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INTERNATIONAL NEWS

USA: Imports, Exports, Trade Deficits Increased in Major Sectors and with Major Partners in 2021

The International Trade Commission has updated its annual compendium of data and analysis examining changes in trade with key U.S. partners and in important industries.

The "Shifts in U.S. Merchandise Trade 2021" report focuses on changes in U.S. imports and exports with respect to ten sectors (agricultural products, chemicals and related products, electronic products, energy-related products, footwear, forest products, machinery, minerals and metals, textiles and apparel, and transportation equipment).

It also includes a chapter on the impact of the COVID-19 pandemic and other shocks on commodity prices and imports of certain trade sectors covered in this report.

Exports. Total U.S. exports jumped 23.1 percent in 2021 to $1.8 trillion, the first increase in three years. The value of exports in all ten sectors increased, with the largest gains in energy-related products (+58.1 percent), minerals and metals (+32.2 percent), and chemicals and related products (+26.1 percent).

With respect to major trading partners, exports across all merchandise sectors were up for all of those named, with the largest increases to Taiwan (+48.2 percent), Brazil (+35.5 percent), France (+32.8 percent), and Mexico (+30.7 percent)

Imports. The value of total U.S. imports rose 21.3 percent to $2.8 trillion in 2021, reversing the trend of the previous two years. Imports in all ten sectors increased, with the largest gains in energy-related products (+74.1 percent), forest products (+37.0 percent), and footwear (+31.4 percent).

Across all merchandise sectors, imports were up from every major trading partner listed except India, with the largest increases from Taiwan (+43.1 percent), Canada (+32.1 percent), and Vietnam (+28.0 percent).

Trade Balances. U.S. trade balances worsened in every sector but chemicals and related products, with the biggest drops in electronic products, machinery, and minerals and metals.

The U.S. ran a trade deficit in every sector but energy-related products, with the largest shortfalls in electronic products ($286.2 billion), transportation equipment ($155.2 billion), and textiles and apparel ($122.3 billion).

The U.S. ran trade deficits with all listed major trading partners and deficits increased with all but India and Mexico, with the largest gains being with China, the United Kingdom, Canada, Japan, and Italy.

Source: strtrade.com– Jun 29, 2022

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Intertextile Shenzhen to unlock growth potential in South China

Amid an uptick in demand for apparel textiles in the country, Intertextile Shenzhen Apparel Fabrics is poised to present industry players with valuable access to this promising market as well as ample networking and interaction opportunities. The fair will take place from November 2-4 this year at the Shenzhen World Exhibition & Convention Centre.

The previous event in 2020 welcomed 886 exhibitors from eight countries and regions, while there were over 42,000 visits coming from 26 countries and regions. While Shenzhen is one of the most economically-vibrant cities in the Greater Bay Area, the city stands out for its trendiness and creativity, attracting many fashion apparel designers and brands, new and old. In 2021, the business revenue of its fashion industry cluster in Nanshan district reached $3.1 billion, with a year-on-year increase of 7.15 per cent, organisers said in a press release.

“After the 2021 edition was deferred due to the pandemic, we’re excited to once again provide a gathering place for the apparel community in Shenzhen. The city neighbours Guangdong, one of China’s major hubs for textile manufacturing and trading, which makes up 20 per cent of garment production in the country.

Domestic apparel consumption is growing steadily as the government continues to move forward with its dual circulation strategy. At the same time, the Greater Bay Area initiative is boosting economic development in the south of the country and this is expected to further drive up demand for apparel textiles in the region.

All of this results in favourable conditions for international exhibitors to take advantage of at the Shenzhen edition later in the year,” Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd., said.

At the last physical show in 2020, exhibitors were quick to note the city’s vast potential and unique advantages. “A lot of unique brands in Shenzhen are growing and the industry chain here has developed quite well over the past decade.

Therefore, we are turning our heads to this city to expand into the Chinese market. This year we met a lot of customers on day one, around 70 to 80 brands including different types of buyers. Our rich variety of product offerings were well-received by them," Annie Chen, marketing department manager of the Korea Textile Centre, said.

With an abundance of buyers travelling from other cities in South China, the fair's fringe programme provides the ideal occasion for the latest textile and apparel trends to be shared. The signature Trend Forum and other seminars at the 2022 fair will add value to exhibitors' participation by maximising their brand exposure to qualified buyers. Participating exhibitors are invited to showcase fabrics, accessories and technologies that are responding to the current market trends as well as to provide business insights that are in tune with the local market.

Held concurrently with the Shenzhen edition of Yarn Expo, as well as CHIC and PH Value, the event is a one-stop platform with a wide variety of raw materials and finished products on display to fulfil buyers' diverse sourcing needs. Intertextile Shenzhen Apparel Fabrics is organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre.

Source: fibre2fashion.com– Jun 28, 2022

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UK's GDP growth to halve in 2022, to slow down further in 2023: KPMG

As the invasion of Ukraine and renewed lockdowns in China put upward pressure on commodity prices and keep supply chains under strain, UK GDP growth is set to slow to 3.2 per cent this year and is forecast to fall further to 0.7 per cent in 2023, according to KPMG's latest UK Economic Outlook report.

There are growing concerns that policy actions to combat inflation, if combined with further fallouts from geopolitical tensions, could bring about another recession.

KPMG has also developed an alternative scenario to capture some of the downside risks. The forecast models show a sharper deterioration in the external environment causing a recession in some of the UK's major trading partners, together with a stronger fall in domestic consumer spending, could see the UK economy enter a mild recession next year, with a 1.5 per cent fall in GDP in the year between 2022 third quarter (Q3) and 2023 Q3.

Yael Selfin, chief economist at KPMG UK, commented on the report: "We expect growing external headwinds and weakening domestic momentum to see economic growth slow significantly over the next year, with a significant risk of a mild recession.

"Manufacturing and financial services look to be among the worst affected sectors in our downside scenario. Manufacturing could fall by 5.1 per cent in 2023 and 2.8 per cent in 2024 as the sector tends to be more export intensive, whereas financial services could also see significant losses from a downturn as it raises the potential for significant loan losses and write-offs, with output falling by 8.8 per cent and 2.5 per cent over the next two years."

Household budgets have come under pressure as the high and persistent level of inflation erodes consumers' purchasing power. Although support measures announced by the government have helped to mitigate the expected impact of higher energy bills for the lowest income households, overall household incomes are expected to fall by 0.8 per cent in real terms this year and 0.5 per cent in 2023, the report said.

KPMG's new forecast sees average inflation over 2022 revised to 8.1 per cent, up from 7.9 per cent in its previous report. The peak in UK inflation is likely to lag that in some of the other major economies. Due to regulated energy prices being revised in October, the full impact on UK inflation will likely only materialise in the autumn, with the outlook remaining highly dependent on the evolution of future wholesale gas prices. Inflation will then begin to normalise from 2023 Q2 onwards and return to the Bank of England's 2 per cent target in 2024 Q2.

The Bank of England has now raised interest rates at five consecutive policy meetings since December 2021, bringing Bank Rate to 1.25 per cent. However, rates are only expected to reach 1.75 per cent by the end of 2022, with a pause in the tightening cycle afterwards to prevent inflation running well below the 2 per cent target in the medium term.

Selfin concluded: "We expect supply issues to gradually ease during the course of this year, although headwinds in the form of a potential deterioration in Russian energy supply or further lockdowns in China as a result of its zero COVID policy could worsen the outlook.

Combined with the pressures on household budgets, the Monetary Policy Committee will have to weigh the risk of high inflation spilling into pay growth against the risk of a recession. Facing such a trade-off, we think it is likely that the doves on the Committee could swing the balance towards a more gradual uplift than is currently priced in by the markets."

Source: fibre2fashion.com– Jun 29, 2022

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Saudi Arabia, Turkiye to initiate steps to boost economic relations

Saudi Arabia and Turkiye are planning to hold a business forum soon, according to Turkish trade minister Mehmet Mus, who recently told the Turkiye-Saudi Arabia Business and Investment Roundtable Meeting that from now on, trade activities will increase and accelerate between the two sides. Steps were initiated to pave the way for private sector partnerships.

Organised by Turkiye's Foreign Economic Relations Board (DEIK) in Ankara, the meeting was attended from the Saudi side by commerce minister Majid Bin Abdullah Al Qasabi and investment minister Khalid Al-Falih.

