pipeline of new stores for the next financial year and to deliver our ambition to grow our store estate to some 530 stores by the end of our 2026 financial year," ABF said.

Though Primark is banking on click and click to drum up footfall, Springboard data suggests May's UK foot traffic could be slowing down versus where it was pre-Covid. The foot traffic tracking firm believes inflation could be keeping shoppers away from stores. However, the Platinum Jubilee celebration honoring Queen Elizabeth's 70-year-reign bolstered footfall at the start of June. And warmer temperatures encouraged foot traffic in the following weeks as "hot and sunny weather drew customers to outdoor environments," it said.

"The very hot weather was a dominant feature of last week, increasing footfall across UK retail destinations, but making high streets the choice for consumers until Friday," said Diane Wehrle, Springboard's insights director. "Inevitably, once the rain hit on Saturday it was the enclosed environments of shopping centres that became more appealing."

Source: sourcingjournal.com – Jun 20, 2022

HOME

****

Cotton Demand Trying to Outrun Economic Jitters

Comes another first notice day (FND) for the cotton world this week! Either the October futures contract must jump higher to reconcile with the July contract…or the July futures contract will go off the board with the big growl of a bear and end cotton's day in the 140s, at least for now.

July futures have fought to hold 145 cents, and, based on remaining on-call sales, it appears July will go into FND still trying to move higher. Likely there are still some one million bales of on-call sales that must be fixed this week. December will likely climb back to the mid-120s with its sights on the 130-cent level.

While it never gets too hot for cotton (remembering it is a desert plant), the heat wave sweeping through the Southwest and across to the Southeast is draining moisture almost faster than the cotton plant's root system can pull moisture from the soil. This gives rise to increasing concerns regarding yields across much of the U.S.

Too, both China and India are facing a combination of heat and some drought problems. Further, the world's five largest cotton producing countries are all facing some level of uncertainly about a drought/heat reduced cotton crop. Those concerns will continue to provide price support to the December contract and should help ensure that the contract maintains its challenge of the mid-120s and keeps the door wide open for a run to 130 cents.

Demand is under pressure, but that pressure has been associated more with prices being in the 140s as opposed to December contract prices between 115 and 125 cents. With the October contract set to become the spot contract, one should expect to see more appealing news regarding good to very good demand for cotton.

Yet, inflation continues to rise, as does the near certainty of a recession. Thus, that is a bridge cotton demand will have to conquer. The Fed took a giant step toward controlling the inflation it and Congress created with its combined easy/free money policies. The overnight interest rate was raised 75 points. The economy needs more of the same.

The more economic pain the economy endures in the short run, the less pain and the shorter duration of the pain in the intermediate term. Thus, it was pleasing to see the Fed take such a stance. I commented here weeks ago that I did not think they were brave enough to increase the rate 75 points. Their action – and if they follow it with another or even larger rate increase – will make for stronger cotton demand and consumer spending.

Net export sales were excellent on the week. Upland sales totaled 406,800 bales of current and new crop along with another 1,400 bales of Pima. China purchased 371,000 bales, mostly for the 2022/23 marketing year. Shipments were good, totaling 342,500 bales between upland and Pima.

Ideally, it would be better if the U.S. could average another 50,000 bales shipped weekly. However, the fact that China booked nearly 400,000 bales for next year suggests demand is stronger than we are giving it credit for – or that the Chinese crop is suffering more than thought. Yet, likely most if not, all the sales were bought on-call.

Also, somewhat in the bull's camp is that total export sales for 2022-2023 add up to about 3.7 million bales, compared to only 2.1 million bales a year ago this week. Thus, while I remain very squeamish on the economy, cotton demand is attempting to outdistance the current forecasts.

Certainly, the cotton market is liking the higher interest rates as cotton and other commodity prices had a positive response to the rate hike. Any new bullish sentiment for cotton will prove to have an especially strong speculative pocketbook to boost prices higher. Yet, textile mills will likely see demand soften if December cotton futures move above 135 cents. December should explore new price territory.

Source: cottongrower.com – Jun 20, 2022

HOME

****

Vietnamese, Australian firms seek scope for tech, trade partnerships

Vietnamese and Australian enterprises recently sought partnership opportunities in technology and trade during a forum jointly organised in Ho Chi Minh City by the Vietnamese ministry of science and technology (MoST), the Saigon Innovation Hub, Australia's department of foreign affairs and trade, and the University of Technology Sydney (UTS).

The event aimed at supporting the business communities on both sides to cooperate in the transfer of solutions and technologies in the fields of clean energy, high-tech agriculture and digital transformation.

Australia is willing to invite Vietnamese firms to the country to explore new opportunities in clean energy as well as chances to collaborate with Australian partners in technology transfer, Australian consul general in HCM City Sarah Hooper was quoted as saying by a news agency.

Citing a survey on the demands for technology renovation in Vietnam's industrial sector, Prof. Eryk Dutkiewicz from the University of Technology Sydney said most enterprises in Vietnam want to explore and access new technologies to raise productivity and engage more deeply in the global supply chain, providing products and services with higher economic value.

However, he said, the firms need further support during the process of accessing information and advanced technologies.

Source: fibre2fashion.com – Jun 20, 2022

HOME

****

May saw highest monthly increase in global ocean freight rates: Xeneta

May saw the highest ever monthly increase in long-term contracted ocean freight rates, as the cost of locking in container shipments soared by 30.1 per cent. The unprecedented hike, revealed in the latest Xeneta Shipping Index (XSI) Public Indices for the contract market, means that long-term rates are now 150.6 per cent up year-on-year. In 2022 alone, costs have climbed by 55 per cent.

In May, the most dramatic development was seen in US import costs, which jumped by 65.1 per cent to stand 205.4 per cent up year-on-year, as new long-term contracts (which usually run from the start of May to April) came into force. The XSI US export benchmark showed a less pronounced, but still strong, upwards move of 9.9 per cent.

European long-term rates rose by 11.3 per cent on the import index (122 per cent up year-on-year), while exports recorded their largest ever monthly jump of 27.6 per cent, an impressive 138.3 per cent increase on May 2021.

Far East import and export indices both raced upwards, with the former rising by 17.4 per cent and the latter soaring 35.4 per cent, the largest ever monthly rise for this measure. Seen from a year-on-year perspective, the respective benchmarks stand 57.1 per cent and 174.8 per cent up.

“This is a staggering development,” commented Xeneta CEO Patrik Berglund. “Just last month we were looking at an 11 per cent rise and questioning how such continued gains were possible. Now we see a monthly increase of almost a third blowing the previous XSI records out of the water. The breath-taking gains reflect the sharp increase of the average of all valid long-term contracts, as older contracts, with lower rates, expire and are replaced by newer agreements with much higher rates. It’s certainly a challenging time to be a shipper.”

Oslo-based Xeneta’s XSI is compiled from real-time data crowdsourced from leading shippers, delivering in-depth insights into key global trades.

Berglund further noted: “It goes without saying that the main carriers are achieving astronomical results at the moment. Last month we saw deeply impressive figures from OOCL and Maersk and now we have Zim posting a 113 per cent year-on-year revenue jump, with an EBITDA of $2.5 billion. As a result, the management team has upgraded its full-year EBITDA to $7.8-8.2 billion.

