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INTERNATIONAL NEWS

Signs of eurozone manufacturing downturn as demand falls: S&P Global

The S&P Global eurozone manufacturing purchasing managers' index (PMI) fell from 54.6 in May to 52.1 in June, its lowest reading since August 2020 and a fifth consecutive month of decline in the headline measure. Driving the deterioration was a June contraction of output, which dropped for the first time in two years, the US-based financial information firm said.

Worse looks set to come, according to the survey's other sub-indices. Several survey gauges are now consistent with an imminent industrial recession and period of economic distress.

One upside to the weakening of business conditions in the sector was a cooling of price pressures, albeit with energy and food supply remaining major concerns in the outlook for inflation, S&P global said in a press release.

The first drop in production for two years was primarily a function of a steepening downturn in demand. Orders for goods have fallen at an accelerating rate over the past two months, dropping in June in every country surveyed with the exception of the Netherlands, and even here the rate of growth has weakened markedly in recent months.

The overall drop in eurozone manufacturing new orders was among the steepest seen over the past decade, with demand falling across the board for consumer goods, investment goods and intermediate goods, the company said.

Demand is now weakening as firms report customers to be growing more cautious in relation to spending due to rising prices and the uncertain economic outlook.

Looking at inventories, both raw materials and unsold stock are now rising due to lower than expected production and sales volumes respectively, hinting that an inventory correction will act as an additional drag on the sector in coming months.

Looking at the resulting new-orders-to-inventory ratio, which acts as a reliable lead indicator of output, this gauge has fallen to a level for which only the global financial crisis and initial impact of the pandemic saw more distressed readings.

One upside to the recent weakening of demand is an alleviation of some supply chain constraints, which has in turn helped cool inflationary pressures for industrial goods. With the survey data indicating an increasing likelihood of the manufacturing sector slipping into a recession, these price pressures should ease further in the third quarter this year.

Source: fibre2fashion.com– Jul 04, 2022

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China's textile-garment exports expand in 1st 5 months of 2022

China's textile-apparel exports maintained growth momentum in the first five months of the year, according to data from the Ministry of Industry and Information Technology. Such exports rose by 11.2 per cent year on year to $125.1 billion in the period, the data showed. Textile exports reached $62.9 billion, surging by 12.1 per cent from a year ago.

Apparel exports were worth $62.2 billion, up by 10.2 per cent year on year, an official news agency reported.

During this period, the added value of textile firms with annual operating revenue of at least 20 million yuan (about $2.99 million) climbed by 1.5 per cent year on year, while the operating revenue of the aforementioned firms increased by 7.1 per cent from the same period a year ago.

Source: fibre2fashion.com– Jul 03, 2022

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USDA: 12.5 Million Total U.S. Cotton Acres Planted in 2022

USDA's Planted Acres report issued on June 30 showed that cotton growers planted an estimated 12.5 million acres of upland and Pima cotton in 2022 – up 11% from 2021.

For this year, upland area is estimated at 12.3 million acres, up 11% from last year. American Pima planting is estimated at 156,000 acres, up 23% from 2021.

According to the report, compared with last year, upland planted area increased in 16 of the 17 major cotton-producing states. The largest increase is in Texas, where upland planted acreage increased by 750,000 acres. Five states showed an increase of over 50,000 acres compared with last year.

In Arizona, persistent drought impacted planting decisions for the 2022 cotton crop. Compared with last year, planted acreage of upland cotton is down to a record low of 38,000 acres, while planted area for American Pima cotton acres in the state are up 11,000 acres.

The report noted that by June 19:

- 96% of the nation's cotton acreage had been planted, slightly ahead of last year's pace and the 5-year average.
- 22% of the acreage was squaring – 2 percentage points ahead of last year and 1 percentage point behind the 5-year average.
- 40% of the acreage was rated in good to excellent condition, compared with 52% in these two categories at the same time last year.

On a regional basis, total cotton acres in the Southeast for 2022 were reported at 2,510,000 acres across Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia – up from 2,327,000 acres in 2021.

In the Mid-South, total 2022 reported acres were 1,860,000 across Arkansas, Louisiana, Mississippi, Missouri, and Tennessee – up from 1,625,000 acres in 2021.

Southwest reported acres totaled 7,802,000 across Kansas, Oklahoma, and Texas – up from 6,972,000 acres in 2021.

In the West, 306,000 total acres were reported across Arizona, California, and New Mexico – up from 291,500 total acres in 2021. American Pima acres in those states climbed to 134,000 acres in 2022 compared to 109,500 acres in 2021. Pima acres in Texas climbed to 22,000 from 17,000 in 2021.

State by state totals can be found at the USDA Acreage website.

The report also noted that cotton producers planted 95% of their acreage this year with biotech varieties – down 2% from 2021. Of that total, Bt-only varieties accounted for 3% of the acreage, herbicide resistant varieties took 6% of the acres, and stacked gene varieties made up 86% of the total acres.

Source: cottongrower.com– Jul 01, 2022

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Recycling Cotton Into New Fabric

Researchers have developed a method that converts cotton into sugar, which can then be turned into spandex, nylon, or ethanol.

Many of us try to recycle our old textiles, but few of us know that they are actually very difficult to reuse, and often end up in landfills anyway. Now, scientists at Lund University in Sweden have developed a method that converts cotton into sugar, that in turn can be turned into valuable products including spandex, nylon, and ethanol.

It is estimated that 25 million tons of cotton textiles are discarded around the world every year. When you add up the different types, a total of 100 million tons of textiles are thrown out. In Sweden, most of the material goes straight into an incinerator and becomes district heating. In other places, it is even worse, as old clothes usually end up in landfills.

“Considering that cotton is a renewable resource, this is not particularly energy-efficient,” says Edvin Ruuth, a researcher in chemical engineering at Lund University.

“Some fabrics still have such strong fibers that they can be re-used. This is done today and could be done even more in the future. But a lot of the fabric that is discarded has fibers that are too short for re-use, and sooner or later all cotton fibers become too short for the process known as fiber regeneration.”

Where Edvin Ruuth works, at the Department of Chemical Engineering in Lund, there is a great deal of accumulated knowledge about using micro-organisms and enzymes, among other things, to transform the “tougher” carbohydrates in biomass into simpler molecules. This means that everything from biological waste and black liquor to straw and wood chips can become bioethanol, biogas, and chemicals.

Now the researchers have also succeeded in breaking down the plant fiber in cotton — the cellulose — into smaller components. However, no microorganisms or enzymes are involved this time; instead, the process involves soaking the fabrics in sulphuric acid. The result is a clear, dark, amber-colored sugar solution.

"The secret is to find the right combination of temperature and sulphuric acid concentration," explains Ruuth, who fine-tuned the 'recipe' together with doctoral student Miguel Sanchis-Sebastiá and professor Ola Wallberg.

Glucose is a very flexible molecule and has many potential uses, according to Ruuth. "Our plan is to produce chemicals which in turn can become various types of textiles, including spandex and nylon. An alternative use could be to produce ethanol."

From a normal sheet, they extract five liters of sugar solution, with each liter containing the equivalent of 33 sugar cubes. However, you couldn't turn the liquid into a soft drink as it also contains corrosive sulphuric acid. One of the challenges is to overcome the complex structure of cotton cellulose.

"What makes cotton unique is that its cellulose has a high crystallinity. This makes it difficult to break down the chemicals and reuse their components. In addition, there are a lot of surface treatment substances, dyes, and other pollutants which must be removed. And structurally, a terrycloth towel and an old pair of jeans are very different," says Ruuth.

"Thus it is a very delicate process to find the right concentration of acid, the right number of treatment stages, and temperature."

The concept of hydrolizing pure cotton is nothing new per se, explains Ruuth; it was discovered in the 1800s. The difficulty has been to make the process effective, economically viable, and attractive.