Underlining that Ankara and Riyadh could work together in regions such as Africa and East Asia, Al Qasabi praised Turkish companies as ‘ingenious and talented’, a news agency reported.

Al-Falih said there are investment projects and an opportunity worth $3.3 trillion.

This came after a recent visit by Saudi Crown Prince Mohamed bin Salman, during which he met Turkish President Recep Tayyip Erdogan and discussed improving ties between the two countries.

Relations between Ankara and Riyadh had been strained in recent years due to foreign policy differences.

Source: fibre2fashion.com– Jun 28, 2022

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How Importers and Suppliers Can Get Compliant With Uyghur Legislation

Today's supply chain complexities have made the importer-supplier relationship increasingly stressful. With new legislation cropping up, such as the Uyghur Forced Labor Prevention Act (UFLPA) which came into effect on June 21, both parties now have no choice but to align in order to comply with new regulations, as well as any policies yet to come.

Although supply chain stakeholders should have been preparing for the legislation in advance, a realist would understand that many businesses are still behind the 8-ball—thus, risks and vulnerabilities remain.

Import supply chain platform Mercado Labs wants to help mitigate these risks through its development of Mercado Plan, a solution built so that sourcing and purchasing teams can better maintain transparency and collaboration across the production lifecycle, and help hundreds of compliance-related issues that suppliers face daily.

With Mercado Plan, users can automate, simplify and maintain compliance across their international suppliers and vendors. The platform ensures that suppliers are connected and aligned to business standards all while automating the invaluable process of supply chain compliance through its suite of verification, education and informational courses.

The solution's launch comes at a time when supply chain stakes have arguably never been higher. For example, importers that don't meet the legal requirements established in the new regulations or unknowingly bring in goods from China's Xinjiang Uyghur Autonomous Region (XUAR) could have their merchandise confiscated or have to pay a fine. Of course, this instance is just one use case of current concerns the Plan platform can help companies mitigate, especially when it comes to potential lead times and materials prices.

On the other side, suppliers may also be unaware of the updated policies for products entering the U.S., with some lacking full visibility into the origin of their own raw materials. Both issues could potentially cost vendors long-term business.

Suppliers, like importers, deal with risks of fines from governments and customs departments, ultimately cutting into profitability. They could also deal with consumer boycotts and put off brands and even investors from wanting to work with them.

Even though importers and suppliers understand these risks, Mercado Labs has found that they often struggle to align based on one major barrier: a lack of connection. The cloud-based supply chain solution provider says it is difficult for importers to stay on top of suppliers and ESG standards amid the evolving regulations, because the first mile is often analog and disconnected.

While digitization has been a hot buzzword for the supply chain at large, many firms still rely on analog processes to manage compliance. This involves cumbersome, manual procedures that often include paper copies, emails, or spreadsheets traded back-and-forth between multiple parties.

Of course, the drawback of analog processes is that they are often hard to monitor, lead to manual errors, and are difficult to track and maintain. It takes more time to find proof of an agreement immediately, and there is often no way of knowing or remembering who signed a specific document, or who needs to re-sign it if an agreement needs to be confirmed annually.

As a result, suppliers have to maneuver through a more complex environment where there can be unnecessary confusion. For example, a vendor may not know what immediate action they must take if they work with numerous importers, each with different requirements.
Three types of compliance you should know

Such an imbalance between the importer and supplier calls for a more automated and digitized approach to compliance. Importers today must be proactive in fortifying their compliance capabilities now that it is becoming so relevant across all departments.

There are three major types of compliance that importers and suppliers must stay on the same page with: regulatory compliance, social compliance and supply chain compliance.

As government intervention into supply chain policy becomes more commonplace, companies must now get a leg up on regulatory compliance. And as more consumers become unintentional activists and

make buying decisions based on personal values, social compliance becomes even more pivotal. And with the supply chain experiencing seemingly endless bottlenecks across the first, middle and final mile, supply chain compliance is only going to gain more traction.
It all comes down to verifying, educating and informing

Mercado Labs has seen first-hand how aligning across stakeholders is only possible through a connected and digital experience. With that in mind, importers need to tackle three tasks in order to improve their internal compliance.

They must first verify their suppliers and align them with internal processes and systems through integrated onboarding. This way, an importer can ensure it only works with suppliers that are clearly vetted and therefore compliant with new legislation themselves.

Additionally, importers should then upskill and educate their vendors and partners on current supply chain concerns. Whether they inform them about a slowdown coming out of a specific country, or details regarding new laws (such as the UFLPA), importers can catch them up on relevant news. They can also help vendors remain knowledgeable on their business practices and operations.

Finally, importers can provide all partners with additional information and context on business-related areas, and track and measure adherence through on-demand online courses.

Mercado Labs is aiming to help importers tackle all three areas at once in launching Mercado Plan.

As importers more firmly establish their compliance standards and operate in lockstep with their suppliers, all participants involved will be better prepared for upcoming legislative changes on the horizon.

Source: sourcingjournal.com– Jun 28, 2022

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Cambodia and Myanmar race to become the next apparel manufacturing hub

Cambodia has become the next popular destination for China's processing trade business after Vietnam.

As China battled a wave of Covid-19 flare-ups over the past few months with strict control measures, the widespread disruption of business operations fueled concerns over an accelerating exodus of manufacturing.

From October 2021 to March 2022, China lost around 5% of its textile export orders, 7% of its furniture and 2% of its mechanical and electrical export orders from the United States to the 10-member Association of Southeast Asian Nations (ASEAN), especially Vietnam, according to U.S. customs data.

A shift of factories away from China has been underway for years as China's labor costs rise. Countries in Southeast Asia and South Asia such as Vietnam and India have become the top alternatives for their abundant and cheap labor forces.

"Vietnam has been a very popular destination to take over export orders (from China), but Myanmar and Cambodia are catching up in recent years," said Wang Huanan, an industry insider with 20 years of experience in shipping and world trade.

The relocation has been driven by lower costs and the trade war between China and the United States. However, it's barely dented China's manufacturing base as the moves mainly involved low-end processing, experts said. Meanwhile, Chinese companies and investors have been deeply involved in manufacturing relocation, which will in turn support the country's industrial upgrade at home.

According to research by Everbright Securities, the factory relocation to Southeast Asian countries — Vietnam in particular — is largely concentrated in textiles, furniture and low-end consumer electronics assembly. Vietnam has become an obvious alternative to China for the production of clothing and furniture.

Authorities in the Cambodian and Myanmar governments have spared no effort in the race to attract foreign investment, introducing tax reductions and exemptions while offering policy incentives. In Cambodia, foreign companies are exempt from import and export taxes for one year and corporate income taxes for three to five years if they meet requirements set by the Cambodian Investment Board. The tax exemption period can be extended to nine years if the company is set up in the country's special economic zone.

The Myanmar government since 2012 has adopted a series of tax exemptions and preferential rights to foreign investment projects.

Despite its low base, Cambodia's export growth has accelerated and outperformed that of Vietnam so far this year. According to the country's customs authority, Cambodia's total trade volume reached $22.47 billion in the first five months of 2022, an increase of 19.7% from the same period last year. Total exports topped $9.41 billion, up 34.5% year-on-year. The top export goods were garments, leather goods and footwear.

The U.S. is Cambodia's largest export destination. From January to May, Cambodia shipped $3.73 billion of goods to the U.S., 57.7% more than a year ago. China is the country's top source of imports. Shipments from China reached $4.47 billion, up 31.5% from the same period last year.

After Vietnam, Cambodia has become the next popular destination for China's processing trade business. It is following a development trail that Vietnam blazed almost a decade ago — taking over more low value-added manufacturing business from China to power rapid economic growth with strong exports.

"Before 2018, there were only 190 Chinese apparel factories in Cambodia," said He Enjia, president of the China Textile & Garment Association in Cambodia. "In 2019, about 40 new ones were set up, followed by roughly 75 more in 2021."

Although the growth of new Chinese-funded apparel factories is declining this year, the expansion of Cambodia's garment industry continues, He said.

Cambodia’s apparel industry has benefited from the trade war between China and the U.S., in which special tariffs were imposed on Chinese textiles in 2018. Chinese textile enterprises have since accelerated the relocation of production to Cambodia to avoid the extra duties. Since 2021, Cambodia has experienced the arrival of another wave of Chinese-funded garment and textile factories due to political turmoil in neighboring Myanmar and the severe pandemic situation in Vietnam.