“Shippers, on the other hand, are being bled dry, while the lockdowns in China, allied to blanked sailings from the carriers to protect softening spot rates, have, and may continue to, impact upon the supply chain. Not as much cargo as anticipated has been moved over the last couple of months and, with the peak season approaching, that could cause added disruption. That leaves shippers in a position where they’re paying through the nose for services that, to be diplomatic, may not always meet expectations. It’s a very challenging time at present.”

With the difficulty of predicting developments on even a month-to-month basis, Berglund said that mid- to long-term forecasts are ‘nigh on impossible’. Continuing regulatory investigations into carrier practices could impact on business fortunes (although no evidence of collusion or unfair practices has been uncovered so far), while China’s zero COVID policy may continue to hit industrial and manufacturing output. Exactly how these things progress, not to mention the ongoing ramifications of geopolitical upheaval, casts a shadow of uncertainty over those looking to tailor the best logistics solutions for long-term needs.

Source: fibre2fashion.com – Jun 20, 2022

HOME

****

Uzbekistan in trade with Central Asia

In Uzbekistan, since 2017, large-scale reforms have begun in all spheres of the life of the state and society. Significant changes affected the foreign trade policy, which allowed, even despite the pandemic, to increase the volume of Uzbekistan's foreign trade - writes Ruslan Abaturov

One of the most successful manifestations of reforms in this area is the change of the foreign policy vector to building mutually beneficial relations, first of all, with the nearest neighbours — the countries of Central Asia. Border crossing procedures were radically simplified — people from border areas were able to communicate freely, the level of transport communication with Central Asian countries was increased at times, and in particular, bus service was restored.

Emphasis was also placed on the accelerated increase of mutually beneficial economic and trade ties. Trade procedures have been significantly simplified, and the movement of goods across the border has become liberated. The way has opened for mutual investments. All this made it possible to multiply the volume of trade between Uzbekistan and the countries in our region. This article will focus on how Uzbekistan's trade cooperation with the Central Asian states has increased, and what qualitative changes have occurred in the structure of Uzbekistan's trade with them.

Advanced trade growth

Over 5 years, Uzbekistan's trade with Central Asian countries increased 2.6 times, from $ 2.5 billion in 2016 to $6.3 billion in 2021. Uzbekistan's exports to Central Asian countries increased 2 times — from $ 1.3 billion to $2.7 billion, and imports 3.2 times — from $ 1.2 billion. up to $3.7 billion.

The volume of trade with Central Asian countries grew faster than the total volume of Uzbekistan's foreign trade with the rest of the world, which increased by 1.7 times during the period under review, exports by 1.4 times, imports by 2 times. The share of Central Asian countries in the total volume of Uzbekistan's foreign trade turnover increased from 10.2% to 15.1%, in exports — from 10.8% to 16%, and imports — from 9.6% to 14.5%.

In addition, 2021 has become a record year in terms of trade with each of the Central Asian countries separately. Over 5 years, the volume of trade has multiplied with all Central Asian countries: with Kazakhstan — by 2 times, up to $ 3.9 billion, Kyrgyzstan — by 5.7 times, up to $ 952 million, Tajikistan — by 3 times, up to $ 605 million, Turkmenistan — by 4 times, up to $ 882 million.

Country changes in the structure of trade

Kazakhstan remains Uzbekistan's main trading partner in Central Asia by the end of 2021, but during the period under review, there has been a trend toward a decrease in its share. If in 2016 Kazakhstan accounted for 77% of Uzbekistan's trade volume with Central Asian countries, so in 2021 its share decreased to 62%. At the same time, the weight of trade with other countries has increased. The share of Kyrgyzstan increased from 7% in 2016 to 15% in 2021, Tajikistan — from 8% to 9.5%, and Turkmenistan — from 8.5% to 14%, respectively.

At the same time, structurally, Uzbekistan has significantly diversified its exports within the Central Asian region. If in 2016 Kazakhstan accounted for more than 70% of Uzbekistan's exports to Central Asian countries, then by the end of 2021, 44% were already sent to Kazakhstan. At the same time, the share of exports to Kyrgyzstan increased significantly — from 9.3% in 2016 to 30% in 2021. Accordingly, during the period under review, the share of Tajikistan in exports increased from 12.6% to 19%, Turkmenistan — from 6.1% to 7.2%.

Structural changes by country in imports are not characterized by such dynamism. The share of Kazakhstan in the total volume of imports to Central Asian countries decreased from 82% in 2016 to 74% in 2021, and Kyrgyzstan and Tajikistan remained virtually unchanged at 4% and 2.8%, respectively. Turkmenistan's role in imports has increased — from 11% to 19%.

Commodity changes in the structure of trade

As noted above, in recent years, the role of Central Asian countries in Uzbekistan's trade has increased and reached 15% of the total volume of foreign trade. Uzbekistan, being twice a remote country from the world ocean and limited in the use of all the advantages of maritime trade, strives to maximize the trade potential of the surrounding states.

In 2017, almost 75% of Uzbekistan's commodity exports to Central Asian countries accounted for three groups of goods — food (30.8%), mineral products (29.8%, mainly fuel and energy products) and chemical products (13.9%). And in 2021, they already accounted for less than half of exports — 40%. At the same time, textile and clothing products (22%) and machinery, equipment, and electrical products (21.4%) took the first roles in exports. The share of food in commodity exports decreased to 20%, mainly due to a decline in the volume of exports of fruits and nuts by almost 25% from the level of 2017 and more than 2 times compared to the level of 2019. The share of mineral products in exports decreased to 6.4%, mainly due to a decrease in natural gas exports.

The share of chemical products in Uzbekistan's exports to Central Asian countries in 2021 remained unchanged at 13.7%. In this group, the key export products are fertilizers, whose share in exports amounted to 5.9%, and polymers, whose share slightly decreased from 5.6% in 2018 to 4.9% in 2021.

Exports of textiles and clothing to Central Asian countries increased 4.4 times and amounted to $ 490 million in 2021. The growth was mainly due to an increase in clothing exports by 5 times — from $ 50 million in 2017 to $ 250 million in 2021. It is also necessary to note the increase in exports of silk products to Central Asian countries during the period under review from 111 thousand dollars to 22 million dollars. In addition, the export of knitted fabrics increased by 16 times, home textiles by 9 times.

Also, the countries of Central Asia are the main market for Uzbek shoes. The export of footwear products in 2017-2021 increased 3.5 times, from 10 to 35 million dollars.

In the years under review, Uzbekistan has been actively increasing exports of motor vehicles to the market of Central Asian countries. In particular, the volume of car exports increased by 8.7 times, from $30 to $264 million, and the share of Uzbekistan's total exports to Central Asian countries increased from 1.2% in 2018 to 15% in 2021.

Click here for more details

Source: eureporter.co– Jun 20, 2022

HOME

****

Europe increases its fashion exports by 10.6% in 2021, but reduces its imports

Fashion foreign trade in Europe is recovering twice as fast. In 2021, European textile and clothing exports increased by 10.6%, while imports fell by 7.5%, according to the latest data collected by the European textile employer Euratex. The entity does not provide a comparison with 2019. Consequently, the trade deficit of the textile and clothing sector in Europe improved in 2021although it continues to be significant, of 48,000 million euros.