"Many people who tried ended up not utilizing much of the cotton, while others did better but at an unsustainable cost and environmental impact," says Ruuth.

When he started making glucose out of fabrics a year ago, the return was a paltry three to four percent. Now he and his colleagues have reached as much as 90 percent.

Once the recipe formulation is complete, it will be both relatively simple and cheap to use.

However, for the process to become a reality, the logistics must work. There is currently no established way of managing and sorting various textiles that are not sent to ordinary clothing donation points.

Fortunately, a recycling center unlike any other in the world is currently under construction in Malmö, where clothing is sorted automatically using a sensor. Some clothing will be donated, rags can be used in industry, and textiles with sufficiently coarse fibers can become new fabrics. The rest will go to district heating.

Hopefully, the proportion of fabrics going to district heating will be significantly smaller once the technology from Lund is in place.

Source: scitechdaily.com– Jul 02, 2022

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Peru: Industrial exports reach best historical first four-month period in 2022

Industrial exports reached US$3.178 billion during the first four months of 2022, setting a historical benchmark over a similar period in previous years.

In fact, there was an increase of 26.7% compared to the same period in 2021 and 32.3% above the result obtained a decade ago, the National Society of Industries' (SNI) Institute of Economic and Social Studies (IEES) reported on Friday.

"This historical milestone in terms of industrial exports, which for the first time exceed US$3 billion in the first four-month period, was driven by the dynamism of sectors, such as non-metallic minerals, metal-mechanics, textiles and clothing, chemicals and iron-steel, in addition to jewelry," SNI Chairman Jesus Salazar specified.

Concerning exports value, the shipments of products from sectors, such as chemicals (US$720 million), iron and steel and jewelry (US$637 million), fishing (US$614 million), non-metallic minerals (US$267 million), and metal mechanics (US$202 million) stood out as they reached unprecedented FOB values.

Salazar highlighted the recovery of sales abroad by the textile-clothing sector, which reached US$585 million during the first four months of 2022 —an increase of 30.8% compared to the same period of the previous year.

"However, these figures still remain 12.2% below the value exported during the first four months of 2012, the year in which foreign sales by this sector reached a historical peak," he explained.

Likewise, exports of wood and paper amounted to US$108 million between January and April of this year and registered a growth of 22.3% over the same term in 2021; however, they are still 22.3% below the sales registered in the same period of 2014 (US$139 million).

Source: andina.pe– Jul 01, 2022

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UAE Circular Economy Council approves 22 policies to expedite progress of circular economy transition

The UAE Circular Economy Council convened its second meeting of 2022, presided over by Mariam bint Mohammed Almheiri, Minister of Climate Change and the Environment.

The meeting drew the participation of high-level representatives of various government and private sector entities from across the UAE. These included Abdullah bin Touq Al Marri, Minister of Economy; Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade; Omar bin Sultan Al Olama, Minister of State for Artificial Intelligence, Digital Economy, and Teleworking Applications; Sheikha Shamma bint Sultan bin Khalifa Al Nahyan, CEO of Alliances for Global Sustainability; Omar Suwaina Al Suwaidi, Under-Secretary of the Ministry of Industry and Advanced Technology; Razan Khalifa Al Mubarak, Managing Director of the Environment Agency – Abu Dhabi.

The participants also included Dawood Al Hajri, Director-General of Dubai Municipality; Abdulrahman Al Nuaimi, Director-General of the Municipality and Planning Department in Ajman; Essa Al Hashmi, Assistant Under-Secretary for the Sustainable Communities Sector at the Ministry of Climate Change and Environment; Yousif Al Ali, Assistant Under-Secretary for Electricity, Water and Future Energy at the Ministry of Energy and Infrastructure; Khaled Al Huraimel, CEO of Bee'ah; Laila Mostafa Abdullatif, Director-General of Emirates Nature-WWF; and Ibrahim Al-Zu'bi, Chief Sustainability Officer at Majid Al Futtaim Holding.

The Council approved 22 policies proposed by its subsidiary, the Circular Economy Policies Committee, that focus on accelerating the implementation of the circular economy model in the UAE in four main sectors – manufacturing, food, infrastructure, and transport.

The Council also identified at least 16 circular economy activities that open a wealth of opportunities for businesses, such as upcycling textile waste into new products, developing automated AI-enabled waste management solutions, and remanufacturing electronic waste.

"With the cabinet's approval of the UAE Circular Economy Policy in January 2021, we have embarked on an ambitious and important mission to transition from a linear model to a circular economy approach. Our current linear economy consumes valuable materials and resources without being able to benefit from them after use, which represents waste in the modern concept of sustainability. Our approach seeks to protect our environment and to ensure the long-term economic and social prosperity of our country," Almheiri said.

"Many key stakeholders in the UAE have already started to embrace circular economy principles. We at the Ministry of Climate Change and Environment and at the Ministry of Economy have been engaging with them and others to gain valuable information and insights about ways of facilitating the transition to a circular economy," she added.

The Minister noted that 45 percent of global greenhouse gas (GHG) emissions result from producing cars, clothes, food, and other products used every day. This demonstrates the great potential that lays in circular economy, which can complement the emission reduction and mitigate the current climate crisis.

For his part, Minister Abdullah Al Marri, who also heads the Council's Circular Economy Policies Committee, noted that the Committee recently held intensive workshops and meetings with the government and private sectors as well as international partners. The workshops were designed to support the implementation of the UAE Circular Economy Policy in four key sectors – manufacturing, green infrastructure, transportation, and food production and consumption – as well as the 22 new policies issued to drive the UAE's overall transition to a circular economy.

"These policies will contribute to addressing all challenges the private sector is facing in its shift to a circular economy and support the country's green development drive. The initiatives align with the directives of our wise leadership to fast-track the country's transition to a circular economy as one of the sustainability, flexibility, and growth drivers of the new economic model as per the Principles of the 50.

"The Committee continues its efforts to implement the UAE Circular Economy Policy 2021-2031 through programmes and projects that are set to attract investments to this field and expand its infrastructure. Efforts are also being exerted to establish a circular economy database, in addition to offering incentives to encourage the private sector to shift towards clean production methods, thereby enhancing the UAE's competitiveness as one of the leading circular economies regionally and globally," he stated.

After a brief on the progress of current circular economy projects in the UAE and startups' insights, Anis Nassar from the World Economic Forum (WEF) updated Council members on the Scale360 initiative. The initiative brings together global partners to scale up the use of Fourth Industrial Revolution (4IR) technologies with the aim of fast-tracking the adoption of the circular economy principles.

The meeting agenda also featured an overview of Bee'ah's efforts to implement a circular economy model in its operations as well as a presentation on the Abu Dhabi Emirate Single Use Plastic Policy that came into force on 1st June, 2022.

Approved in January 2021, the UAE Circular Economy Policy identifies the optimal approach to the country's transition to a circular economy. Its objectives include building a sustainable economy, promoting efficient use of natural resources, encouraging the private sector to shift to cleaner industrial production methods that involve the use of artificial intelligence (AI) and other 4IR technologies, and adopting sustainable consumption and production patterns that reduce environmental stress while meeting the basic needs of the population.

The UAE Circular Economy Council comprises 17 representatives of relevant federal and local government entities, private sector businesses, and international organisations.

Source: wam.ae– Jul 03, 2022

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China's rail freight volume up by 5.5% in H1 2022

China's rail cargo volume rose by 5.5 per cent year on year (YoY) in the first half of this year, according to the China State Railway Group Co. Ltd. (China Railway), which recently said a total of 1.95 billion tonnes of cargo was transported through China's railways during this period—102 million tonnes more than that in the same period last year.

Cargo volume is a key indicator of economic activities.

Coal used for power generation carried via railways totaled 690 million tonnes—up by 9.1 per cent YoY, official Chinese media reported.