In 2007, Cambodia’s exports to the U.S. were $1.88 billion, according to UN Comtrade. By 2021, the total nearly quadrupled to $7.49 billion, according to Cambodian Customs. Exports including leather goods, footwear, furniture and electronics have grown from almost zero in 2007, according to Zhang Huafeng, Los Angles chief representative at Transfar Shipping Pte. Ltd. “Many industries in Cambodia started from scratch and have developed rapidly in recent years,” Zhang said.

Myanmar is another popular destination for Chinese garment factories shifting production. Shi Kun, president of the Chinese Textile & Garment Association in Myanmar, told Caixin that 70% of garment factories in Myanmar are Chinese-funded. Myanmar’s access to preferential tariff treatment from the U.S., the EU and Japan has attracted Chinese enterprises. The number of garment factories in Myanmar increased from fewer than 100 in 2012 to more than 500 in 2019, according to Shi.

Between 2012 and 2019, average annual growth of Myanmar’s garment exports exceeded 18% and topped 50% in some years. The country’s garment exports totaled more than $5 billion between 2018 and 2019, according to Shi.

The rapid growth was interrupted by the pandemic in 2020 and political turmoil the following year. According to Myanmar’s Ministry of Commerce, Myanmar’s total foreign trade value dropped 19.5% year-on-year during the 12 months since October 2020. The processing trade sector, including garments, luggage and travel bags, shoes and hats, fell by 21.4%.

But signs of recovery appeared after October 2021, and the growth of Myanmar’s garment trade is resuming, Shi said. “With the political situation stabilizing, Myanmar will see more investment in the garment industry,” Shi said.

Despite the rapid growth of garment manufacturing in Cambodia and Myanmar, the two countries still mainly focus on the final portion of a long industry chain by making clothing from imported materials.

“Garment factories in Cambodia and Myanmar import 95% of their raw materials from abroad, of which more than 60% are from China,” He said. By comparison, Vietnam has established a more complete chain of business including weaving, dyeing, printing and garment making. More than 40% of the fabrics and accessories are already available locally in Vietnam, He said.

Compared with garment production facilities, investment in the upstream portions of the clothing industrial chain such as textile and dyeing is much more expensive in terms of equipment and workforce. Some Chinese textile and garment accessory manufacturers visited Myanmar in 2019 to consider investment, but the plans were dropped due to concerns over the pandemic and political risks, according to Shi.

“From a short-term perspective, apart from the garment manufacturing industry, Myanmar is not an ideal destination for most other industries, since the entire economic base and environment are not yet ready,” Shi said.

The high cost of water and electricity in Cambodia is another concern blocking upstream manufacturers from moving productions there, according to He. Electricity costs about O.14 U.S. cents per kilowatt-hour (kWh) in Cambodia, compared with 7 to 9 cents per kWh in Vietnam.

As labor costs in Vietnam rise, Cambodia and Myanmar have become increasingly popular candidates to take over manufacturing capacity. But costs in the two countries are also rising.

“Before 2012, Cambodia’s labor costs were much lower than Vietnam’s, with a basic salary of $61 a month,” He said. “It has now risen to $194 a month, tripling in three years.” He said wage increases in Cambodia, largely driven by political factors, are irrational and may have affected Cambodia’s competitiveness.

Source: khmertimeskh.com– Jun 28, 2022

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Can Asia Remain the 'Garment Factory of the World'?

Bolstering labor productivity in Asia's garment sector could improve wages, a new International Labour Organization report says, although many issues can influence variables and so inferences regarding this relationship "must be nuanced."

What's clear, however, is that the so-called "garment factory of the world" is struggling with challenges made more acute by the Covid-19 pandemic, the United Nations agency noted on Friday.

Even before the health crisis sparked widespread supply-chain bottlenecks, however, Asia's share in global textiles and clothing exports shrank from a high of 58 percent in 2015 to 55 percent in 2019.

The region's initial dominance was largely underpinned by the success of China, which propelled widespread growth in the sector until it veered away from labor-intensive production toward medium and higher technology-based manufacturing.

The superpower's waning portion was then "partly offset" by an increase in the rise of other Asian clothing exporters, specifically Bangladesh, Cambodia, Myanmar and Vietnam. But even with this softening, China still commanded 34 percent of global textile and clothing exports in 2019, followed by Vietnam (5 percent) and Bangladesh and India (4.3 percent each).

Other contributors to this trend include an increase in production and process automation, reshoring and nearshoring, as well as mounting pressures to transition toward a more sustainable business model with better wages and working conditions, the ILO said. As a result, manufacturers and workers alike are facing high levels of uncertainty about their future.

The status quo isn't helping matters either. While real wages in the sector have increased in most Asian countries, working conditions, for the most part, remain poor, with long and intense working hours, poor occupational safety and health and violations of fundamental rights at work more the norm than the exception.

Many garment manufacturers, particularly small and medium-sized enterprises in the lower tiers of the supply chains, also grapple with significant pressure to reduce their lead times and shave off margins. To pander to buyer-led global supply chains that often promote the fast-fashion business model, many of them resort to "flexible" work arrangements that result in a downward squeeze on vulnerable temporary and home-based workers.

Few garment-producing countries have successfully graduated up the apparel production value chain, with most manufacturers remaining entrenched in low-skilled cut-make-trim work. Meanwhile, gender pay gaps persist in the region, with female employees overrepresented among the sector's low-pay workers. Women also experience endemic gender-based violence and harassment in the workplace.

Sourcing in Asia was initially driven by low labor costs, but it has become "increasingly clear" that the sector's expansion can no longer be "sustained along the same lines in the future," the ILO said. Instead, "new drivers of competitiveness" that require improved wages and working conditions will be needed.

Though labor productivity in Asia's garment sector has risen in recent decades, it remains low in relation to other manufacturing industries, the report said.

"Mutually reinforcing" investments, backed by "genuine support" for social dialogue and collective bargaining and concrete incentives from brands, can create a "virtuous cycle" where higher wages fuel higher productivity and vice versa, the ILO added.

Source: sourcingjournal.com– Jun 28, 2022

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Second-hand Clothing in Africa: Opportunities and Challenges

Clothing consumption all over the world has increased over the years primarily due to the introduction of fast fashion which provides consumers with low-cost apparel that is produced quickly and up to date on high-fashion trends, often at the expense of the environment. These clothes are mostly manufactured in East and South Asia and then sold in Western countries, where they are hardly worn and are quickly discarded.

Exporting second-hand clothing products to developing economies for further consumption, a concept usually called 'global reuse', provides utility to people in developing countries, but it can have negative economic and ecological consequences. In 2021, more than 40 per cent of the world's used clothing exports came from three countries—China (17 per cent), the United States (16 per cent), and the United Kingdom (8 per cent).

For developed economies, Africa has become the primary destination to export second-hand clothing. The second-hand clothing industry has emerged as a major sector in Africa's economy as it creates jobs involving handling, alterations, refinements, and distribution of second-hand clothes and helps in increasing consumer purchasing power. It helps to strengthen the demand for clothing in African countries by raising fashion awareness.

The second-hand clothing industry can be a continuous source of employment, tax revenues, and wealth creation if the governments of African countries provide a competitive operating environment that is conducive to the sector's long-term development. The global environmental benefits of such reuse are also considerable.

Click here to read full article.

Source: fibre2fashion.com– Jun 28, 2022

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E-com growth drives demand for logistics services in Vietnam

The fast growth in e-commerce in Vietnam is driving an unprecedented increase in demand for logistics services, including express delivery services, and also posing several challenges in speed of delivery due to poor road infrastructure, rise in demand for cross-border deliveries, adjustments in business models and strategies, and tracking shipped items.

In its E-commerce White Book 2021, the Vietnam E-Commerce and Digital Economy Agency said the country has 49.3 million people shopping on e-commerce platforms—the highest in Southeast Asia. More than 70 per cent of the population have access to the internet and nearly 50 per cent shop online.

The online shopping boom has offered opportunities as well as challenges to the logistics industry, which has to meet the surging demand for order fulfilment and last-mile delivery, he said.