The rise in exports was motivated by the increase in demand from Switzerland, China and the United States. On the other hand, exports of textiles and clothing to the United Kingdom registered a decrease of 23%. Euratex attributes the drop to Brexit, customs delays and a shortage of truckers. Imports to the United Kingdom also decreased in the last year, with a decline of 48%, the equivalent of 3,000 million euros. European textile and clothing imports fell by 7.5% in 2021

For its part, textile and clothing purchases from China contracted 28% in 2021partly due to the high comparable base of 2020 derived from the demand for masks and medical devices. The employers also strongly condemned the war in Ukraine, and has offered its support to the Ukrainian textile industry. “Ukraine offers valuable sourcing opportunities for European textile and clothing companies, as part of the relocation trend,” says the entity.

Last March, Euratex called on the European Union to control the rise in gas and oil prices, which shot up after the outbreak of the war in Ukraine. “Euratex supports the measures taken by the European Union in the Russian-Ukrainian conflictbut it asks the European Union and the member states to compensate for the situation through subsidies, or the elimination of taxes on the environment”, argued the employers.

The textile and clothing industry in Europe is made up of around 154,000 companies employing 1.47 million workers. The sector exports goods worth 53,000 million euros.

Source: cuba.detailzero.com– Jun 20, 2022

HOME

****

Pakistan: Manufacturers, traders asked to benefit from GSP+ status

Speakers at a seminar here on Sunday urged the small-scale manufacturers and traders to take full benefit from the special EU scheme of GSP+ to enhance the country's exports and stabilise economy.

They said that the Generalised Scheme of Preferences Plus (GSP+) status granted by the European Union had allowed a duty-free access of Pakistani products to the EU markets to enhance the country's exports.

The seminar titled "EU and Pakistan's Small and Medium Enterprises (SMEs) – Engine of Development and Partners" was held under the auspices of EU-Pakistan Business Forum-2022 in Peshawar. Thomas Seiler, charge d'affaires of the European Union Delegation to Pakistan, was the chief guest on the occasion, according to a statement.

Sarhad Chamber of Commerce and Industry senior vice-president Imran Khan Mohmand represented the Khyber Pakhtunkhwa business community at the forum. Stakeholders, officials from government departments, exporters attached with precious and semi-precious stone sector, small-scale manufacturers, traders and others were also in attendance.

Appreciating the hosting of EU-Pakistan business forum -2022 in Peshawar, Mr Mohmand said that vast opportunities were available to boost exports and bilateral trade with EU countries. He said that along with textile and fabrics other important sectors of Pakistan should also enhance exports to the EU market under the scheme to help stabilise the local economy.

The SCCI office-bearer noted that export of Pakistani products to EU market had enhanced after the grant of GSP+ status, in which textile and fabrics had a major share. However, he stressed the need for taking full benefit from the GSP + status, allowing duty-free access of Pakistan's products to the EU market. Thomas Seiler on this occasion also asked the small traders and manufacturers to take full benefit from the EU scheme.

Source: dawn.com– Jun 20, 2022

HOME

****

Pakistan: Textile sector: removing structural inefficiencies

The textile sector continues to steer Pakistan's economy through difficult conditions, consistently outperforming other sectors and adding value. Textile and garment exports increased by 23 percent year on year to $15.4 billion in 2020-21, and are expected to go up to $20.5 billion by the end of FY22.

There has been particularly impressive growth in higher-value bedsheets, knitwear, and woven garment exports, coupled with a decrease in lower-value exports. Seventy percent of textile exports were of items that had undergone extensive processing to make value-added products. This indicates a new paradigm of demand for higher value addition that has taken over textiles globally, and in which Pakistan is still playing catch-up.

Despite its immense potential, Pakistan is currently under-represented in the high value garments and fashion sector. There are several measures that need to be taken in order to accelerate the required paradigm shift. The current production of yarn and greige cloth that is not converted into higher value products can add $12 billion per annum if converted into garments.

In order to take advantage of this opportunity, the textile industry needs to setup 1000 garment plants with each plant consisting of 500 stitching machines at an investment of $7 million. Each plant would be able to produce garments for exports of $20 million, while generating employment for 700 workers. The total investment would be US $7 billion generating annual incremental exports of $20 billion and providing employment to 700,000 workers. 1000 garment plants could be established near major textile producing cities — Lahore, Karachi, Sheikhupura, Faisalabad, Kasur, Multan, Sialkot, Rawalpindi and Peshawar.

However, enhanced exports rely heavily on continuous and uninterrupted supply of gas and electricity to the entire value chain at regionally competitive energy tariffs – which is the main reason why Pakistan's entry into these markets has been laggard. New projects and expansions have not been energized since November 2021 due to non-provision of energy. The 50% gas supply is completely insufficient to run the business normally, and as a result, 20 to 25% capacity is closed.

Power supply quality to textile industry is largely compromised and a serious concern for the industry. Given that sophisticated machinery is involved in production, inordinate shutdowns, breakdowns, fluctuations and interruptions have wreaked havoc and resulted in huge losses to the industry and to the national exchequer. The output of textile units operating on electricity is therefore hovering at less than 80% of installed capacity.

It is essential for the government to ensure regionally competitive energy prices across Pakistan throughout the value chain, restore the priority of the textile sector in supply of gas and no-load shedding, and fast track the applications of pending industrial electricity connections.

This is not to say that things have not been improving — growth despite the absence of a supportive environment has actually been quite impressive. From 1947 to 2018, Pakistan could only achieve $13 billion in textile exports, but in just the last four years, textile exports have doubled. By the end of FY23, we are hoping to achieve textile exports of at least $ 25 billion.

The textile sector invested $ 5 billion last year through TERF/LTFF, which has added to the export potential by at least $5 billion per annum. As a result of this investment, additional capacity of 1.25 million spindles, 6000 air jet looms, and 3 million square meters was installed.

If the private sector is enabled to step in and take charge of the shift to higher value-addition, it will be a game changer for Pakistan. For this to materialize, intermediate products must be available at affordable and internationally competitive rates. The LTFF scheme would have to be extended to entire value chain since the whole value chain requires upgradation and modernization to meet export targets. Turnover tax must be reduced to 0.5 percent and turnover tax loss should be carried forward.

Furthermore, the implementation of the Textile Policy 2025 is absolutely essential to create the policy environment in which exports can thrive. The Textile Policy 2025 was developed through extensive consultations with the entire industry and provides a comprehensive framework for the sector to expand exports rapidly to enable a sustainable economy.

Coming back to the ultimate goal of value-addition, it is important to emphasize that the international Man-Made Fiber (MMF) to cotton ratio is 70:30, while in Pakistan it has remained at 30:70 for the past several years, making it difficult to increase our share of international textile trade significantly.