During the first half of the year, the number of China-Europe freight train trips rose 2 per cent YoY to 7,473. The trains carried 720,000 twenty-foot equivalent unit containers—up by 2.6 per cent from a year earlier.

Source: fibre2fashion.com– Jul 03, 2022

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World Bank projects Cambodia's 2022 growth at 4.5%

Cambodia's economy is expected to grow by 4.5 per cent in 2022, according to the World Bank's June 2022 economic update for the country that shows while domestic economic activity and goods exports continue to recover from the slowdown caused by COVID-19 and the oil price shock, growth remains uneven, with the war in Ukraine driving inflation.

During the first quarter (Q1) of this year, goods exports rose to $4.8 billion, up by 26 per cent from last year. Traditional growth drivers, especially garments, travel goods, and footwear continue to expand but newer manufacturing industries, such as for electrical and vehicle parts, are also emerging. The World Bank report noted that the exports to the United States have been surging.

Although domestic economic momentum is strong, recovery is held back by deteriorating global demand, it cautioned. Rising global energy and food prices are fueling higher inflation, it pointed out.

In Cambodia, poor and vulnerable households with limited savings are likely to bear the brunt of the oil price shock, it said. The fiscal deficit is expected to widen to 6.3 per cent of gross domestic product as the government will need to continue spending programmes to support the poor, the report indicated.

The report said that over the medium term, the economy is expected to grow at around 6 per cent annually, with the new investment law, together with free trade agreements, helping to boost investment and trade.

The report recommended policies that can help sustain economic recovery. These included continued efforts to contain the COVID-19 infection, strengthening consumer and investor confidence, promotion of exports, particularly in agricultural commodities, by facilitating trade and reducing the costs of doing business, and stabilisation of retail prices.

The report also included a special focus section on post-pandemic supply chain disruptions. It suggested strategies for reducing logistic costs and emphasised that efforts to increase Cambodia's trade competitiveness and enhance its connectivity would require a systematic approach that goes beyond the improvement of physical assets.

Efforts are needed to strengthen the entire supply chain by monitoring the efficiency of trade gateways and routes, expanding the 'Best Trader scheme' to the wider logistics sector, developing a longer-term business plan for railways, and establishing the 'Roadwatch', hotline, through which traders and citizens can report irregularities.

Implementing these reforms will require an institutional approach and a lead government agency that can oversee logistics development at the national and gateway levels, it added.

Source: fibre2fashion.com– Jul 03, 2022

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Bangladesh: Home textiles, agri and leather emerge with major export potentials

Home textiles, agricultural products and leather and leather goods are gradually emerging to be export potential sectors, say industry leaders.

While these sectors performed well according to the export outlook of concluded FY22, experts deem their growth curves still below the achievable potential partly due to freight cost hike which hindered export.

For leather and leather goods export compliance turns out to be a major barrier for growth. Jute and jute goods saw about 3% negative growth due to price hike of raw materials in the previous fiscal year.

According to the provisional data of Export Promotion Bureau (EPB), in July-June, the country's diversified export basket contributed about 19% to the total export earnings of $52.08 billion, while apparel shipment alone accounts for more than 81%, which once went up to 84%.

EPB data shows, the home textile sector saw a 43.28% growth to $1.62 billion year-on-year while leather and leather goods earned $1.24 billion with 32.23% growth in the last fiscal. Agricultural products recorded $1.16 billion with 13.04% growth, while the earnings were $1.02billion in FY21.

Kamruzzaman Kamal, director marketing of the PRAN-RFL group told The Business Standard, that the sectors have potential to grow more but the freight cost hike and vessel crisis during the pandemic hindered their growth. He added that some exporters failed to ship goods on time while others saw order cancellations.

PRAN-RFL group has done better than last year, he said, adding "We have diversified our export basket adding some new product lines – bakery and confectionery items."

Once golden fibre - jute and jute goods has lost its glory and saw about 3% negative growth to $1.12 billion in FY22 from $1.16billion in FY21.

Akij group Chairman Sheikh Nasir Uddin told The Business Standard that the sector lost its market share due to last year's raw materials price hike, which also led to innovation of alternative products.

"Turkey is the major market for Bangladesh, but they innovated two alternative products for Jute—recycled cotton yarn and plastic yarn," he added. Sheikh Nasir Uddin, also chairman of Bangladesh Jute Spinners Association, said about 50% of small and medium factories have already closed down and the rest are running with up to 60% of their capacity.

Mridha Moniruzzaman Monir, vice-chairman of Bangladesh Jute Spinners Association and managing director of Golden Jute Industries Ltd, said a syndication of local jute prices was invited this fall for the sector.

Shaheen Ahmed, President of Bangladesh Tanners' Association (BTA) said the sector saw growth despite the logistic cost and imported chemical price hike. "The sector will not flourish further without a fully efficient Central Effluent Treatment Plant (CETP) at the Savar Tannery Industrial Estate," he added.

Leather exporter Picard Bangladesh Limited's managing director Md Saiful Islam pointed out that the growth indicates that buyers' have confidence on them.

He also observed that Bangladesh has failed to diversify the jute products as once it was one of the main export items along with raw leather and tea.

Rashed Mosharaff executive director marketing at Zaber & Zubair Fabrics Ltd (Home) said the home textile sector has experienced an organic growth of about 15% every year and last year it was about 25%.

"We are also exploring new markets and new buyers," he said, adding, "Spanish buyer Mango Home came on board with us this year. We are now exploring Brazil as a potential new market."

Source: tbsnews.net– Jul 03, 2022

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Bangladesh: Terry towel: A soft start later to grow into a billion dollar industry

Rais Khan, a Pakistani-born US citizen, had the business foresight to grasp the towel-making potentials in Bangladesh in the 1980s. He left a top executive position in the global textile giant Franco Ferri Corporation to establish Sonar Cotton Mills in Chattogram Export Processing Zone (EPZ) in 1984.

This is the first towel factory not only in the EPZ but also in Bangladesh, as annual export of towels and home textiles by local manufacturers has now reached $1.2 billion. Sonar produces 30,000 kg of terry towels per month, as the company's export in FY2021-22 was more than $1.62 million. Sonar's products are now being sold at multinational shops such as Amazon.

Rais Khan's son Shariq Khan now runs the factory his father established 38 years ago. After completing his medical studies, Shariq joined the production unit in 2002 at his father's request.

In an interview with The Business Standard, Shariq – who is now the managing director of Sonar Cotton – shared the eventful story of the company and an expansion plan in the next two years.

Shariq said many workers from Feni, Mirsarai, Chattogram, Sitakunda and adjacent areas used to work at towel factories in Karachi in Pakistan before independence. Bangladeshis had a good reputation as skilled workers.

In 1984, many of these workers joined Rais Khan's venture in the Chattogram EPZ. "My father used to travel to Bangladesh regularly before 1971 as we had relatives here. He loved the country and saw the future potential of business after Bangladesh's independence," Shariq said.

Rais Khan had been in the textile sector since the 1960s. He was a senior official of the textile giant Franco Ferri Corporation. Shariq said his father's experience in textiles led him to invest in Bangladesh.

"My father consulted with MrFerri, the head of the Franco Ferri Corporation, about investing in Bangladesh. MrFerri supported him as he was our first client," said the Sonar MD.

He attributed the success of the local towel-making sector to the fashion quota system for least developed countries under which the USA used to source 1.2 million kg of towels from Bangladesh.

But there were challenges and vulnerabilities, within the country and outside of it. Shariq said the first hit onthe factory was the 1991 cyclone, which inundated and eventually damaged the machinery. It took Rais Khan seven years to resume production in 1998.

Shariq said the business suffered severely during the 2007-08 global recession, forcing them to allow a local investor to pump money into the company.