Delivery speed is a major factor affecting customer satisfaction and retention in the fiercely competitive online market, and so online shops that provide quality products and fast delivery gain an advantage.

New consumer trends and the e-commerce boom require express delivery, shipping and forwarding firms to make adjustments to their business models and strategies, say logistics firms.

Many such firms have launched specialised services to meet the demands of various groups of customers and embraced digital transformation to improve service quality and increase customer satisfaction, according to a report in Vietnamese media outlet.

Delivery companies said the traffic infrastructure does not guarantee the desired traffic speed, with the frequent congestion in both cities and on inter-provincial roads making it difficult for them.

Most online sellers require a last-mile delivery solution, and this has stimulated growth, especially for express delivery services, they said.

In the last few years, delivery firms have actively linked up with third parties to offer integrated service packages and solutions to optimise sellers' operations and better meet customers' demand.

Source: fibre2fashion.com– Jun 28, 2022

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UKEF to invest £66 mn to help construct 4 garment factories in Jordan

UK Export Finance (UKEF), UK government's export credit agency, has announced its first deal in Jordan to support Classic Fashion Apparel Industry in the construction of four new garment factories including three satellite manufacturing units as well as the Aqaba main facility. The £66 million deal will help enhance Jordan's already strong textile industry.

UKEF has provided support through a combination of direct lending and a buyer credit guarantee, allowing Classic Fashion Apparel Industry to move swiftly with their project and benefit from flexible repayment terms.

The new planned site located in Aqaba Special Economic Zone is expected to create around 4,000 jobs for Jordanians by 2024. Jobs for the local community are offered at varying levels, with the potential to grow and the opportunity to enter the business of garment manufacturing.

This unique location is near Aqaba port and gives Classic Fashion Apparel Industry an exporting advantage. This project will contribute to boosting manufacturing exports and jobs, in line with the targets for the sector contained in the recently launched Economic Modernisation Vision 2033, the government of UK said in a media release.

The UK's support will extend beyond the funding scheme, as more than 30 per cent of the services and supplies for the project, such as machinery and other building materials, will come directly from UK providers. ASGC UK, a leading British construction company in the region, will project manage and oversee all related elements to ensure quality and timely delivery.

Classic Fashion Apparel Industry Group is the largest apparel manufacturer in the MENA region. It produces around 550,000 garments per day and contributes to over 42 per cent of all garment exports from Jordan. The company produced 130 million garments in 2021 and expects production to grow to 165 million garments this year.

Classic Fashion Apparel Industry chairman and managing director Sanal Kumar said: "I thank UKEF, British Embassy, and Department for International Trade in Amman and HSBC for coming along and supporting Classic Fashion in its journey of creating another 4,000 jobs for Jordanians with the new set up in Aqaba of GIA Apparels- a fully owned entity of Classic Fashion."

Through UKEF, the UK can help international buyers access finance and insurance when it is not available from the private sector. UKEF has made up to £3 billion available to help Jordanian buyers access the finance they need to trade with the UK. The full range of UKEF support is available to help finance priority projects in Jordan.

British Ambassador to Jordan Bridget Brind OBE said: "I am delighted to welcome this ground-breaking deal with Classic Fashion as the first to be backed by UK Export Finance in Jordan with the involvement of British company ASGC UK.

It will help create new jobs and increase exports, contributing to Jordan's economic growth and future prosperity. I hope it can act as a success story which can inspire more similar agreements in the future for the benefit of Jordan and the United Kingdom."

Source: fibre2fashion.com – Jun 29, 2022

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Sri Lankan apparel & textile exports see dramatic rise, thanks to US

Sri Lankan merchandise exports, including apparel and textile exports, have shown dramatic improvement after the disruption of financial crisis and unrest. Apparel and textile export jumped over 30 per cent in May 2022 on year-on-year basis. The US alone accounted for 43.24 per cent of all apparel exports made by the island country in January-April 2022.

Sri Lanka's exports crossed the $5-billion mark in the first five months of this year. Earnings from the merchandise exports increased by 9.9 per cent year-on-year to $980.2 million in May 2022. The earnings from export of Apparel & Textiles, Coconut based products and Electrical & Electronic Components increased significantly.

Textiles and apparel exports increased by 30.1 per cent y-o-y to $482.7 million in May 2022. The export to the US, Sri Lanka's single largest export destination, increased by 25.02 per cent y-o-y to $266.42 million.

The cumulative textile and apparel exports during January-May 2022 increased by 16.3 per cent y-o-y to $2,400.6 million.

In 2021, 42.06 per cent of $4.973 billion apparel exported by Sri Lanka were destined to the US, according to Fibre2Fashion's market insight tool TexPro.

Source: fibre2fashion.com– Jun 29, 2022

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Dhaka hopeful of getting global trade benefits after LDC graduation

Based on the declaration of the recently-concluded 12th Ministerial Conference (MC12) of the World Trade Organisation (WTO) in Geneva, Bangladesh is hopeful of receiving an extension to the preferences it enjoys in international trade after the country graduates from the least developed country (LDC) status in 2026, according to the country's commerce secretary Tapan Kanti Ghosh.

The declaration acknowledged the challenges that graduation presents for the countries that are leaving the LDC category, but no decision was taken at the conference in response to the graduating LDCs' demand for continuing the duty-free trade facilities.

The secretary, however, told a press conference that an immense opportunity has been created for Bangladesh to get an extension of the facilities even after its graduation to developing country status in 2026.

He expected that the extension of the trade preferences might come in the next ministerial conference.

Bangladesh and other LDCs have been lobbying for more than the last two years to extend the trade facilities by six or nine years after graduation.

He said further negotiations have to be continued for achieving the extension of the LDC trade benefits after graduation.

Source: fibre2fashion.com– Jun 27, 2022

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Time ripe for Bangladesh RMG sector to focus more on man-made fibres

Would it be an overstatement to say non-cotton is the future of fashion? No, according to current data, this claim is strongly backed by existing trends in the fashion world and the rising demand for clothing made from man-made fibres (MMF).

Although 30 years ago, the share of cotton-made yarn was about 75% in the global market and 25% for the artificial one, the scenario has completely reversed.

The demand for cotton has continuously declined over the years while the popularity of MMF or polyester has gradually gone up, changing the current global ratio of cotton to MMF to about 26:74. This clearly indicates a brighter prospect for artificial fabrics in the global fashion market in the coming days.

This situation became more apparent to me during a recent trip to Germany, where I visited one of the largest international trade fairs for technical textiles and nonwovens in Frankfurt. I had the opportunity to lead a delegation of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) in the exhibition titled 'Techtextil'.

The delegation, composed of BGMEA member factories including TRZ Garments Industry Ltd, Urmi Group, Khantex Fashions Ltd and Snowtex Group, which are specialised in manufacturing technical textiles-based garments, joined the four-day trade exhibition. Unlike other trade fairs where we generally plan to have business interactions and bag orders from new buyers, taking part in 'Techtextil' was about more than making business connections. It was about experiencing the realm of non-cotton fabrics and products, as well as technologies that are reigning in the fashion world.

International exhibitors presented a wide range of technical textiles, functional apparel textiles and textile technologies, at the exhibition held from 21 to 24 June 2022. We saw manufacturers from all over the world showcasing 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.

It was a really tremendous experience for us as it provided us with the opportunity to grasp and gain valuable insight into the latest trends and technologies relevant to MMF product segment, while representing Bangladesh to the global buyers who came to the exhibition.

We visited Techtextil at a time when our RMG industry is putting increasing emphasis on product diversification, especially encouraging a shift to non-cotton from cotton, because the growth of cotton-based products seems to have reached its peak in Bangladesh with little room left for growth, while the global demand for synthetic products is on the rise.

Massive changes in consumer lifestyle, attitudes and eco-consciousness are driving the demand for MMF globally. Consumers increasingly prefer MMF-based products because of their 'easy-care taking' nature, functionality and competitive price.

A recent fashion trend known as athleisure has created a demand for clothing designed for workouts and other athletic activities. Yet, they can be worn at the workplace or during casual/social occasions. This trend of cross-functional clothing is also driving the demand for polyester.

Another reason for the preference for synthetic products is related to sustainability. MMF-based garments are durable, recyclable and reusable; thus, it meets the criteria of sustainable clothing. Even plastic bottles, which are harmful to the environment, are recycled to produce artificial fibres which are considered as green textiles.