We cannot dream of higher economic growth without moving into value-addition, particularly in the highly productive textile sector, where the predominant focus is on cotton. Textile millers need to prioritize the use of specialized yarn and tap into the growing market for sportswear and athleisure. Relying on short staple fiber raw cotton is a myopic approach that essentially centers a shrinking market while neglecting the high demand for MMF products. Meanwhile, the MMF tariff regime prevents Pakistan from aligning its products in tandem with the rest of the world. The demand for MMF has grown exponentially owing to the convenience it affords as a cheap material used in the production of the ever-relevant active-wear trend.

However, the duty protection given to obsolete plants in Pakistan is denying the Pakistani industry any chance to compete in this booming market, internationally or domestically. This brings us to the issue of polyester staple fiber, a raw material of the industry upon which it would be unreasonable to apply any duties. Alarmingly, at present there is a 7% customs duty on the import of polyester staple fiber. This racks up the total import duties, which subsequently fall in the range of 20% including antidumping duty. This must be abolished if our industry is to have any chance of being competitive.

As the Anti-Dumping Duty (ADD) is now applicable on imports through DTRE, etc., the overall impact of the PSF duties is that our exports will be limited to cotton products only while the world now seeks high performance and innovative apparel which are only possible through the use of MMF material.

As for cotton, Pakistan has potential and capacity to produce 20 million bales annually. Under these circumstances, we are unable to understand that why we should be spending $ 3-4 billion on import of cotton every year when this can be grown domestically. A focused high-powered commission on cotton must be established immediately.

The sector's zero-rating must be reinstated, given 80 to 90 percent of its products are exported, as the collecting and refunding costs are more than the sales tax yields. There is a total collection Rs 18 billion, while exporters suffer in the form of delayed, deferred and pending refunds. According to a recent IMF report, the cascading impact of GST has significantly harmed Pakistani exporters' competitiveness.

Export-oriented industries in Pakistan are 25 percent more productive than non-export oriented businesses, and their productivity increases with an increase in economic activity. However, structural inefficiencies cannot be exported, so it is essential to first mitigate them from all inputs. Since exports in Pakistan are labor-intensive, expansion in this industry is a surefire way to ensure large-scale job-creation, as well as an increase in foreign currency to pay for required imports.

The problem does not lie in a lack of policy development, but rather in the implementation of reforms. With a greater focus on implementation, there can be a tangible impact on sustainable development and economic growth, thereby greatly enhancing the position of the textile industry and Pakistan's exports by 2030.

Source: brecorder.com– Jun 21, 2022

HOME

****

Bangladesh: BGMEA to showcase Bangladesh's capabilities in Germany

For the first time, a delegation of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) comprising member factories specialised in manufacturing technical textiles-based garments will participate in an international trade exhibition - Techtextil - in Germany.

The leading international trade fair for technical textiles and nonwovens will begin today at Frankfurt in Germany.

International exhibitors will be showcasing a vast spectrum of technical textiles, functional apparel textiles and textile technologies at Techtextil organised by Messe Frankfurt from June 21 to June 24, said a press release.

Manufacturers from all over the world will be presenting their leading products and technologies for the apparel industry and other textile processing segments in the trade show, including textile products from high-tech fibres, functional apparel fabrics and smart textiles to composites and nonwovens.

The delegation, headed by BGMEA vice-president Shahiduallh Azim, will showcase the strengths of Bangladesh's RMG industry, especially its prioritised focus on man-made fibres (MMF) and growing capabilities in producing value-added apparels made from non-cotton and technical textiles.

The Export Promotion Bureau (EPB) is supporting the Bangladeshi delegation in participating in the exhibition.

The trade show will be a vast platform for Bangladesh's apparel industry to brand Bangladesh as a promising manufacturer of high-end non-cotton apparels.

The RMG industry of Bangladesh is increasingly focusing on apparels made from MMF to meet the rising demand in the global market where consumers are switching from cotton to blended fabrics.

About 75 per cent of the total global apparel consumption is non-cotton, whereas Bangladesh's exportable garment items are largely based on cotton, which is more than 74 per cent.

Hence there lies huge potential for Bangladesh to diversify its export basket to non-cotton items, including technical textiles ones.

Source: newagebd.net– Jun 20, 2022

HOME

****

NATIONAL NEWS

India-EU FTA talks to resume next week after a gap of 9 years

India and the European Union (EU) will resume negotiations next week for a proposed free trade agreement after a gap of nine years. The talks are expected to result in a pact that will catalyse investments from the 27 EU countries into India, commerce and industry minister Piyush Goyal said on Monday. The proposed agreement will also give boosts to exports of pharmaceuticals, textiles, agricultural, leather and handloom products, Goyal said. “We will get access to high end technologies from 27 EU countries while our services sector will gain from this trade agreement,” Goyal said.

The resumption of the negotiations, from June 27, were finalised in Brussels last week after a meeting between Goyal and European Commission’s executive vice president Valdis Dombrovskis. Both the sides will launch a stand-alone Investment Protection Agreement (IPA) and the Geographical Indicators (GIs) Agreement.

IPA aims at providing a legal framework for cross-border investments to enhance the confidence of investors, while the GI pact is expected to provide a common regulatory environment in facilitating trade of GI tagged products, including agricultural, food and handicrafts.

In India, there are 417 registered GI products such as Darjeeling tea, Basmati rice, Kanchipuram silk etc, which possess qualities or a reputation due to their geographical origins.

Formal negotiations between the two sides for the FTA were stuck over stark differences after 16 rounds of talks between 2007 and 2013. The EU insisted that India scrap or slash hefty import duties on sensitive products such as automobiles, alcoholic beverages and dairy products, and open up legal services.

Similarly, India’s demand included greater access to the EU market for its skilled professionals, among others. However, both sides have now decided to take the negotiations to a logical conclusion.

The EU, even after Brexit, continued to be India's largest export destination (as a bloc) in FY22, although it has lost some appeal. The country's outbound shipments to the EU jumped 57% on-year in FY22 to $65 billion, albeit on a contracted base. Similarly, its imports from the EU jumped 29.4% last fiscal to $51.4 billion.

In April, India and the EU 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.

India signed an FTA with the UAE in February, New Delhi's first such pact with any economy in a decade, and sealed another trade deal with Australia in April. Currently, it is also negotiating FTAs with the UK and Canada. The Gulf Cooperation Council, too, has evinced to sign an FTA with India.

Source: financialexpress.com– Jun 21, 2022

HOME

****

Boris Johnson hails India-UK FTA as 'biggest of them all'

British Prime Minister Boris Johnson on Monday reiterated the Diwali timeline for a draft India-UK free trade agreement (FTA), declaring that the proposed trade deal with New Delhi would be the biggest yet in the post-Brexit context.

In a statement to mark the start of the Commonwealth Heads of Government Meeting (CHOGM) in the Rwandan capital of Kigali on Monday, Johnson plugged for the "Commonwealth advantage" which added immense value to all 54-member countries of the organisation.

He pointed out how India, as the largest member of the grouping, will be at the same table as the smallest for CHOGM, indicating the diverse strengths of the Commonwealth.

"The Pacific archipelago of Tuvalu (population of 11,000) will be at the same table as India (population 1.3 billion). Yet for all the differences between us, we are joined by an invisible thread of shared values, history and institutions and of course the English language," Johnson writes in 'The Daily Telegraph' newspaper.