According to the Bangladesh Terry Towel & Linen Manufacturers & Exporters Association, 110 companies are producing home textile and terry towel items in the country. The factories employ nearly 65,000 workers and have investments totalling around $1.20 billion.

The international market size of the textile segment is around $26 billion. According to the Bangladesh Export Processing Zones Authority (Bepza), Sonar Cotton has exported products worth $19.73 million since 2003.

In 2002, Shariqflew from the US to join Sonar as his father became ill and died subsequently. "Father told me, "I paid for your education from this factory. Now you should take charge."

"The first time I came here, my father told me to go to the production lines first to understand the factory. He used to say that once you understand the work of the production unit, you will understand the business. Before sitting behind the desk, I worked at the production unit for six months," he recalled.

Shariq said the firm is now sitting on new orders despite using its full manufacturing capacity.
"We need to expand now. There are plans to set up a new factory in Mymensingh as our aim is to double production in the next two years," he said.

Source: tbsnews.net– Jul 03, 2022

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Pakistan's trade deficit hits record-high of USD 48.66 billion as imports soar

Cash-strapped Pakistan's trade deficit has surged to an all-time high of USD 48.66 billion in the outgoing fiscal year, up from USD 30.96 billion a year ago, a significant 57 per cent jump on the back of higher-than-expected imports, a media report said on Sunday.

The trade deficit reached an alarming level despite a ban on more than 800 non-essential luxury items in May by the Shehbaz Sharif government, the Dawn newspaper reported, quoting the provisional official data.

Pakistan's trade gap widened by more than 32 per cent to touch USD 4.84 billion in June, from USD 3.66 billion a year ago, driven largely by almost double the increase in imports compared to exports, the paper said. The outgoing fiscal year's trade deficit has crossed the USD 37 billion figure in 2017-18, which was largely led by imports related to the China-Pakistan Economic Corridor.

In the subsequent years, the trade gap dropped to USD 31.8 billion in 2018-19 and then to USD 23.2 billion in 2019-20, before bouncing back to USD 30.8 billion in 2020-21 and finally to a whopping USD 48.64 billion in the 2021-22 fiscal, according to official data.

The outgoing year's trade deficit is propelled by the highest-ever increase in oil prices and commodities in the international market due to the supply chain disruptions brought about due to the ongoing war in Ukraine. The trade deficit has been on the rise owing to an unprecedented increase in imports due to a rise in global commodity prices, while exports have stagnated to around USD 2.5 billion to USD 2.8 billion a month, mostly those of semi-finished products and raw materials, the paper added.

Pakistan's import bill increased 43.45 per cent to USD 80.51 billion during 2021-22, up from USD 56.12 billion, just a year ago.

Last week, the Pakistan government steeply hiked petroleum prices to implement the tough preconditions set by the International Monetary Fund (IMF) to revive the stalled USD 6 billion bailout package for the cash-strapped country.

Prices of all petroleum products went up by about Rs 14-19 per litre after the decision came into effect from midnight on Thursday. This was the fourth hike in petroleum under the incumbent government assumed power in April.

The IMF has set tough preconditions like hiking electricity tariffs and imposing a levy on petroleum products to revive the stalled bailout programme. The global lender also asked Pakistan to set up an anti-corruption task force to review all the existing laws that were aimed at curbing graft in the government departments.

After implementing the conditions, the IMF would present Pakistan's request for the approval of the loan tranche and revival of the programme to its executive board – a process that may consume another month.

Pakistan is facing growing economic challenges, with high inflation, sliding forex reserves, a widening current account deficit and a depreciating currency.

On June 22, Pakistan secured a deal with the IMF to restore the stalled USD 6 billion assistance package and unlock doors for financing from other international sources.
The make-or-break deal was re
ached following the IMF staff mission and the Pakistani team, led by Finance Minister Miftah Ismail, agreeing on an understanding on the 2022-23 budget after the authorities committed to generate Rs 43,600 crore more taxes and increase petroleum levy gradually up to Rs 50 per litre, according to the paper.

The extended fund facility package of USD 6 billion was agreed upon in July 2019 for a period of 39 months. So far only half of the promised money has been reimbursed.

The revival of the facility will immediately provide access to USD 1 billion, which Pakistan badly needs to buttress its dwindling foreign exchange reserves.

Source: financialexpress.com- Jul 03, 2022

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Pakistan: Weekly Cotton Review: Market witnesses bearish trend

The Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) has issued a SOS call over acute financial crisis in the industry amidst delaying sales tax refunds, rising mark-up rate, soaring fuel and energy cost and worsened power shutdowns, expressing a fear of breakdown in whole export-oriented textile supply chain in the county.

Cotton prices continued to decline in the local and international cotton markets during the last week. The rate of cotton after the decline of Rs 2500 per maund was in between Rs 16000 to Rs 17000 per maund while the rate of Phutti after witnessing a decline of Rs 1500 reached in between Rs 6500 to Rs 7600 per 40 Kg. In Punjab both the rate of cotton and Phutti was Rs 70 to Rs 75 more, respectively as compared to their rates in Sindh.

Within a month of the start of the new cotton season, the price of cotton which was Rs 23,000 per maund fell by Rs 7000 per maund and was in between Rs. 16,000 to Rs. 16,500 per maund. The spot rate has also come down from Rs 22,000 to Rs 16,700 per maund. It witnessed a decline of Rs 5,300 per maund.

The New York Cotton Market's rate of Future Trading fell by about 58 US cents.

Textile and spinning mills are interested in buying cotton due to low prices. Business volume has been very high. Due to the possibility of rains before Eid, many mills are making deals for delivery after Eid.

The demand for cotton yarn has declined, while the financial crisis is increasing in the market. However the rate of US dollar is also decreasing.

According to reports, due to continuous rise in prices of energy and petroleum products and the possibility of further increase in interest rates and prolonged load shedding, some millers are thinking about closing their mills for about a week along with the Eid-ul-Adha holidays. According to the information received from Faisalabad, sizing and cotton looms have already been closed down there.

Meanwhile, textile mills in Punjab have been shut down for eight days.

Overall, bearish trend continued to prevail in international cotton market.

The rate of Future Trading for the month of December closed at 197 American cents after fluctuations. The rate of cotton in Sindh is in between Rs 16,000 to Rs 16,800 per maund, the rate of Phutti in Sindh is in between Rs 65,00 to Rs 7000 per 40 kg. There is a pressure on the rate of Khal and Banola. The business was slow in Punjab due to rains.

The rate of cotton in Punjab is in between Rs 16,800 to Rs 17,000 per maund; the rate of Phutti is in between Rs 6500 to Rs 7000 per 40 kg while downward trend was seen in the rate of Khal and Banola.

The rate of cotton in Balochistan is in between Rs 16,700 to Rs 16,800 per maund while the rate of Phutti is in between Rs 68,00 to Rs 72,00 per 40 Kg,

The Spot Rate Committee of the Karachi Cotton Association decreased the spot rate by Rs 2100 per maund and closed it at Rs 16,700 per maund.

Naseem Usman, Chairman, Karachi Cotton Brokers Forum, said that cotton prices in international cotton markets continued to decline. According to the USDA's Weekly Export and Sales Report, 48,100 bales were sold for the year 2021-22, which was significantly higher than the previous week.

Vietnam topped the list with 33,900 bales. China came in second with 25,400 bales. Mexico came in third with 3,500 bales. However, 46,300 bales were sold for the year 2022-23.Turkey topped the list with 25,500 bales. Portugal came in second with 8,800 bales. Mexico came in third with 3,700 bales.

All Pakistan Textile Mills Association (APTMA) has sought Prime Minister's help for restoration of gas to the textile industry as it is hurting exports.

APTMA's Patron-in-Chief, Ijaz Gohar, in a letter to Prime Minister, Shehbaz Sharif stated that textile industry had achieved a new record in terms of exports reaching nearly $20 billion from $12.5 billion just two years ago.