But the picture in our RMG industry is different, as around 75% of our products are cotton made, whereas the share of MMF-based products in international apparel markets is around 74%. According to a report titled "Scaling up Technical Textile and PPE in Bangladesh", the global technical textile market is projected to grow from $179.2bn in 2020 to $224.4 billion by 2025, at an average annual growth rate of 4.2%.

If we look at our export basket, we find that 73% of our exports are limited to five basic items -- trousers worth $10.68 billion, T-shirts worth $7.24 billion, underwear worth $1.79 billion, sweaters worth $4.05 billion, and shirts worth $2.05 billion were exported in the financial year 2020-2021.

These top five products account for 82.04% of Bangladesh's total RMG export earnings. These figures reveal that we have an immense potential of diversifying our high-value products like suits, blazers, lingerie, jackets, swimwear, sportswear, uniform, work-wear etc.

We need to align our business strategies with changing trends in the fashion industry and develop our capabilities to sustain in the global competitive market. We have to focus more on capturing our share of the growing MMF-based products market.

To do that, we have to put emphasis on gathering technical know-how about MMF product manufacturing. We need to have a supply of raw materials, upgrade our operations with proper technologies and have a management system.

Besides this, we need to enhance our capability in innovation, design input services, trend analysis, product research and development. At this juncture, we need investment in technical textiles. We also need investment in the area of re-skilling and up-skilling our workers.

Our share is only 6.26% of the global market (as per the WTO data in 2020), meaning Bangladesh has enormous potential to increase its share.

For instance, if we produce and export high-value-added MMF products right now, it's possible to increase our total export by around 25% in value, which will gradually go up. So, considering both the local and global context, it's high time we took a turn from quantity to quality, from volume to value, by shifting to non-cotton value-added products to sustain in the long run.

Source: tbsnews.net– Jun 29, 2022

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NATIONAL NEWS

Exporters see 10-20% order dip as recession fear grows

The likelihood of a recession in the US and EU has stoked fears among Indian exporters who have begun witnessing a decline in orders. Indian exporters, especially of leather and textiles, anticipate a 10% to 20% decline in export volume during the current financial year compared with FY22.

India's export growth is crucial at a time when imports have surged even as the cost of imported fuel and fertilizers has been rising after the Russia-Ukraine war broke out earlier this year. Record imports have pushed the trade deficit in May to its highest-ever mark of $24.29 billion.

"Orders have started slowing down. There is a fear of higher inflation in the US and also in the European countries and they are cutting back on their purchases. The demand was comparatively robust last year. This year the volumes are down 15-20% across the board as far as the leather and footwear industry is concerned," said Rafeeque Ahmed, chairman of Farida Group, one of India's largest shoe manufacturers.

The impact of sharply slower growth in developed markets would be transmitted to Asia via the key channels of trade, financial conditions and commodity prices, Morgan Stanley said in a note. The risk of recession has risen as central banks in developed countries hike interest rates to combat rising inflation.

A full cutoff of Russian natural gas could take as much as 2 percentage points off the EU's gross domestic product growth this year with the impact on economic activity more pronounced during the winter, said Morgan Stanley's chief European economist Jens Eisenschmidt.

"Textile export growth until last year was 20% but the demand from the US and the EU has started slowing. Though we are not planning to reduce capacity, export growth could slip by about 10% this year. Textiles exports could benefit from India-Australia FTA but that would be visible only by the end of the year," said Apparel Export Promotion Council chairman Narendra Goenka.

However, the decline in exports could be temporary as demand from western countries has been strong historically, Goenka said.

Economists also said healthier balance sheets in developed nations could mean that a recession could be shallow.

Trade experts said exporters could benefit from the weakening of the rupee.

However, as India is a net importer losses outweigh the benefits, they said. India depends on imports of key items such as fuel, cooking oil and fertilizers, whose supplies were disrupted because of the war.

On Tuesday, the rupee fell to a record low of 78.68 against the dollar amid weakness in domestic shares and on the back of persistent selling by foreign institutional investors.

Tea exporters, however, said the demand slowdown is not very pronounced.

“As far as the US and EU are concerned, this is the time when they will come into the market with bulk orders. At this moment we are more worried about the demand in Europe than the US, partly because of the weakness in the euro.

Indian orthodox tea prices have gone up on the back of strong demand in the Iranian market. There is an issue. It is more demand-driven," a prominent exporter said on condition of anonymity.

Preliminary data released by the commerce ministry last month showed that Indian merchandise exports slipped to $38.19 billion in April, from $42.22 billion in March.

Source: livemint.com– Jun 29, 2022

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How speculators were humbled in the global cotton market last week

It resulted in cotton prices plunging by over 25 per cent on ICE, New York Last week, cotton futures on the Intercontinental Exchange (ICE), New York, plunged by over 25 per cent to drop to a nine-month low currently. Cotton prices, which had surged to an 11-year high of 158.40 US cents a pound (₹98,500 per candy of 356 kg), slumped by a record of over 30 cents on a single day on June 24 (Friday).

Traders' reason for cotton price plunging is the trend in other commodities, particularly metals. Many commodities have slid to multi-months low due to demand slowdown and fears of a recession in the wake of interest rate hikes by central banks. But those who have watched the cotton market since December point to a different factor for the slump that has caught many by surprise.

First Notice Day

Those in the know point to "unfixed on-call sales" for the plunge, particularly on June 24, the First Notice Day when buyers who had purchased futures contracts may be required to take delivery.

The feature of the "unfixed on-call sales" is that a buyer or speculator purchases cotton from a seller without fixing the price. When the buyer and seller enter into an "on call" contract, a futures contract would normally be sold to hedge the transaction. Later, when the seller and buyer agree on the price, the short futures position would be bought back.

During the current season (October 2021-September 2022), some of the buyers had purchased cotton in November hoping that they could fix the prices in January. But since prices were ruling high, they went on dragging their feet on fixing the prices.

Beating retreat

This resulted in a very high level of "unfixed on-call sales", leading to short covering in the range of 6.5 million US bales (8 million bales of 170 kg) in international markets in May this year. The normal volume for such sales is 2.8 million US bales. In turn, it also pushed up prices that did not reflect the fundamentals.

"It was a game between speculators, on the one side, and hedgers and sellers, on the other, over unfixed on-call sales. Speculators had taken huge positions without any reason, expecting to catch hedgers by surprise. They thought sellers will not have certified stocks to deliver. But when hedgers mopped up certified stocks, they had no alternative but to retreat," said Anand Poppat, a Rajkot-based trader in cotton, yarn and cotton waste.

As a result, cotton prices which were ruling at 143.15 cents (₹108,425 a candy) for the July contract on June 22, plunged to 103.84 (₹64,700) on June 24.

Earlier instances

"Looking at the old crop contracts, as of May 27, 2022, the July 2022 contracts show an excess of unfixed call sales over purchases that implies 10.7 futures bought back for every one sold when the related on-call contracts are finalised. That's large..," said Texas A&M Agrilife Extension, a unit of the Texas A&M University.

"We have seen this before in the last few years, e.g., during June of 2013. There was a lot of thinking that on call buying would support or lift cotton prices during 2014 and 2017, but the historically large discrepancies between unfixed call sales and purchases appeared to resolve themselves without explosive rallies," Texas A&M Agrilife Extension said.

Similar situations arose in 2016, 2018 and 2019 but they were resolved without much volatility. In this situation that cropped this year, there was always the danger of prices going out of control on June 24 if hedgers had not got the certified stocks ready.

Caught by surprise

It would have been similar to the one witnessed in the nickel market when a Chinese trader went short and was caught blinking not knowing what to do.

"Speculators have been caught by surprise and affected badly by these developments. Not only on ICE, even on MCX a few speculators could have taken a hit," said a spinning industry official, who did not wish to be identified.

When cotton prices had galloped to around ₹1,00,00 a candy in May, the US Department of Agriculture (USDA) and International Cotton Advisory Council (ICAC) had expressed surprise.

'Exuberant rally'

The USDA in its "World Market and Trade Report" said, "prices on the Intercontinental Exchange have witnessed an exuberant rally" in a subtle reference to price surge.

The ICAC, an association of cotton producing, consuming and trading countries, said "it is difficult to identify a concrete reason for this price increase as fundamental supply and demand principles seem to be well balanced".