"All of this creates a unique opportunity for Britain whereby the Commonwealth—and only the Commonwealth— combines vast and rapidly growing markets with a real and quantified trading advantage. That is why we are mobilising the UK's regained sovereignty to sign free trade or economic partnership agreements with as many Commonwealth countries as possible. So far we've done 33, including Australia and New Zealand, and we're aiming for India, the biggest of them all, by Diwali in October," he said.

It was during his visit to India in April that Johnson and Prime Minister Narendra Modi had announced that the negotiating teams on both sides must work towards a Diwali timeline for the completion of a draft free trade agreement.

The teams are now in the midst of the fourth round of FTA talks, with the Commerce Secretary flying in from India for the ongoing negotiations in the UK.

"Things are going so well, we are completing chapters so rapidly and making progress on the other chapters yet to be completed," Indian High Commissioner to the UK Gaitri Issar Kumar told reporters at a farewell event organised for the outgoing envoy by the Indian Journalists' Association (IJA) in London on Friday.

"The interesting thing which I learnt is that our Ministry of Commerce has opened up so many more areas to the UK, more than the other countries, and I am really happy that is happening. As the envoy of my government in the UK, I would really like to see this to be the best FTA of India with any country because I just feel there are so many complementary strengths… just the fact that we are engaging so intensively is a very good sign," she said.

During a visit to the UK last month, Commerce and Industry Minister Piyush Goyal had also indicated good progress towards the Diwali deadline.

"With the UK, we had agreed to do an early harvest agreement—basically, to grab the low-hanging fruits and leave the more difficult elements for the next stage… But the way things are progressing, we'll actually land up doing a full FTA with the UK by Diwali," he said at the time.

The focus of the FTA negotiations is on reducing the barriers to trade, cutting tariffs, and supporting companies to export.

According to the Confederation of British Industry (CBI), an FTA with India is expected to nearly double UK exports to India.

A trade deal is also expected to boost Britain's total trade by as much as £28 billion a year by 2035 and increase wages across the UK regions by £3 billion, according to industry estimates.

"A free trade agreement with the world's fastest growing economy is now within touching distance, and to clinch that deal a focus on lowering barriers to trade is now essential," said CBI President Lord Karan Bilimoria, who recently launched the UK India Industry Taskforce as a joint commission to increase cross-industry collaboration on the FTA talks.

According to the UK's Department for International Trade (DIT), India-UK bilateral trade currently stands at around £24 billion a year.

In May last year, Johnson and Modi clinched an enhanced trade partnership with the goal to at least double bilateral trade to £50 billion by 2030.

Industry experts hope this figure could be boosted further with the conclusion of the FTA.

Source: thehindubusinessline.com– Jun 20, 2022

HOME

****

Guided by PM Modi, India “batted on the forefront” during WTO negotiations: Shri Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal, today said India has emerged as the voice of the Developing and Least Developed Countries (LDCs) in the recently concluded 12th Ministerial Conference (MC12) of the WTO in Geneva.

Addressing a press conference here today after leading the Indian delegation to the MC12, Shri Goyal said several decisions have emerged from the MC12 after a long time. Guided by the vision of Prime Minister Shri Narendra Modi, India “batted on the forefront” during negotiations on various issues.

“In fact, a statement also has emerged out of WTO after seven years,” said Shri Goyal, a day after returning from the Europe visit. “Almost every WTO decision bears India’s signature, India is seen leading from the front and India’s concerns are visible prominently in the outcome documents. We have been cent percent successful in stating our point of view, getting our agenda approved at the talks,” he added.

Shri Goyal said there has been progress during the MC12 at the WTO on several issues, a slew of international agreements have been arrived at after a gap of several years. India not only secured the interests of its farmers, fishermen, MSME sector, poor people and all sections but also ensured their concerns are preserved in the future.

Shri Goyal said we neither came under any pressure, nor buckled under pressure at any time. Far from being initially projected as a ‘Deal Breaker’ by certain countries, India finally emerged as a ‘Deal Maker’ at the WTO talks, he said.

“In fact, few countries stated that India was not allowing any agreement. Reality was very different! The reality was that a few countries created hurdles towards agreement with the vain hope that they could rope in India later, make India hop the bandwagon and that India’s voice is lost in the din,” he said.

Shri Goyal said before the MC12 everybody had written off multilateralism, stating that bilateralism is the way forward but the MC12 has been the most successful conference.

“No one expected agreements on an array of issues. We have come up with very important decisions. This WTO's success is largely because of India's leadership as we helped navigate everybody's view point,” he said.

Shri Goyal said India’s motto of ‘Vasudhaiva Kutumbakam’ (The World is One Family) echoed during the MC12 and India strongly put forth the cause of the poor and vulnerable sections.

“The world has recognized that India has a point, India’s agenda has a strong reasoning, our arguments represent bare truth and there is sensitivity in our motive,” he said.

Source: pib.gov.in– Jun 20, 2022

HOME

****

Leather, sports goods, textiles to gain from FTA with EU: Piyush Goyal

Ahead of the next round of negotiations between India and the European Union on the proposed free trade agreement (FTA) at the end of this month, commerce and industry minister Piyush Goyal said on Monday that the pact will give greater market access for several domestic sectors such as textiles, leather and sports goods in the EU.

The two sides revived the talks on June 17 after a gap of more than eight years for agreements on trade, investments and geographical indications (GI). A GI is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin.

The next round of negotiations will take place from June 27-July 1 in New Delhi.

"It will open the doors, we believe, to our textiles, leather, pharma, sports goods, some agri products, handicrafts, handlooms. All this will get a bigger market. Our exports will increase," said Goyal.

India had started negotiations for a trade and investment pact, called the Bilateral Trade and Investment Agreement (BTIA), with the 27-country economic bloc in 2007 but the talks were stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles and spirits, and the movement of professionals.

Goyal said that the EU has strength in modern technologies, high-end precision equipment and "we will get the benefit of their modern technologies".

Source: economictimes.com– Jun 21, 2022

HOME

****

India, EU trade pact to help open doors for several domestic sectors

The proposed free trade agreement with the European Union, when implemented, will provide greater market access for several domestic sectors such as textiles, leather and sports goods in the EU market, commerce and industry minister Piyush Goyal said on Monday.

After a gap of over eight years, India and the EU on June 17 formally resumed negotiations for agreements on trade, investments and Geographical Indications (GI). The next round of negotiations will take place from June 27 till July 1 here.

India had started negotiations for a trade pact, dubbed the Bilateral Trade and Investment Agreement (BTIA), with the 27-country economic bloc in 2007, but the talks stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles and spirits, and the movement of professionals.

Goyal said that the EU is a large market with 27 countries which are prosperous. It is one of the largest trading blocs, having a big share of the world's market. "It will open the doors, we believe, to our textiles, leather, pharma, sports goods, some agri products, handicrafts, handlooms. All this will get a bigger market. Our exports will increase," he told reporters here.

EU, he said, has strength in modern technologies, high-end precision equipment and "we will get the benefit of their modern technologies". In the services sector also, both sides would get an opportunity to support each other and expand trade. "We will get a larger flow of investments from Europe. It will be a win-win for both the countries," he added.