The fantastic growth was enabled by implementation of Regionally Competitive Energy Tariff (RCET), investment of over $5 billion in expansion and establishment of 100 new textile units resulting in enhanced export capacity of $500 million per annum.

"It is inexplicable that the exporting sector, which has the capacity to deliver over $2 billion in exports per month, is being denied energy/ gas and consequently exports will be significantly lower, much to the detriment of Pakistan's economy."

According to APTMA, gas/ RLNG to industry has been suspended from July 1, to July 8, 2022 with Eid holidays from July 9 to 14 July –a shutdown of a total of 15 days that will translate into a loss of at least $1 billion. More than 50 percent of output will be lost this month, with the very real risk of losing orders on a permanent basis, as well as, loss of repeat business due to delays in delivery of orders.

Gohar maintained that textile exports were expected to increase to $25 billion plus in the coming fiscal year and if that momentum was lost due to energy supply and cost constraints, Pakistan would be forced to seek additional $6 billion in loans from abroad which under the circumstances may not be possible. "Textiles have repeatedly delivered their commitments and proven that they are a viable and long-term solution towards economic stability."

He requested that under these circumstances, gas/ RLNG supply of export-oriented industry be restored immediately.

The Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) has issued a SOS call over acute financial crisis of the industry amidst delaying sales tax refunds, rising mark-up rate, soaring fuel and energy cost and prolonged power shutdowns.

In an appeal to the Prime Minister, Chief Justice of Pakistan, Chief of the Army Staff, Finance Ministry and Commerce Ministry, PRGMEA north zone chairman Sheikh Luqman Amin stated that the situation has not improved at all despite various appeals to the concerned departments.

"Now we are sending an "SOS call: Apparel industry amidst acute financial crisis and the ensuing breakdown of value-added textile chain", which needs a quick response, as country needs dollars and we are fully capable of doing this. We have plenty of orders to earn dollars but having no level-playing field to fulfil these orders due to indifferent and callous attitude of the authorities," he added.

Calling for quick and serious steps to sustain the growth of apparel exports, Sheikh Luqman Amin said that the new Textile Policy had made a commitment to the provision of gas and electricity at competitive international prices, a continuation of tariff rationalization, and sticking to the policy of duty drawback on local taxes and levies.

He lamented that the previous Textile Policy had also failed to achieve its targets, including enhancing textile exports from $ 13 billion to $ 26 billion, doubling value-addition from $ 1 billion per million cotton bales to $ 2 billion per million cotton bales, as well as, the creation of three million jobs in five years.

It was good news that after the expiry of last Textile Policy the government came up with a new policy, comprising new targets, incentives and recommendations while all stakeholders were also taken on board before the finalization of the new policy, which was a good sign for the economy and industry but it should also be implemented, he demanded.

He expressed the hope that Pakistan can achieve this target provided the local industry is facilitated with regionally competitive energy tariffs and a business-friendly environment.

Sheikh Luqman Amin urged for increasing ease of doing business, lowering cost of production, paying early refunds to solve liquidity crunch, relaxing import policy for industrial raw material, and equalizing the energy tariff across the country.

He said all the stuck-up claims, including DLTL, DDT, Customs rebates, and sales tax rebates, which are pending for the last six months, should be released.

He voiced the fear that the government has not been able to release the sales tax refund claims regularly because amount of exporters' liquidity has been started to stuck up with the government due to faulty and defective system.

He asked the government to work on a fast track plan to address energy issues too. Priority should be given to the export-oriented garments sector, which was the highest value-added link in the entire textile value chain. PRGMEA leader called for exemptions from power outages for exporting SMEs, as the power crisis across Pakistan has intensified and overall electricity shortfall getting worse.

The PRGMEA regional chief urged Prime Minister Shehbaz Sharif, Chief Justice of Pakistan Umar Ata Bandial, Chief of the Army Staff General Qamar Javed Bajwa to intervene as it is the national interest and direct the tax agency to remove bottlenecks in the new refund payment system of the FBR, as exporters are facing a severe liquidity crunch due to delay in payment of sales tax refunds.

Source: brecorder.com- Jul 04, 2022

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NATIONAL NEWS

Commerce Ministry looking to release new foreign trade policy before Sept

The commerce ministry is working to release the new five-year foreign trade policy (FTP) before September this year and Districts as Export Hubs scheme would be part of that document, which aims at promoting exports and job creation, an official said.

The directorate general of foreign trade (DGFT), the commerce ministry's arm which is formulating the policy, will soon send the proposal to the finance ministry for seeking funds for the scheme. Under the scheme, the aim is to initially focus on 50 districts which have products that are scalable and hold huge export potential, the official said.

The DGFT would follow a "challenge route" method to select these districts, the official said adding states and districts that want to avail the financial incentives under the scheme should compete for that. There are 750 districts in the country.

"It will be a kind of competition among states and districts. We will come out with detailed guidelines for that. The scheme will find a place in the FTP. It will be a centrally-sponsored scheme, where 60 per cent of the total cost will be borne by the Centre, and the remaining by states. We are trying to release the new FTP before September," the official added.

According to a document of the commerce ministry, states need to be engaged actively in the export promotion activities as exports cannot be exponentially increased without their active involvement. Districts as Export Hubs scheme aims to target export promotion, manufacturing and employment generation at grassroot level.

The current foreign trade policy (2015-20) is in force till September 2022. On March 31, 2020, the government had extended this policy for one year till March 31, 2021 due to the Covid-19 outbreak and the lockdown. It was again extended till September this year. In the policy, the government announces support measures for both goods and services exporters.

In 2021-22, the country's merchandise exports touched $420 billion and services exports aggregated at $254.4 billion. The government is looking at $1 trillion exports of goods and services each by 2030.

To push the outbound shipments, India is aggressively negotiating free trade agreements with several countries and regions including Canada, the UK, European Union and Israel. India has implemented a trade pact with the UAE in May and has signed one with Australia.

Source: thehindubusinessline.com– Jul 03, 2022

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Ministerial panel to fast-track FTA plans

The government is weighing a proposal to set up an inter-ministerial panel comprising senior officials to iron out differences across various ministries and departments on proposals relating to free trade agreements (FTAs), an official source told FE.

The move assumes significance, as the country is either negotiating or planning to start talks for a flurry of high-stake FTAs with key economies, such as the EU, the UK, Canada, Israel, members of Gulf Co-operation Council (GCC) and Australia. While New Delhi has clinched an interim deal with Canberra, talks for a full-fledged FTA could start soon. Together these economies (excluding the UAE, a part of the GCC, with which an FTA is already signed) contributed as much as $108 billion, or 26%, to India's merchandise exports in FY22.

"A final decision on the panel will be taken soon," said the source.

An inter-ministerial committee for FTAs will come in handy, as differences on crucial and sensitive issues within ministries that oversee different sectors tend to delay negotiations. Often stakeholders with conflicting interests across sectors make the job difficult for negotiators, who are required to have clarity of purpose when they get into such high-stake talks, more so because these FTAs are going to guide the country's trade policies for years. For instances, while the dairy sector resisted India's RCEP entry the most, some other sectors were less hesistant to join the block.

Moreover, such a panel will bolster co-ordination among ministries and departments and improve the quality of negotiations as well, said the source.

The country is also seeking a review of its existing FTAs with key partners, including Asean group, Japan and South Korea, to restore greater degree of trade balance.

Following its exit from the Beijing-dominated RCEP in November 2019, New Delhi has stepped up efforts to forge "fair and balanced" trade pacts with key countries.

In February, India signed an FTA with the UAE, the first such pact by New Delhi with any economy in over a decade. Then followed an interim trade deal with Australia in April; both the sides are expected to soon resume negotiations for a broader FTA.