Basically, traders said, the fall in cotton prices was due to the humbling of speculators. Even as cotton prices surged and ruled firm, those who had been watching the unfixed on-call sales had said the natural fibre would sooner or later drop to levels matching the fundamentals.

"Even now, there is a lurking suspicion that prices may have been dragged by some speculators who could buy cotton cheaper and then try to driven prices higher," said Poppat.

On Monday, ICE October contracts ended at 106.67 cents (₹66,460 a candy) and December at 98.87 cents (₹61,600).

Source: thehindubusinessline.com– Jun 28, 2022

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Slowing exports, rising cost to crimp profitability of home textile firms: Crisil

Global demand for home textiles is expected to be impacted in the near-term by inflationary headwinds, with big-box retailers pruning inventory and consumers cutting down on discretionary spends. A slowdown in the sales of key US retailers in the past 3-6 months has led to an on-year decline of 5-6% in overall home textile exports from India (refer to Annexure 2) between January and April 2022.

Adding to the demand challenge is the price of raw cotton, a key input in home textiles. Its price has more than doubled on-year in May to ~Rs 100,000 per candy.

"This will remain a challenge for exporters till the new cotton crop arrives starting October. Supply-chain disruptions leading to volatility in ocean freight rates will also impact profitability. With domestic cotton prices soaring past international levels, exports have become less competitive. Consequently, India's share in the US import basket moderated 700 bps in the four months ended April 2022, on-year," said Crisil.

Mohit Makhija, Senior Director, CRISIL Ratings said, "Slowing exports growth and high cotton prices will hit the operating margins of home textile exporters by 150-200 bps this fiscal. The rupee's depreciation against the dollar and sustenance of the China+1 policy by global buyers will cushion the hit on profitability to some extent. The second half of this fiscal should gradually restore demand momentum and market share for Indian home textile exporters as freight and raw cotton costs moderate, and ease pressure on profitability."

According to Crisil, Indian home textile industry's revenue is expected to grow 11-12% this fiscal, primarily because of higher in price realisations.

Domestic demand (comprising 30-40% of Indian home textile industry's revenue) is expected to grow at a healthy 13%, driven by sharp demand recovery in the domestic hospitality industry and continued focus on health and hygiene. "Growth in export demand will moderate to 10% from 25% last fiscal due to slower recovery in the international travel and hospitality segments globally.

Capex spends would be pruned this fiscal as current capacity utilisation levels of ~75% affords sufficient headroom to accommodate any increase in demand," it said.

Gautam Shahi, Director, CRISIL Ratings, said “Strengthening of balance sheets over past two fiscals and steady cash generation will keep debt metrics stable this fiscal.

The interest coverage3 ratio of CRISIL-rated home textile companies will remain at 6-6.5 times and gearing3 at 0.7-0.8 time this fiscal, compared with 6.2 times and 0.8 time, respectively, last fiscal.”

Source: economictimes.com– Jun 28, 2022

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GST Council clears GoM plan to end exemptions, correct IDS

The GST Council on Tuesday gave in-principle approval to recommendations by the Group of Ministers (GoM) paving the way for eliminating exemptions on some goods and services and correcting inverted duty structures (IDS) on items such as knives, ink, finished leather, etc.

The Council has also approved reports by two other GoMs—one on e-way bills for gold and the second on system reforms. The Council will discuss another GoM report regarding online gaming, casinos, and horse racing on the second day of its meeting on Wednesday. The issue of compensation to States has also formally been included in the agenda and will be taken up on Wednesday, officials confirmed. All the decisions will be announced officially by the Finance Minister, Nirmala Sitharaman, on the same day.

According to official sources, the first day of the meeting saw the council accept the interim report by the GoM on rate rationalisation and correction of IDS. It was chaired by Karnataka Chief Minister BS Bommai. IDS refers to higher duty on inputs and lower duty on finished products, which leads to refunds and put a burden on the exchequer.

Though the report of GoM has not been made public, sources confirmed that GoM has recommended correction of the inverted duty structure on printing, writing/drawing ink, LED lights, fixtures, lamps, solar water heaters, finished and composition leather, work contracts supplied to the government, and tailoring and other job works for textiles. Rates for all these will go up.

The GoM is also said to have recommended the withdrawal of exemptions for reinsurance of some insurance schemes, transportation of newspapers, rail equipment by rail and road, and services by the Reserve Bank of India, the capital markets and insurance regulators, among many others. Here too, rates will rise.

E way bill for gold

A source confirmed that a report by GoM to examine the feasibility of implementation of the e-way bill requirement for movement of gold and precious stones was discussed and approved. The GoM recommended that the States should be allowed to decide about the imposition of the requirement of an e-way bill for intra-State movement of gold and precious stones within their states. There will be a minimum threshold of ₹2 Lakh and the States can decide any amount, including or above this amount, as the minimum threshold for generations of e-way bills for intra-State movement of gold/precious stones in their State.

Only part "A" of the e-way bill will be required to be filled in such cases, without any need to fill in Part 'B' of the e-way bill. Further, modalities for the generation of e-way bills for intra-state movement of gold and precious stones will be as suggested by NIC/GSTN. While finalising the amendment in the rules, it is to be ensured that in the case of the supply of gold by registered persons to unregistered buyers, the requirement of e-way bill generation is mandated on registered suppliers only, the recommendations said.

Meanwhile, the Council deferred the proposal to exempt small businesses from mandatory registration to do business and to allow composition scheme businesses to also do business through e-commerce operations. It also agreed to further study the crypto ecosystem before deciding to levy GST.

Agenda For Wednesday

The second day of the meeting will see a detailed discussion on compensation to the States, which is coming to an end on June 30. Opposition-ruled states are pressing for an extension at least for three more years. The Finance Ministry notified the extension of the levying of compensation cess under the GST regime till 2026.

However, this does not mean States will continue to get a compensation until that period. Money collected through cess between July 1, 2022 and March 31, 2026 will be used to repay principal interest and pay interest for borrowing Rs. 2.69 lakh crore that was used to compensate for revenue shortfall in FY2020-21 and FY 2021-22.

Source: thehindubusinessline.com– Jun 28, 2022

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India Cotton Prices Expected to Moderate in the New Season

Cotton price will soften in the new India season beginning October 1, 2022.

During a June 25 event organized by Textile Association India, South India Unit, about 700 technical experts in the textile industry from all parts of India gathered to analyze the cotton situation.

I was privileged to address the standing-room-only audience of technical people for on the cotton situation, providing detailed analysis. That analysis centered on the five key drivers of the sector:

Demand and supply
Climate
Economy and inflation
Geopolitical scenario
Market influences.

Through interaction with international stakeholders in the cotton sector in the United States and India and based on factors like planted acres, economic situation, and inflation, my prediction is that there will be a tight supply situation, but that the price will moderate in the new season.

India cotton is expected to range between Rupees 60,000 to mid-50,000 range per candy (356 Kgs). As the season progresses, based on satisfactory climate with no delayed rains in Gujarat and the weather situation in Texas, the price may further soften to the lower Rupees 50,000 level.

Since the cotton pipeline is basically empty now, price may begin at a slightly elevated level in the new season. As the arrival picks up with a steady pipeline, the price will soften and hence the above range is expected.

This situation may be comfortable to farmers, the textile sector, and consumers.

We must recognize that the consumer will be the key player. Interest rates and income levels – all influenced by inflation – will drive the demand for nonessential commodities.

Cotton is here to stay, and its inherent "comfort" is a much-preferred attribute.

Source: cottongrower.com– Jun 28, 2022

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What next for GST?

The GST journey is now five years old. During this period, revenue growth has gone up and down, creating misgivings about the efficacy of the tax reform. A more detailed analysis shows that the buoyancy of revenue in the first year was 1.12, but tapered off later on due to the combination of factors like rate reduction, technical glitches in the GSTN system, and Covid-19's impact on the economy.

However, the latest revenue trends give room for optimism. The GST revenue as a proportion of the GSDP rose from 5.8% in FY21 to 6.4 % in FY22. This ratio would have been 7.4% if we had to factor in the 3-percentage-point reduction in the incidence of GST, which would translate into a 1-percentage-point drop in the GST-GSDP ratio, according to a recent article on the subject by Arvind Subramanian and Josh Felman.