India's merchandise exports to EU member countries stood at about USD 65 billion in 2021-22, while imports aggregated to USD 51.4 billion. A GI is primarily an agricultural, natural or a manufactured product (handicrafts and industrial goods) originating from a definite geographical territory.

Source: business-standard.com– Jun 20, 2022

HOME

****

Cotton prices set to come under pressure as demand weakens, economy slows

Growers likely to opt for higher acreage in view of elevated prices this season

With demand weakening amid a slowdown in the global economy, cotton prices in the global market are set to come under pressure, experts have said.

"There is no demand for yarn from spinning mills. They are losing about ₹30-40 a kg in yarn sales. But stocks are limited with them. This is stopping the price from falling at the pace it should have been," said Anand Poppat, a Rajkot-based trader in raw cotton, yarn and cotton wastes.

"A higher level of inventory with retails globally in the slowing demand environment has created a sluggish trend across the value chain in textile manufacturing," said Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF).

11-year peak

US-based research agency Fitch Solutions Country Risk and Industry Research (FSCRIR) said it believes global cotton prices have peaked as "demand starts to weaken amid a slowing global economy with rising risks, while increased plantings and better weather for the next season are set to increase production".

It said second-month cotton futures on the Intercontinental Exchange (ICE), New York, had increased from 111 US cents a pound at the start of the year to a peak of 155 cents on May 4 - the highest since 2011 when prices hit 203 cents. Prices are currently hovering around 125 cents. Fitch Solutions said it expects more weakness in the coming months, especially on increased production in India, the US, China, Pakistan and Brazil with the harvest season starting from August onwards.

Cotton futures on ICE for delivery in July are currently quoted at 143.45 cents (₹87,700 a candy of 356 kg), while cotton is on cash available at 134.14 cents (₹82,000). October and December futures are quoted at 125.14 and 118.29 cents.

On Zhengzhou Commodity Exchange, cotton for July delivery was quoted at 19,510 Chinese yuan a tonne (₹83,125 a candy), while September futures ruled at 19,555 and November at 19,285 yuan, respectively.

No buyers, sellers

In contrast, Indian Shankar-6 cotton, the benchmark for exports, is quoted at around ₹95,000. On the Multi-Commodity Exchange, the July contract is quoted at ₹46,330 a bale of 170 kg (₹97,020 a candy).

“There are neither buyers nor sellers at these prices,” said Poppat.

Usually, Chinese cotton prices rule higher than Indian cotton rates. But now they are ruling lower than the Indian price. It is a fair indication of how things will pan out over the next few months, said the Rajkot-based trader.

“We are expecting 3-4 months of demand contraction which will only lead to the softening of prices and then trade will return to routine business with the exhaustion of inventories. We need to work in the normalised demand environment like the pre-Covid period in the subsequent quarters,” said ITF’s Dhamodharan.

Bull-whip effect

FSCRIR said the elevated price for cotton has increased producers’ confidence, leading to higher cultivation globally. In China, government initiatives will also provide confidence to growers.

“We are confident of cotton prices correcting to normal levels in the upcoming cotton season,” said Prabhu.

Poppat said the difference of 25 cents between July and December futures was high and prices of December could rise to 120 cents.

Prabhu said: “Even a 10-15 per cent drop in demand and 15-20 per cent higher production which is very much possible can create a bull-whip effect and bring down cotton prices to nominal levels in the upcoming cotton season.”

On-call sales

The other factor that could impact prices is that nearly 121,015 US cotton bales, equivalent to 1.61 lakh Indian cotton bales, have been sold by traders in short positions. The feature of “on-call sales” is that a buyer purchases cotton from a seller or speculator without fixing the price and buyers usually look to settle the contract when prices rule low.

Meanwhile, 9.5 lakh tonnes of cotton have been imported till now. The Centre has allowed the import of cotton duty-free until September 30 to help the industry get quality cotton and tide over the supply issues.

Imports were also allowed to cool down domestic prices which had surged past a record ₹1,00,000 a candy in May this year. In particular, the textile industry had complained of a shortage of quality cotton.

Indian cotton’s quality was affected by unseasonal rains during October-November last year. The rains also resulted in output estimated being lowered from 360.13 lakh bales in October to 315.32 lakh bales by the Cotton Association of India.

Cotton prices had surged to an 11-year high this year on lower global production and higher demand this year. But the Russia-Ukraine war and the resulting inflation due to a flare-up in energy prices have dampened demand and the textile sector’s outlook.

Source: thehindubusinessline.com– Jun 20, 2022

HOME

****

Pandemic induced supply chain disruption in the fashion world

The greatest impact of the Covid 19 virus, undoubtedly, was on the health and wellbeing of people all over the world. The consequent lockdowns that were imposed had a rippling effect on every aspect of the social and economic fabric of communities. All sectors of the economy spiraled downwards like never before and are still recovering from the onslaught. The world has lost over 4 trillion dollars, and India, the second-largest hit country after China, has witnessed a loss of 52.6 lakh crore in GDP.

The fashion industry is one vertical that has never seen a dull day over the past several decades. The industry is so versatile and inclusive, running consistently with a hundred per cent market share, that it thrives no matter what. The first-ever experience of heading south was during the pandemic that jolted the fashion industry out of its complacency. Most other sectors have witnessed fluctuations of some sort or the other, but this perhaps was the first big setback for this industry.

The travel-tourism industry, as well as the logistics industry, were perhaps the worst hit in recent times. With logistics coming to a grinding halt, the fashion industry invariably buckled. The demand side of the business as well as the supply side of the apparel and accessories vertical took a huge beating.

Demand hit rock bottom with lockdowns which led to social distancing, closure of retail business outlets, customer thrift and saving, and prioritizing essentials, among other factors.

On the supply side, shut down of production, breakdown of logistics, import restrictions, non-availability of raw materials, and acute escalation in the price of raw materials and logistics, all of these had a consolidated impact on supply chain, affecting production.
Break down in the supply chain

India makes up about 16 per cent of textile imports to the US and about 5 per cent of apparel and accessories, according to Peterson Institute for International Economics.

India is the world's second-largest exporter of textiles and apparel with a massive raw material and manufacturing base. The textiles industry is a significant contributor to the economy, both in terms of its domestic share and exports. It contributes about 7 per cent to industrial output, 2 per cent to the GDP and 15 per cent to the country's total export earnings.

The pandemic affected a complete dissociation in the supply chain in this industry. The shutdown of China, a major exporter of raw material, followed by India, Bangladesh, Vietnam and Thailand left the global fashion industry in a lurch, particularly in the Western markets. Textile and apparel manufacturing units, the next link in the chain, too shut down. Of course, with cargo ships and airlines remaining anchored and hangered, international logistics was stalled. Domestic logistics, majorly trucks, remained stationary, hitting the local movement of raw material and finished products.

Economic crisis

As a result, major apparel retailers and brands postponed or canceled orders worth billions of dollars, which included those that were already manufactured and stood ready to be shipped, in a scramble to minimize losses and keep shareholders happy.

The fashion industry is always in a state of flux. Trends change at a very rapid pace. Hence, design, procurement and production are executed several months before the finished product hits the retail market. Payment for the garments is not given until they have been shipped, which is standard practice.