Last week, India and the EU resumed negotiations for an FTA after a gap of about nine years and are planning to launch the next round of talks in September. Similarly, New Delhi and London have concluded four rounds of negotiations and are aiming to clinch a deal by Diwali in October. Similarly, India and Canada are eyeing an interim deal by the end of 2022.

After the deal with the UAE, the other GCC members have evinced interest in hammering out an FTA with India. The country is also planning to launch talks with Israel. The GCC comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.

India remained cautious for about a decade before signing the FTA with the UAE in February, as five of its six prominent FTAs that came into force between 2006 and 2011, had exacerbated New Delhi's trade balance, according to an FE analysis. These are India's trade deals with Asean group, South Korea, Japan, Singapore and Malaysia. Only the South Asia Free Trade Area agreement, which replaced a 1993 preferential trade pact, turned out to be a clear winner for India.

Source: financialexpress.com– Jul 04, 2022

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Next round of talks for India-EU FTA at Brussels in Sept

India and the European Union concluded the first round of talks for the proposed free trade agreement (FTA) on Friday and the next round of talks is scheduled at Brussels in September, the commerce ministry said on Saturday.

India and the 27-nation bloc resumed negotiations on June 17, after a gap of over eight years, on the proposed agreements on trade, investments and Geographical Indications (GI). The first round of talks, which began on June 27, concluded on July 1.

India's FTA negotiations were led by Chief Negotiator Nidhi Mani Tripathi, Joint Secretary in the Department of Commerce and the EU was represented by its Chief Negotiator Christophe Kiener, the ministry said in a statement.

The week-long negotiations were held in a hybrid fashion – with some of the teams meeting in Delhi and the majority of officials joining virtually. During the first round, 52 technical sessions covering 18 policy areas of FTA and seven sessions on investment protection and GIs were held, it added.

India's bilateral trade with the EU amounted to USD 116.36 billion in 2021-22.

Currently, the EU is India's 2nd largest trading partner after the US, and the second largest destination for Indian exports.

"The trade agreement with the EU would help India further expand and diversify its exports of goods and services, including securing the value chains. Both sides are aiming for the trade negotiations to be broad-based, balanced, and comprehensive, based on the principles of fairness and reciprocity," it added.

Source: financialexpress.com– Jul 02, 2022

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ECLGS: Loans worth Rs 3.32 lakh crore sanctioned to MSMEs, others till April 2022, shows RBI report

Credit and Finance for MSMEs: Loans amounting to Rs 3.32 lakh crore were sanctioned under the Emergency Credit Line Guarantee Scheme (ECLGS) till April 30, 2022, of which Rs 2.54 lakh crore amount was disbursed, the Reserve Bank of India (RBI) said in its latest Financial Stability Report.

The drawdown under ECLGS 1.0, 2.0 and its extension comprised over 97 per cent of the total guarantees issued. Launched on May 20, 2020, Rs 5-lakh-crore ECLGS provided 100 per cent guarantee coverage from National Credit Guarantee Trustee Company Limited (NCGTC) to select borrowers. It was originally devised for MSMEs and business enterprises whose total fund-based credit outstanding across all lending institutions was up to Rs 25 crore.

Private banks showed a greater appetite than public banks in utilising different versions of ECLGSs. According to the data, Rs 95,700 crore was disbursed to fresh borrowers and Rs 34,600 crore to repeat borrowers by private banks in comparison to Rs 79,800 crore to fresh borrowers and Rs 18,300 crore to repeat borrowers by public banks. On the other hand, NBFCs had disbursed Rs 20,800 crore to fresh borrowers and Rs 7,700 to repeat borrowers.

In terms of borrower count, private banks disbursed credit to 67.61 lakh new borrowers in comparison to 22.65 lakh new borrowers supported by public sector banks. However, the number of repeat borrowers remained similar for public banks at 1.02 lakh and private banks at 78,000 while NBFCs had backed 95,000 repeat borrowers and 11.35 lakh new borrowers, data showed.

ECLGS has undergone multiple iterations through ECLGS 1.0, ECLGS 1.0 (Extension), ECLGS 2.0, ECLGS 2.0 (Extension), ECLGS 3.0, ECLGS 3.0 (Extension) and ECLGS 4.0 since its launch. The validity of ECLGS was extended to March 31, 2023, or till guarantees for an amount of Rs 5 lakh crore are issued.

In terms of asset quality, while the aggregate gross non-performing asset (GNPA) ratio of public and private banks in the MSME sector moderated from 11.3 per cent in September 2021 to 9.3 per cent in March 2022, it still remains relatively high, the report noted. Also, Rs 46,186-crore restructured MSME portfolio, which constitutes 2.5 per cent of total advances under the May 2021 Resolution Framework 2.0, has the potential to create stress in the sector, RBI cautioned in the report.

Source: financialexpress.com– Jul 03, 2022

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Sectoral impact of the GST Council's decisions

The 47th GST Council concluded in line with industry expectations on several issues and has addressed some of the key concerns regarding the correction of the inverted duty rate structure for several products via an increase of the GST rate.

The Council also rationalised several exemptions in the service sector and has suggested an increase in tax rates on specified goods. Additional clarifications on several teething GST rates and compliance issues are also a welcome step. Given below are the sectoral impact of these decisions:

Automobiles: The GST rate on electric vehicles whether fitted with batteries or not shall be 5 per cent. This will bring certainty to GST rates in the case of electric vehicles where the space is evolving in terms of battery swapping technology.

Agriculture: The rate on various machinery used in agriculture operations is rationalised to correct the inverted duty structure. This is likely to improve working capital for an agriculture machinery manufacturer.

Construction: The rate on works contract service provided to government is rationalised to correct inverted duty structure and bring it at par with construction services provided to other than government.

Defence: GST exemption is provided to specified defence items imported by private entities to make products cheaper for defence forces.

E-commerce: Small traders (turnover lower than ₹40 lakh) have been allowed to make an online sale through e-commerce platforms without the need for mandatory registrations. Also, composition dealers have been allowed to make inter-State sales through e-commerce platforms. This would help is the ease of doing business for MSMEs.

FMCG: GST exemption on pre-packaged commodities (curd, lassi, butter milk etc.) is withdrawn making them costlier for the consumer.

Hospitality: The rate on hotel accommodation up to ₹1,000 per day increased to 12 per cent, making it costlier for the consumer.

Healthcare: GST rate on orthopaedic and other appliances is reduced from 12 per cent to 5 per cent. GST exemption on service by the cord blood bank by way of preservation of stem cells is withdrawn. The service of common bio-waste treatment facilities shall be taxed at 12 per cent with ITC. GST rate for room rent (excluding ICU) above ₹5,000 per day per patient is rationalised. This is likely to make healthcare services costlier for certain category of consumers.

Logistics: GST rate on transportation of goods and passengers by ropeways, renting of goods carriage (where the cost of fuel is included) is reduced. GST exemption is withdrawn on the transport of passengers by air to and from North-East States and Bagdogra in business class, transportation by rail or vessel of railway equipment and material. GST exemptions will continue on services associated with transit cargo both to and from Nepal and Bhutan, and the additional fee collected in the form of higher toll charges for a vehicle not having Fastag. The rate on renting motor vehicles and tour operators providing services to foreign residents for a tour partially in India and outside India is clarified, making the services costlier.

Precious metals: GST rate on cut & polished diamonds is increased from 0.25 per cent to 1.5 per cent making cut and polished diamonds costlier. Special provisions for local movement of precious metals (such as Gold) to be introduced.

Crypto-currency: GST levy on virtual digital assets (i.e., cryptocurrency) was not taken up in this meeting. Casino: Increase in GST rate on casino, racecourse and online gaming is put on hold. The Council directed the Group of Ministers to present a revised report on this subject.