The fact that we are seeing a surge in GST revenues despite a drop in the incidence of GST duties demonstrates the effectiveness of the compliance measures taken by the government, such as allowing input credit only on tax invoices uploaded to the system by the supplier, the introduction of the system of e-invoice for those with the annual turnover above `2 million, and introduction of e-waybill for the transporters.

Further, data sharing between the two tax departments—CBIC and CBDT—has contributed to better coordination in the enforcement efforts. The next surge in revenues would critically depend on the rationalisation of GST rates so that the revenue neutral rate of 14.8 % prevalent pre-GST is restored. This would require a 3-percentage-point incidence increase from the present level of 11.8%.

The Bommai Committee report is therefore important in carrying out the rationalisation exercise, which must be done in a manner that minimises inflationary pressures. This would perhaps require bringing down the standard GST rate from the present level of 18% to 16%, but this drop has to be compensated by phasing away exemptions, raising the merit rate of 5% and merging the 12% rate with the standard rate.

The time has also come to look at widening the GST base, as suggested by the Kelkar committee. As far as inclusion of petroleum is concerned, with oil prices ruling high, this may not be the appropriate time to bring petrol and diesel under the GST net. In the first round, we could bring natural gas and aviation turbine fuel (ATF) into the GST base. The natural gas is mainly an intermediate input while bringing ATF and levying the standard rate will help the aviation industry, which is still reeling under the impact of the Covid crisis.

Land and real estate could be brought into the GST without abolishing stamp duty as state revenues would be affected. This could be done without any amendment of the Constitution by treating the right to use land and supply of real estate for commercial/residential use as Deemed Service. This may not yield additional GST revenue because the output revenue would be offset by input credit on cement and steel.

However, the measure will bring greater transparency in the land market and perhaps generate some revenues on the direct tax side. This could be one more arrow in the government's armoury to battle the black money menace. Finally, bringing in electricity into the GST will confer many benefits, including evaluating the true level of tax subsidies on various forms of input energies used in the generation of electricity-coal, gas and other renewables.

In carrying the GST reform forward, it is important that states are consulted and a broad consensus is generated. Refreshingly in the past, all decisions except one were taken unanimously in the GST Council. In order to generate greater confidence in the Council, the states must be administratively empowered.

As suggested by Subramanian in the recent article, the GST Council sessions may be chaired by the Union finance minister and one of the state finance ministers selected by rotation. The GST secretariat would administratively service both Union and state finance ministers chairing the session. Further, federal institutions like the inter-state council need to be revived and must meet more often to discuss national issues.

In conclusion, the GST reforms must be successfully completed; cooperative federalism will need to prevail, and both the Centre and the states will have to play their part.

Source: financialexpress.com– Jun 29, 2022

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Handicraft exports can take a quantum jump over the Rs 33,253 crore achieved in 2021-22: Shri Goyal

The handicrafts sectors needs a fresh, ambitious vision that takes it new heights with ambitious targets, and the country should not be satisfied with the 29% increase in exports achieved in 2021-22, said Shri Piyush Goyal, Union Minister of Textiles, Commerce & Industry and Consumer Affairs, Food and Public Distribution while delivering the address at the 23rd Handicrafts Export Awards Function here today.

Shri Goyal said the increase in exports of handicrafts from 25,680 crore in 2020-21 to Rs. 33,253 crore in 2021-22 shouldn't be the benchmark as the sector has tremendous capacity to strengthen its export targets further. He called upon the award winners to stress on quality, consistency, design and branding to create an ecosystem where multifold increase in the sector could be made possible. Citing a number of examples including that of solar charkha, the textile minister urged the exporters to focus on innovation to drive the growth in the sector.

He cited the rapid rise of Tiruppur, which had grown dramatically in recent decades and said exports of handicrafts could take a quantum leap.

He emphasized that Prime Minister, Shri Narendra Modi is the brand ambassador of India's handloom sector as he is seen wearing some of the artistically woven clothes. He said that during PM's visit to other nations, mostly Indian handicraft products are gifted. Similar practice is being followed by nearly 200 Indian Missions abroad.

Shri Goyal said that the Ministry of Textiles has a database of 30 lakh artisans and if we could focus on increasing the income of the artisan by even Rs. 1000 per month, it could lead to transformation in their lives. He suggested that artisans can be linked with GeM.

Also, the mandatory clause of GST registration could be worked upon so as to bring the artisans on board on e-commerce platforms. Emphasizing the big opportunity created by Free Trade Agreements with UAE and Australia, the textile minister suggested that the artisans could be provided a platform in the Dubai Expo Centre for showcasing their products and organizing buyer-seller meets.

He also complimented EPCH work for past three and a half decades to promote & boost exports.

The award function recognise exporters for their outstanding performance during the years 2017-18 and 2018-19. The evening saw a huge gathering of India's handicraft exporters from all parts of India along with Mr. Raj K Malhotra, Chairman, EPCH; Vice Chairman, EPCH – Shri Kamal Soni; Mr. Rakesh Kumar, Director General, EPCH and Chairman, India Exposition Mart Ltd.; members of EPCH's Committee of Administration.

Shri Goyal along with Smt. DarshanaVikramJardosh, Union Minister of State for Textiles and Railways gave away the awards. The occasion was also graced by Shri Upendra Prasad Singh, Secretary, Ministry of Textiles and was presided by Shri Shantmanu, IAS, Development Commissioner (Handicrafts), Ministry of Textiles, Govt. of India.

Smt. DarshanaVikramJardosh, Hon'ble Union Minister of State for Textiles and Railways said that it's significant to promote and support the artisans. She applauded that EPCH through its exhibitions ensures promotion of small artisans.

Shri Upendra Prasad Singh, IAS, Secretary, Ministry of Textiles, Govt. of India, congratulated the winners. He said even during COVID pandemic, Handicrafts export continued to grow. He also emphasisied that nearly 70 lakh people in the country are directly or indirectly connected with Handicrafts.

Shri Raj Kumar Malhotra, Chairman, EPCH informed that a total of 126 awards were given to 61 winners of the year 2017-18 and to 65 winners of the year 2018-19. A special commendation award was also given. The Awards, instituted in 1989, are organised in four broad categories – Top Export Award, Product Group-wise Awards, Regional Awards and Woman Entrepreneur Award together totalling to 39 Trophies, 3 Platinum Performer Certificates, 72 Merit Certificates, 11 Women Entrepreneur Awards and 1 Special Commendation Award. The objective of awards is to create a sense of healthy and wholesome competition amongst exporters. Over the years, these have become a coveted recognition amongst the handicrafts exporters as more and more strive to achieve a place in these awards.

Shri Rakesh Kumar, Director General, EPCH thanked the dignitaries for their presence, encouragement & support and added that due to the pandemic, the export awards function is being held after a gap of three years, hence, honoured awardees are for two consecutive years. EPCH is a nodal agency for promoting exports of handicrafts from the country to various destinations of the world and projecting India's image abroad as a reliable supplier of high-quality handicrafts goods & services. The Handicrafts exports during the year 2021-22 was Rs. 33253.00 Crores (US $ 4459.76 Million) registering a growth of 29.49% in rupee term & 28.90% in dollar terms over previous year informed by Shri Rakesh Kumar, Director General, EPCH.

The Export Promotion Council for Handicrafts (EPCH) has been organizing Export Awards since 1989 to felicitate exporters who have contributed significantly to the development as well as to the exports of handicrafts from the country. The institution of these awards is said to be one of the vital steps taken by EPCH.

The objective of the Handicrafts Export Awards is to create a sense of healthy competition amongst exporters and to encourage wholesome competition through the institution of such prestigious awards. The Awards have become a coveted recognition amongst the handicrafts exporters and more and more exporters strive to receive this award. The same has also led to the quantum jump in the exports of handicrafts from the country.

The export awards are given based on the export performance of the exporters duly certified by the Chartered Accountant and are selected by Export Awards Selection Committee chaired by the Development Commissioner (Handicrafts) or his nominee (Addl. Development Commissioner-Handicrafts) and members of the Committee of Administration of the Council.

Five types of awards are given to the exporters of handicrafts based on their export performance viz. Top Export Award (All Handicrafts); Top Export Award (Product Categories), Women Entrepreneur Award, Merit Certificates for Excellent Export Growth and Regional Export Award.