The consequence of this present payment process places the suppliers and their workers in a highly perilous and vulnerable position. It is estimated that western brands, for instance, canceled around $ 2.8 billion of existing orders in the wake of the pandemic.

Cotton, silk, and denim from India are highly popular abroad so are the raw gems, and Indian design talent has found success across fashion centres around the world. With the cancellation of orders by the western brands, the Indian fashion and apparel market thus incurred huge losses. While India constitutes a smaller fraction of imports as compared to China, it still plays a significant role in certain sectors, which makes it difficult to shift the supply chains outside the country.

Loss of livelihood

This industry is one of the largest job creators in the country, employing about 45 million people directly. However, it was those at the bottom of the supply chain that was most affected, as the pandemic forced many suppliers to suspend or lay off millions of factory workers, often without severance and pay. They have pushed an already threatened group into hardships and greater poverty. Such an unfair system has been exposed during the pandemic.

At least 1.2 million garment workers in Bangladesh alone have been furloughed, as reported by the Bangladeshi and Garment Manufacturers Exporters Association (BGMEA). Manufacturing associations, exporters and labour groups were urging the brands to not cancel the orders to mitigate the devastating impact on the 60 million garment workers across the world.

The recovery path

Unlike other industries, a smooth and robust supply chain is essential for the fashion industry to survive and thrive. A rapidly metamorphosing industry, failure to cater to the demands and changing tastes of customers, is the surest route to backlash and setback. With the links of the supply chain being restored, business is slowly picking up. Policy modifications to protect the interest of the grassroots of the industry, in consonance with technology innovation and out of the box thinking will help restore the industry and bring livelihoods back to the deprived millions.

Source: financialexpress.com– Jun 20, 2022

HOME

****

Garment exporters face potential loss of Rs 1,200 crore

Garment exporters are staring at a potential loss of Rs 1,200 crore due to the new conditions imposed in the Rebate of State and Central Taxes and Levies (RoSCTL) scheme.

The scheme offers rebate against the taxes and levies already paid by exporters on the inputs. Now, this rebate has been converted into scrips that are tradeable. Exporters can sell the scrips to importers, who in turn can use the instrument as an alternative to cash to pay import duty.

The scrips trade at a discount, which has now gone up to 20% from 3% in December, industry insiders said, putting pressure on the margins of garment exporters at a time when they are facing challenges on account of rising cotton prices.

“This discounting of scrips benefits importers, who are taking undue advantage at the cost of exporters,” said Vijay Jindal, a member of the Apparel Export Promotion Council (AEPC) and president of the Garment Exporters & Manufacturers Association (GEMA).

Garment exports at $16 billion contribute 36% to the country's annual textile exports of $44 billion. According to estimates, reimbursement under the RoSCTL scheme is equal to around 5% of the apparel exports, or roughly Rs 6,000 crore. At a broad level, a discount of 20% on this would mean a direct hit of around Rs 1,200 crore for the exporters.

“The textile industry wants the government to restart cash reimbursement instead of these tradeable scrips, as these scrips are trading at a 20% discount,” Jindal said. “This is resulting in a substantial cash transfer from exporters to importers and is helping the importers.”

The textile industry employs around 45 million workers and is expected to be worth more than $209 billion by 2029. But if this anomaly continues, then the industry will rapidly lose its global competitiveness to countries like Bangladesh and Vietnam, where the labour cost is very low, say industry insiders.

Even though the scheme was launched with the intention of making India's textile industry competitive and bolstering exports, because of the discount in the market, it is acting against the government's intention of helping the exporters and is instead benefitting importers, they said. It also defeats the purpose of the government's stated policy of 'Make in India' for the world, they added.

"At present, demand for such scrips is very less as exporters are finding it difficult to find enough importers who can buy the scrips," said Harish Ahuja, an executive member of the AEPC and management committee member of the GEMA.

Source: economictimes.com– Jun 20, 2022

HOME

****

Kharif cotton sowing in Gujarat likely to increase by 20 per cent

Kharif cotton sowing for the season 2022-23 in Gujarat is likely to increase by at least 20 percent, compared to the previous season as a mad rush for sowing the cash crop is being witnessed among farmers in the state well ahead of its schedule in anticipation of good return amid high prices of cotton in domestic as well as international markets.

Since last one decade, prices of cotton and groundnut remained almost same at nearly Rs 1000 to Rs 1300 per 20 kg, says Atul Ganatra, president of Cotton Association of India, adding, "However, in the current season the rates of cotton have escalated as high as Rs 2500 per 20kg. But groundnut prices remained almost at the same level. Due to existing high prices of cotton, a large number of farmers are preferring cotton over groundnut. In fact, already pre-monsoon cotton sowing in Gujarat has almost touched 1,40.000 hectors !!!"

Gujarat is the largest producer of cotton with more than 25 percent share in India's total production. As per the Cotton Association of India (CAI) estimate, cotton production in the country is expected at 33.51 million bales (170 kg per bale) for the season 2021-22 (October 2021 to September 2022) compared to previous season's 35.30 million bales. CAI has estimated 8.9 million bales production of cotton in Gujarat this season followed by Maharashtra 8.35 million bales, Telangana 4 million bales and Karnataka 2.1 million bales.

"In the current 2021-22 season, farmers in Gujarat got high prices of cotton amid overall demand of the agro-commodity. Because of this reason, farmers in Gujarat started sowing cotton without waiting for the rain to come. For the current season, cotton sowing in the state was over 2.25 million hectares. We are expecting the sowing area of cotton to cross 2.6 million hectares for the season 2022-23," said CM Patel, joint director of Agriculture, Government of Gujarat.

Over the past few years, numbers of spinning mills within Gujarat have increased and as a result, farmers are getting ready markets for their harvest within their home state, claimed Patel adding that in the last 3-4 years, cotton exports from India remained on higher side which translated into higher prices of their cotton crops.

Those farmers who are having irrigation facilities or their fields situated on the banks of rivers, have taken calculative risk of sowing cotton before the onset of monsoon, he said. Some farmers are using drip irrigation to use water economically in case of late monsoon, he added.

Terming the trend of pre-monsoon sowing of cotton 'dangerous' for farmers, Sargar Rabari, trustee of Khedut Ekta Manch (KEM) says that farmers shouldn't depend upon only cotton, based on return they got during earlier season.

"Many factors including international demands decide prices of cotton. Countries like the USA and China are one of the biggest producers of cotton in the world apart from India. As cotton crop declined in these both countries, international prices of cotton escalated. In case, in the next season, if there would be bumper cotton crops in these two countries, cotton prices may decline. From the KEM platform we continuously persuade farmers to go for multiple crops."

Rabari says that there is a mad rush for sowing cotton in Gujarat, but KEM recommends them to go for groundnut and Soya as these crops are safer compared to cotton and equally profitable. In the case of cotton, farmers don't have liberty to take winter crops, as cotton crops cycle is of nearly eight months, he says adding that but in the case of groundnut, farmers get time to take winter crops like pulses and others. Moreover, cotton growers had faced issues of pink bollworm pest menace, he added.