While the Group of Ministers tabled four reports before the GST Council, the deliberation could happen only on a few reports leading to the above mentioned decisions. The industry would need to await a conclusion on key issues regarding GST rate rationalisation and extension of GST compensation to States.

Source: thehindubusinessline.com– Jul 03, 2022

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E-invoicing 'soon to be mandated' for units with over ₹10-cr turnover

Businesses with an annual turnover of more than ₹10 crore and then for more than ₹5 crore will soon be required to issue e-invoice. As on date, e-invoice is mandatory for businesses with an annual turnover of over ₹20 crore.

E-invoicing prescribes a standardised format of an invoice that can be read by a machine. It is a system in which B2B invoices are authenticated electronically by the Goods & Services Tax Network (GSTN) for further use on the common GST portal.

Under the electronic invoicing system, an identification number will be issued against every invoice by the invoice registration portal (IRP) to be managed by the GSTN. Businesses for which e-invoicing is mandated and if they do not do so then, their invoice will not be valid. In such a situation, input tax credit (ITC) on the same cannot be availed by the recipient, besides attracting applicable penalties

Checking IT systems

Revenue Secretary Tarun Bajaj said e-invoicing started with those having an annual turnover of ₹500 crore, then brought down to ₹100 crore and to ₹20 crore. Now the plan is to bring it down first to ₹10 crore and then to ₹5 crore.

"Timeline for lowering the threshold to ₹10 crore is there, but before that, we want stability in the IT system. The number of assesses between ₹10 crore and ₹20 crore would go up substantially, so we want to be sure that our IT system is good. GSTN is working on the plan and they should be ready in the next 3-4 months," he told BusinessLine in an interview.

The issue was also highlighted by taxpayers during the five year GST celebration event on July 1. Responding to this, Vivek Johri, Chairman of Central Board of Indirect Taxes & Custom (CBIC) said, "One of the presenters talked about reducing the threshold for e-invoices to ₹5 crore, that is the decision already been taken and it is about to be implemented."
Introducing in a phased manner

The GST Council, in its 37th meeting on September 20, 2019, recommended the introduction of an electronic invoice (‘e-invoice’) in GST in a phased manner. The government has already made it clear that mandatory conditions will not add a financial burden on businesses as GSTN has empanelled various accounting and billing software products which provide basic accounting and billing systems free of cost to small taxpayers.

Here, small taxpayers mean businesses having a turnover of less than ₹1.5 crore. Those small taxpayers who do not have accounting software today can use one of the empanelled software products, which are available online (cloud-based) as well as offline (installed on the computer system of the user) mode.

Tax officials say businesses use various accounting/billing software, each generating and storing invoices in their own electronic formats. These different formats are neither understood by the GST System nor among the systems of suppliers and receivers. For example, an invoice generated by the SAP system cannot be read by a machine that is using the ‘Tally’ system, unless a connector is used.

With more than 300 accounting/billing software products, there is no way to have connectors for all. In this scenario, ‘e-invoicing’ aims at machine-readability and uniform interpretation. To ensure this complete ‘inter-operability’ of e-invoices across the entire GST eco-system, an invoice standard is a must. By this, e-invoices generated by one software can be read by any other software, thereby eliminating the need for a fresh/manual data entry.

Source: thehindubusinessline.com– Jul 03, 2022

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'Enhanced cooperation between India, B'desh will make S Asia hub for apparel innovations'

Enhanced cooperation between India and Bangladesh can go a long way in strengthening their position in the apparel industry and making South Asia the hub for apparel and textile innovations, Bangladesh's High Commissioner H.E Muhammad Imran said here on Saturday.

"Efforts are being made to boost cooperation between the two countries, and am confident that the Apparel Sourcing Week (ASW) 2022 will play a key role in this," he said.

The ASW 2022, Asia's premier sourcing show for the apparel industry, has been held successfully in Bengaluru with new opportunities and avenues to strengthen India-Bangladesh collaboration and bilateral trade and make Asia the global Apparel Sourcing Hub.

Organised by Apparel Resources, ASW is taking place in Bengaluru with an overwhelming response from all partners.

Some of the topics to be covered on Saturday of ASW 2022 include Mitigating Risks in Sourcing, D2C Opportunities for Fashion, among other panel discussions and industry sessions.

Bangladesh's High Commissioner to India Muhammad Imran, Shelley Salehin, Deputy High Commissioner of Bangladesh in Chennai, and Faruque Hassan, President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA), were the guests of honour at the inauguration held on Friday.

ASW 2022 features an expanded line-up of manufacturers from leading apparel hubs from across the globe including India, Sri Lanka, and Bangladesh who are showcasing their manufacturing prowess to established and emerging brands.

Major Asian economies including India, Japan and China are making Bangladesh their sourcing destination for garment items. In fiscal 2020-21, Bangladesh exported garment items worth 421.86 million to India, which was $420.73 million in fiscal 2019-20, according to an official statement.

ASW 2022 also endeavours to take India-Bangladesh collaboration in the industry to the next level by building on the existing and potential synergies between the two countries.

The event is expected to attract more than 10,000 visitors from India and overseas, representing the biggest Indian and international apparel retailers/brands and buyers from traditional markets like the US and Europe as also non-traditional markets like China, Japan, and Australia.

Source: smetimes.in– Jul 02, 2022

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Tamil Nadu: Textile industry relieved as cotton yarn price dips

Textile industry players here are breathing a sigh of relief with the price of cotton yarn coming down by 40 per kilogram.

With the price per candy of 356kg on a downward trend in recent times, yarn prices are also seeing an impact. As of Saturday, the 40s count yarn that was sold at 434/kg has been revised to 394. It was sold at 237 in May 2021.

Falling yarn prices is a welcome sign, said president of Tiruppur Exporters' Association (TEA) Raja M Shanmugham. "The industry has been talking about yarn price hike for the last 18 months. The revised price came into effect amidst trying times. We expect it to come down further. The trend will pave way for international orders."

Orders had dried up because of exorbitant yarn prices, president of Tirupur Exporters and Manufacturers Association (TEAMA) M P Muthurathinam said. "Textile manufacturers will not get more orders just because of the 40 dip. The downward trend must continue."

Source: timesofindia.com– Jul 03, 2022

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Farm reforms need a GST-like council

Remunerative prices to farmers; balanced growth in the production of cereals, pulses, and oilseeds; facilitation of value chain in production and processing; and negating adverse impact of subsidies and price supports on deficit, environment, and farmers' health are the four inter-related reform issues that need to be addressed in Indian agriculture.

The government began bold reforms in 2020 when it enacted two new farm laws and amended a third one. These laws were expected to provide remunerative prices to farmers by providing pan-India competition to the oligopsonist APMC markets, give opportunity for quality management through contract farming, and facilitate assured input supply and scale economies in the value chain. Eventually, these policies would have made minimum support prices (MSP) redundant.

The reforms had a false start though. The new Acts introduced in September 2020 faced protests. Petitions were filed against the laws and the Supreme Court issued a stay order. The Court also appointed a committee to gather stakeholders' views and a report was submitted in March 2021.

However, even before the report could be made public, the government rescinded the Acts in December 2021. This quick succession of events leading to scrapping of the laws is a classic example of governments getting the science of reforms right but missing out on the art of implementation. So, what went wrong?

While one may realise the futility of MSP and APMCs, one must remember that this combination was offered to farmers for decades to address the issues of hunger and food security. The existing cropping pattern is the result of these past policies.

Mandi fees factor

The government must also recognise that mandi fees have been a big source of revenue to the APMCs. Studies show that revenue from APMC mandi fees was close to ₹10,000 crore in 2019-20 and States such as Punjab, Haryana, and UP had earned mandi fees in excess of ₹1,000 crore.