Source: pib.gov.in– Jun 28, 2022

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"Statistics Day" will be celebrated on 29th June, 2022

In recognition of the notable contributions made by Professor (late) Prasanta Chandra Mahalanobis in the fields of statistics and economic planning, Government of India has designated 29th June every year, coinciding with his birth anniversary, as "Statistics Day" in the category of Special Days to be celebrated at the national level. The objective of this Day is to create public awareness, specially in the younger generation for drawing inspiration from Professor (late) Mahalanobis about the role and importance of statistics in socio-economic planning and policy formulation.

This year, the main event of Statistics Day, 2022 is being organized through physical-cum-virtual mode. The Chief Guest of the event is Rao Inderjit Singh, Hon'ble Union Minister of State (Independent Charge) of Ministry of Statistics and Programme Implementation (MoSPI), Ministry of Planning and Hon'ble Minister of State of Ministry of Corporate Affairs.

Prof. Bimal Kumar Roy, Chairman, National Statistical Commission (NSC); Dr. G. P. Samanta, Chief Statistician of India & Secretary, MoSPI; Prof. Sanghamitra Bandyopadhyay, Director, Indian Statistical Institute; are also scheduled to address the participants on the occasion. Moreover, senior officers of Central Ministries/Departments and other stakeholders will also participate in the event through hybrid (i.e. both physical and virtual) mode.

Every year, Statistics Day is celebrated with a theme of contemporary national importance. The theme of Statistics Day, 2022 is 'Data for Sustainable Development'.

On this occasion, MoSPI also recognizes the outstanding contribution through high quality research in the field of applied and theoretical statistics benefiting the official statistical system through awards instituted for this purpose.

This year, the winners of Prof. P.C. Mahalanobis National Award in Official Statistics, 2022 and Prof. P.V. Sukhatme National Award for life time contribution in the field of statistics, 2022 will be announced during the event. The winners of 'On the Spot Essay Writing Competition, 2022' for Post Graduate Students on the theme of Statistics day will also be felicitated.

During the technical session of the event, officers of the Ministry will make a brief presentation on the theme, followed by addresses by experts from international agencies.

Source: pib.gov.in– Jun 28, 2022

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As rising CAD starts pinching, the Centre starts scrutinising imports

The Centre has started to closely monitor imports amid concerns over the rise in current account deficit (CAD), which could undermine the nation's macroeconomic balance, a news report said.

As the trade deficit in May hit a record high of $24.3 billion, revenue authorities have now become vigilant, a senior government official told The Economic Times. The official ruled out any knee-jerk reaction from the authorities that could impact the nation's economic recovery.

"We are keeping a close watch... Officials have been asked to look at the import data," the official told ET and added that the CAD is an area of concern.

The authorities are closely watching the import of precious metals, especially gold. The imports of gold in May rose by almost nine times to $7.7 billion compared to a year ago. Silver imports in May rose to $556 million.

India has witnessed an increase in non-fuel imports, including electronic goods, leather goods, and textiles. In the past, India has imposed restrictions or raised custom tariffs to curtail such imports. However, such moves have led to slow economic growth.

In FY22, India's CAD showed a deficit of 1.2 per cent of GDP against a surplus of 0.9 per cent in FY21, while the trade imbalance widened to $189.5 billion from $102.2 a year ago.
Fitch Ratings earlier in June estimated that the CAD could rise to 3.1 per cent of GDP in the current fiscal year as the finance ministry had also flagged the issue in its monthly report.

The ministry said, "India faces near-term challenges in managing its fiscal deficit, sustaining economic growth, reining in inflation, and containing the current account deficit while maintaining a fair value of the Indian currency."

Source: business-standard.com– Jun 28, 2022

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Shri Sarbananda Sonowal asks all Ports to prepare master plan in order to become Mega Ports by 2047

The three day Chintan Baithak of Ministry of Ports, Shipping and Waterways chaired by Shri Sarbananda Sonowal, Union Minister for Ports, Shipping and Waterways concluded today with some of the remarkable decisions. The baithak was organized with an aim to discuss and deliberate ideas and innovations that can propel India's blue economy.

The Chintan Baithak was co-chaired by Shri Shripad Yesso Naik and Shri Shantanu Thakur, Ministers of State for Ports, Shipping and Waterways and attended by Chairpersons of all major ports, and Senior Officials of MoPSW, for brainstorming on promoting India's marine economy.

Speaking at the occasion Shri Sonowal reiterated Prime Minister Narendra Modi's vision to develop and promote India's blue economy. He further suggested that all ports should prepare master plan in order to become Mega Ports by 2047.

The Chintan Baithak witnessed deliberation on various innovative projects undertaken by them such as Buffer Parking Yard for Container Trailers, Smart Vessel Traffic Management System, 5G Network Pilot Project, Supervisory Control and Data Acquisition (SCADA) System for Oil Pipeline Operations, Automated Vehicle Scanning, RFID Scanning Of Personnel, Drone Surveillance, Green Warehousing System, Rejuvenation of Waterbodies, etc.

Entire three day Baithak was divided into various sessions with exclusive themes focusing on various aspects and prospects of the shipping industry along with role to be played by the MoPSW towards nations development. The session on 'Implementation of New Tariff Guidelines for existing projects and Ongoing Projects' pondered on the issue of tariff fixation of existing BOT operators.

While, the session on 'Ensuring level playing field amongst New and Existing Concessionaires in Context of New MCA' discussed the challenges brought by New MCA 2021 bringing in tariff dynamism based on market rates thereby resulting in non-level playing field for old players.

The session on ‘Integration of IWT, Coastal and Exim Transport’ charted out the potential benefits of improving Port Cargo via Coastal and Inland Waterways Transport in terms of cost savings and emission reduction. Through concerted effort by Central and state govt, Coastal and IWT can become complementing modes with Rail and Road Transport.

The Chintan Baithak also focused on ‘New Generation Automated Technologies’ wherein application of various cutting-edge technologies such as drone surveillance, Internet of things, Artificial Intelligence, etc, can significantly improve operations at Indian Ports. A presentation on Steps to be taken to compete with private/non-major ports talked about increasing competitiveness in the port sector and the positioning of major ports versus the non-major ports in India.

Shri Sonowal suggested the major ports to draft land policy guidelines, explore potential of satellite presence out of port limits. In order to make SPVs more efficient and effective, the Minister directed the officials to repurpose the SPVs so as to make them lean and agile towards achieving the desired objectives. He also insisted on enhancing operational performance of Dredging Corporation of India and importance of multimodal connectivity.

Also to increase the port performance, Shri Sonowal suggested all the ports to develop independent feedback mechanism to identify gaps and resolve them in consultation with all the stakeholders. It also proposed 100% financial assistance for developing dedicated coastal berths at ports through Sagarmala programme and to offer more berths on PPP mode.

It was suggested by the Minister that all ports must explore way of adopting the intervention of VHF technology at their ports. The Green Ports Policy was also discussed, which will be applicable for all the major and non-major ports of India. The draft policy also suggested port authorities to explore the option of project financing through multi-lateral development banks/other financial institutions/any green financing agencies. Shri Sonowal concluded that the reflections from the ‘Chintan Baithak’ will help create the roadmap to put India as one of the world’s maritime leaders.

Source: pib.gov.in– Jun 28, 2022

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Exports stakeholders meeting held

The process of identifying a suitable site to establish a new SIPCOT Industrial park to boost industrial growth in Madurai district was under way, said Collector S. Aneesh Sekhar at the exports stakeholders meeting held at MADITSSIA hall on Tuesday.

He said that about 95 % of the manufacturing units functioning in the district were micro, small and medium enterprises. Around two lakh people were employed in these enterprises. Various schemes were being implemented by the government to boost the industrial growth, he said.

Tamil Nadu contributed to 8.97 % of the exports in 2020-21. Chennai, Kancheepuram, Chengalpattu, Coimbatore and Tiruppur districts are doing well in the manufacturing sector, the Collector said.

The Directorate General of Foreign Trade has selected 75 districts in the country in the first phase for setting up District Export centres in order to promote exports. Madurai district was selected as one of the districts, he said.

There is a good scope for value addition and export of various agricultural products such as jasmine which has a Geographical Indication tag and coir products. Similarly, steps would be taken to boost production and export of handlooms and textiles products such as Sungudi sarees, he said.

Source: thehindu.com– Jun 28, 2022

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