Source: financialexpress.com– Jun 20, 2022

HOME

****

Karnataka farmers eye more cotton, oilseeds, pulses this kharif season

Farmers in Karnataka are seen bringing in more area cotton, pulses and oilseeds this Kharif planting season. Acreages under cotton and sunflower have doubled till June 10, while pulses such as tur and green gram have increased as Kharif sowing is seen gaining pace.

Total acreages under the Kharif crop stood at 12.97 lakh hectares(lh) till June 10, an increase of 10 per cent compared to 11.73 lakh ha in the same period last year, according to the Karnataka Agriculture Department. The state has received 99 per cent more rains during the January-May period, while the overall precipitation showed a deficit of 19 per cent in the first ten days of this year's monsoon season.

Till the end of May, about 3.18 lakh hectares were sown in districts like Chamarajanagar, Mandya, Hassan, Chikkamagalur, Tumkur, Koppal, Ramanagar, Mysuru and Chitradurga with crops such as jowar, greengram, blackgram, cowpea, sesamum, sunflower and cotton among others. This was ahead of the targeted 2.80 lakh ha for the period.

Cotton acreages stood at 1.21 lh as of June 10 compared to 0.59 lh in the same period last year. In several parts of Karnataka, including Chamrajanagar, Haveri and Gadag districts, the long-staple variety of cotton is planted early in the season, where farmers have brought in more area under the fibre crop.

Area under pulses up

Contrary to the expectations, the area under pulses is seen rising in the state, with total acreages increasing to 3.33 lh compared to 2.66 lh. Tur has been planted in some 0.67 lakh ha as compared to 0.48 lakh ha. Similarly, greengram has been planted in 1.82 lh (1.39 lh). However, the black gram area has reduced marginally to 0.27 lh (0.30 lh).

Maize acreages stood at 2.02 lakh ha (2.11 lakh ha), while the overall area under cereals crop stood lower at 2.70 (3.78 lh)

Among oilseeds, farmers are seen showing an increasing preference for sunflower and soyabean. The acreages under sunflower has almost doubled to 0.57 lh as compared to 0.29 lh, while soyabean acreages have increased to 0.47 lh (0.36 lh). Groundnut has been planted in 0.26 lh, the same as last year.

Sugarcane acreages have been a tad lower at 3.54 lh compared to 3.66 lh, while the tobacco area has increased to 0.71 lh (0.64 lh).

Karnataka has set a cereals production target of 97.61 lakh tonnes from an area of 35.98 lh. For pulses, the acreage target is 22.77 lh and production of 17.19 lakh tonnes. The state is targetting oilseeds acreage of 9.37 lh and for cotton, some 7.28 lh.

Source: thehindubusinessline.com– Jun 20, 2022

HOME

****

10% import freight cost rise to raise CPI by 0.21 pp: RBI article

A rise of 10 per cent in import freight price will result in a rise of 0.21 percentage point (pp) in annual consumer price inflation in particular and is expected to raise the year-on-year CPI inflation by 0.89 percentage point over the next six quarters before dying down, according to an article published in Reserve Bank of India's (RBI) Monthly Bulletin for June.

The article is authored by Ripankar Biswas, Savita Pareek and Seema Saggar from RBI's balance of payment statistics division of the department of statistics and information management. They, however, said this study precedes the recent Russia-Ukraine war and hence do not quantify the impact on the freight costs from further disruptions caused to supply chains.

The softening seen since September 2021 in the transport costs with new capacities coming on stream and economies normalising has already started getting constrained by the renewed pressure from the war effects. "The stretched shipping costs could, therefore, be a new-normal for a longer period, contingent largely on easing of geopolitical pressures and appearance of no further pandemic waves," the article said.

The COVID-19 pandemic-induced supply-side disruptions increased transaction costs in many sectors, especially the contact-intensive ones, it said. The associated disruptions had adverse impact on many activities, exposing weak links. Global transport of goods was one such segment which has taken time to respond as trade started rebounding after the initial wave of the pandemic, it said.

In line with sharper recovery in global trade in 2021-22, particularly the imports that recovered and exceeded the pre-COVID-19 levels faster than the exports, the freight costs surged and have remained elevated since the third quarter of 2020-21, the authors said. This reflects the increasing supply-demand imbalances, market frictions and constrained shipping capacities. These developments impacted logistic charges worldwide, including in India, the article added.

Source: fibre2fashion.com– Jun 20, 2022

HOME

****

Pink bollworm surfaces in cotton early this year in Haryana, Punjab

Pink bollworm (PBW) infestation is seen spelling trouble for cotton growers in the Northern States of Punjab and Haryana. The PBW infestation has been reported at the early stage of the cotton crop cycle in the districts such as Hisar and Sirsa in Haryana and Bhatinda and Faridkot in Punjab among others.

Cotton sowing, which starts in mid-April in these States, is almost complete and the infestation is observed in areas where the crop was sown early and has reached the flowering stage. However, details of the total area infested are not available.

Haryana and Punjab faced heavy infestation of PBW in the late-stage cropping cycle last year. The latest outbreak is seen as remnant of the previous year's infestation, experts said. "PBW is being observed in parts of Haryana and Punjab, but it will be managed," said Y G Prasad, Director, ICAR - Central Institute for Cotton Research in Nagpur.

"PBW is a cryptic pest and generally it is not detected early. But as farmers become aware, they are able to see the flower infestation early. Generally, the early stage infestation at the flowering stage is not a serious one. Only 30-40 per cent of the worms reach the boll stage.

Farmers need not be scared. Once they become aware, they can take up spraying. We are recommending spraying of general schedule insecticides, neem-based sprays and botanicals. Farmers are also being advised to install pheromone traps and monitor the moth catches and observe rosette flower damages," Prasad said.

Awareness campaign

Further, the awareness campaigns carried out ahead of the sowing season by various agencies including CICR and State departments have helped the farmers to detect the pest early, Prasad said.

"The early infestation of devastating PBW in cotton in Punjab and Haryana is a serious concern for farmers and the cotton economy of northern India. PBW can show a mysterious pattern in the irrigated, short duration and highly-intensive cotton-growing North zone, which is different from dryland cotton-growing Central and Southern zones," said Bhagirath Choudhary, Founder Director, South Asia Biotechnology Centre (SABC).

"Northern cotton-growing States' agriculture departments, state agriculture universities and Krishi Vigyan Kendras must be vigilant and carefully monitor its intensity and spread, and issue timely economic threshold level (ETL)-based advisory to suppress pest population," Choudhary said.

Area a tad lower

Cotton acreage in these two Northern States is marginally lower than last year. In Punjab, the cotton acreage is about 2.43 lakh hectares (lh) and likely to go up to 2.48 lh, but lower than last year's 2.51 lh and the targeted 4 lh, said Tarun Satsangi, AGM - Research at Origo E-Mandi. Similarly, in Haryana, the acreage this year is 3 per cent lower at 6.28 lh.

"The marginal decline in acreage and the outbreak of PBW in Punjab and Haryana is unlikely to have any major impact on the overall cotton output as we are expecting the total acreage in the country to go up by 5 per cent with an anticipated rise in acreages in major producing States of Gujarat, Maharashtra and Telangana," Satsangi said.

Source: thehindubusinessline.com– Jun 20, 2022

HOME

****