In Punjab, APMC market fees rate has been as high as 2.5 per cent and APMCs have also resorted to taking loans against potential APMC revenues. Therefore, instant implementation of the farm reforms was bound cause stiff resistance to it. Stakeholders accustomed to the existing incentives could not have changed their behaviour immediately. They need time and support to alter their worldview and behaviour. Traders and big farmers who lose out due to reforms are relatively few in numbers, their per household losses are high; and they can effectively lobby in organising protests.

On the other hand, while gains may be larger, the disparate small farmers are thinly spread across the country unable to organise an agitation to support their individual gains.

Another important facet the government missed was the overlapping jurisdiction between the Centre and the States on issues related to agriculture. The Schedule 7 (Article 246) of the Constitution makes agriculture a predominantly State subject.

Up until 2013, the Planning Commission was in existence and States could voice their opinions, respond to incentives, and get funds from the Commission. However, the Planning Commission was replaced by the NITI Aayog in 2014, which neither has funds to give to the States nor has a regular mechanism for interaction between Centre and the States on agricultural issues.

Moreover, the Centre-State relations in regard to agriculture are complex, for Concurrent List of Schedule 7 has provided powers to both to control production, trade, commerce, supply and distribution of goods of any industry, including agriculture.

Centre, States cooperation

In fact, responsibility of negotiations on agricultural trade at WTO and fixing of MSP are vested with the Centre. Therefore, both Centre and the States are equal stakeholders in development of the agricultural sector, and, only a spirit of cooperative federalism will ensure success of farm reforms.

Looking forward, the government may do well in establishing Agricultural and Food Marketing (AFM) Council on the lines of GST Council for furthering farm reforms. An AFM Council can be chaired by Union Minister of Agriculture, and Agriculture Ministers of all States and Union Territories can be its members.

Since negotiations on agricultural liberalisation at forums such as WTO are entrusted with the Ministry of Commerce, Union Minister of Commerce should also be part of the Council.

In AFM Council, despite divergent public postures and grandstanding, law makers of different parties and ideologies can frankly discuss issues in a collegial atmosphere in close-door, off-camera meetings. They can consult experts and experienced civil servants without hesitation. Reform bills that get drafted in such manner turn out to be a non-zero sum game among the lawmakers with a high rate of success.

Under the aegis of AFM, a structural adjustment and direct benefit transfer (DBT) programme may be initiated. The farm reform Acts may be implemented in staggered manner. For example, changes introduced through reform Acts could first be introduced in the fruits, vegetables, and other horticultural crops where MSP was not prevalent and States had already initiated contract farming.

Thereafter, the reforms can be introduced in cash crops such as cotton and sugarcane, followed by oilseeds and pulses, and, finally in cereals. Concurrently, a plan for devolution of funds to APMCs for their lost revenues can be implemented as well. Such adjustment programme can be staggered over a period of five years so that there are no policy surprises.

Similarly, an integrated direct benefit transfer (DBT) to farmers and sharecroppers should be initiated in lieu of MSP and subsidies. This has multiple benefits. While the MSP reach is limited, DBT can reach all farmers and sharecroppers.

A fixed amount of DBT per household helps poor far more relatively. Once DBT is introduced and MSP and subsides are out, market prices will give signals to farmers for optimal selection of inputs and crops. This will prevent excessive use of inputs and lop-sided growth in production of cereals.
Finally, DBT transfers to Jan Dhan Accounts will also prevent leakage and delays in disbursement.

Source: thehindubusinessline.com– Jul 03, 2022

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2 new sectoral panels in Bengal Global Business Summit next year

Two new sectoral committees have been included in the next Bengal Global Business Summit (BGBS) scheduled to be held in February 2023.

This was decided at a preparatory meeting held by senior bureaucrats of industry and commerce, animal resources development, tourism and allied departments today. A new committee has been formed for creative industry and film and another one for dealing with innovation and knowledge.

It may be mentioned that while inaugurating the 27th Kolkata International Film Festival (KIFF) in April, the CM had asked state chief secretary HK Dwivedi to include the film sector in BGBS from next year onwards. “It was an oversight on our part not to include the film industry in this year’s highly successful BGBS. We need to make a pitch for our entertainment sector globally. The sector creates employment opportunities for many people,” Miss Banerjee had said.

Sectoral sessions are aimed at exploring business opportunities in focus sectors. These committees will review the situation every month and then make recommendations for the formation of industrial policy. The current sectoral sessions are infrastructure, services, tourism, industries, agri and allied activities, international trade and mining, oil & gas. The state has formed sectoral committees with government and industry representatives for different departments and the industry members help in ease of doing business.

According to a senior official, who attended the preparatory meeting, the focus will be on industry and international trade. Associations of power mill, steel mill, textile, plastic, power loom and others attended the meeting and have been asked to come up with suggestions for preparing industry policy.

At the concluding session of this year’s BGBS, chief minister Mamata Banerjee said that the state got investment proposals to the tune of Rs 3.42 lakh crore, which was the highest among the six such summits held by the state government so far.

Source: thestatesman.com– Jul 03, 2022

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Useful recommendations of GST Council for exporters

In its 47th meeting last week, the Goods and Services Tax (GST) Council recommended some facilitation measures that will help exporters.

In 2019, the Central Board of Indirect Taxes and Customs (CBIC) had introduced a mechanism to hold in abeyance the refund of Integrated GST (IGST) paid on export goods to exporters identified as risky, based on certain criteria that are not made public. They were subject to additional checks that took a long time.

The CBIC issued circulars on June 17, 2019, (no.16/2019-Cus) and May 20, 2010, (no.131/1/2020-GST) prescribing additional safeguards and standard operating procedures. The mechanism was not working well and, so, the GST Council has now recommended suitable amendments to Rule 96 of the Central GST Rules (CGST Rules) to provide for transmission of such IGST refund claims on the portal in a system generated FORM GST RFD-01 to the jurisdictional GST authorities for processing.

Hopefully, this would result in expeditious disposal of such IGST refund claims, after due verification by GST officers.

Sometimes, the exporter is required to return part or full amount of the refund received of the IGST paid on export of goods or of unutilised input tax credit (ITC) on account of exports without payment of IGST.

But there was no procedure for getting re-credit of the amount deposited. The Council has now said re-credit of such amounts will be given in the electronic credit ledger. A new FORM GST PMT-03A is introduced for the same. This change will help the exporters.

A useful recommendation is to amend the explanation to Rule 43 of the CGST Rules, 2017, enabling waiver of the requirement to reverse the ITC for exempted supply of duty credit scrips by the exporters. The present exemption of IGST on import of goods under advance authorisation, Export Promotion Capital Goods (EPCG) authorisation and by Export-Oriented Units will be continued. The finance ministry has issued notification no.37/2022-Cus dated June 30, 2022, giving effect to this decision.

The e-wallet scheme for exporters mooted in October 2017, a non-starter from the outset, will not be pursued further. To facilitate refund of unutilised ITC on account of zero rated supply of electricity, the CGST Rules will be amended suitably. Clarification on the issues pertaining to refund claimed by the recipients of supplies regarded as deemed export will be issued. The specified officers or authorised officers at the Special Economic Zones (SEZ) Customs stations will process the refund claims pertaining to supplies to units or developers in SEZ, after suitable amendments at Rule 89(1) of the CGST Rules, 2017.

The Council now says supplies from such duty free shops (DFS) at the departure area of the international airport beyond immigration counters to outgoing international passengers will be treated as exports by DFS and consequential refund benefits will be available to them on such supplies. Accordingly, Rule 95A of the CGST Rules and the related notifications and circular, that were subject matter of disputes in some Courts, will be rescinded.

The Council has decided to constitute a group of ministers to address various concerns raised by the states in relation to the constitution of GST Appellate Tribunal and make recommendations for appropriate amendments in CGST Act, 2017. Hopefully, the tribunals will be established soon reducing the load on the high courts.

Source: business-standard.com– Jul 04, 2022

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