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INTERNATIONAL NEWS

Mainland China manufacturing surges back to growth in Jun: S&P Global

China's manufacturing sector sprang back into life in June as the partial relaxation of COVID-19 containment measures helped drive the second-steepest monthly expansion of output seen for over a decade, according to purchasing managers' index (PMI) survey data generated by S&P Global for Caixin.

The improved situation in June also helped boost exports, shorten supplier delivery times and took pressure off prices.

However, while the rebound in June bodes well for the immediate economic situation in mainland China and more broadly for the global economy via improved supply chains, there are a number of survey sub-indices which suggest that production growth could slow again in coming months as the initial rebound fades.

Manufacturing growth rebounded sharply in mainland China during June. The survey's output index surged by 13 points compared to May's reading, registering the largest rise in the 18-year history with the sole exception of the growth revival seen after the initial factory shutdowns at the start of the pandemic in March 2020.

The upturn in the index brings it to a level which signals the return of strong factory production growth after three months of severe declines. Since 2011, only November 2020 saw faster production growth than recorded by the latest June survey.

The resurgent growth follows the relaxation of some of China's COVID-19 containment measures, which had been stepped up in response to the spread of the Omicron variant, a press release from S&P Global said.

One immediate knock-on benefit of the looser COVID-19 containment measures and upturn in manufacturing performance was a shortening of supplier delivery times for mainland China. Although marginal, this shortening of lead times was the first improvement recorded since the end of 2018.

A corollary of the improving supply situation was a reduction in pricing power held by suppliers, which helped offset upward energy costs to keep producer input price inflation well below the peaks seen earlier in the pandemic. Average prices charged at the factory gate meanwhile fell, albeit only slightly, for a second successive month.

From a broader global perspective, the ramping up of production in China should also start to bear fruit in terms of global supply chains in coming months.

A further upside to the global economy from China's return to growth was a jump in export volumes, with new export orders rising at the sharpest rate for over a year in June.

However, it's clear that overall demand growth remains relatively subdued once domestic orders are also taken into account, and is lagging that of production, to suggest that factory growth may remain modest after the initial reopening after Omicron, S&P Global said.

Two other demand-focused indicators suggest the need for some caution when assessing what might come next for China's factory sector.

First, backlogs of work fell in June, reflecting the outpacing of output relative to inflows of new orders, pointing to a reduced pipeline of orders to support production in coming months.

Second, the survey's new orders to inventory ratio—widely used as a reliable indicator of near-term production trends—remained relatively subdued in June. Although rising to the highest since February, this ratio is by no means indicating strong production growth in coming months.

Source: fibre2fashion.com– Jul 04, 2022

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US ban on imports from Xinjiang disrupts China's supply chain

The United States is rallying its allies against forced labour as it begins implementing an import ban on goods from China's Xinjiang region, where it says Beijing is committing genocide of the Uyghur population.

US Customs and Border Protection (CPB) on 21 June began enforcing the Uighur Forced Labour Prevention Act, which US President Joe Biden signed into law in December.

As per new rules all goods from Xinjiang, where Chinese authorities established detention camps for Uighurs and other Muslim groups, are made with forced labour and barred from import unless it can be proven otherwise.

"We are rallying our allies and partners to make global supply chains free from the use of forced labour, to speak out against atrocities in Xinjiang, and to join us in calling on the government of the PRC to end atrocities and human rights abuses immediately," US State Secretary Antony Blinken said in a statement, referring to China by its formal name, the People's Republic of China.

"Together with our interagency partners, we will continue to engage companies to remind them of US legal obligations," he said.

Xinjiang has a booming industrial, mining, and agricultural sector. Everything from peppers and walnuts to electrical equipment and polysilicon, a key material for making solar panels, ships to the US from the region. It also accounts for 20 per cent of the world's cotton and 80 per cent of China's domestic production.

Britain's Sheffield Hallam University released a report in mid-June documenting the use of forced labour in Xinjiang to manufacture polyvinyl chloride, a core component in floor tiling.

Academics and media organisations have published reports detailing the systematic use of forced labour among Uighurs in what critics describe as internment camps. China, which initially denied the existence of such facilities, later said they were vocational training centres are designed to combat the rise of religious and separatist extremism in the region.

A sweeping crackdown in Xinjiang over the past few years has repressed cultural and religious practices and prompted allegations of forced sterilisation and arbitrary imprisonment conditions that some western governments say amount to genocide.

Rights groups have urged for years that companies and brands linked to shirts, trousers and other Xinjiang-made goods be held accountable for labour conditions in the region.

However, China denies the claims of forced labour as "big lie concocted by anti-China forces" and has warned of retaliatory measures. However, the ban intensifies pressure on Beijing as the Foreign Ministry Spokesman Wang Wenbin said earlier in Beijing that "with this so-called law, the United States is trying to create forced unemployment in Xinjiang and to push for the world to decouple with China".

While Chinese companies and retailers are bracing for chaos as US Customs begins to enforce a ban on imports Xinjiang region. These companies are scrambling to gauge how the new rules could affect their business and supply chains, with Asian clothing suppliers, international retail chains, US solar-panel makers and Chinese floor tile material makers among scores of groups that could see US-bound shipments seized.

The Uighur Forced Labor Prevention Act entails that all US-bound imports traced to Xinjiang, from cotton and tomatoes to floor tile and solar panel materials, were made using forced labour and brands them as "high priority" for seizure.

More than 900 shipments from the region were seized in the last quarter of 2021 by US authorities under earlier trade restrictions. But trade and business groups said the new legislation's vague wording threatened to put the bulk of China's USD 500billion in annual shipments bound for the US at risk.

US customs said it would strictly enforce the rules, which threaten to aggravate already tense relations between Washington and Beijing. "If the act is implemented, it will severely disrupt normal co-operation between China and the US, and global industrial and production chains," said Zhao Lijian, Chinese Ministry of Foreign Affairs spokesperson, the week before the ban. "If the US insists on doing this, China will take robust measures to uphold its own rights and interests as well as its dignity."

There are reports of detainees being moved out of Xinjiang to work in other parts of the country, while components produced in the region have been traced to US-bound exports shipped from elsewhere in China. The law could heap more pressure on pandemic-hit China's supply chains.

Source: hindustantimes.com– Jul 04, 2022

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Brazil is Egypt's largest trading partner in Latin America, trade exchange of $2.5bn in 2021: Trade Minister

Minister of Trade and Industry Nevine Gamea stressed the depth and history of the bilateral relations between Egypt and Brazil, claiming that it is largest trading partner for Egypt in Latin America, noting that trade exchange between the two countries reached about $2.5bn in 2021.

She also affirmed that there are distinguished investment opportunities for the Brazilian business community in the Egyptian market in the areas of the manufacture of means of transportation, spare parts, pharmaceuticals, engineering, textile, along with new and renewable energy.

This came during the minister's speech during her virtual participation in the activities of the Arab-Brazilian Economic Forum, which was held in the presence of President of the Federal Republic of Brazil Jair Bolsonaro on Monday.

The minister conveyed the greetings of Egyptian President Abdel Fattah Al-Sisi to the Federal Republic of Brazil, its leadership, and people, wishing it more stability and progress.

Gamea also invited all partners in Brazil to visit Egypt in order to see the progress and achievements of the Egyptian economy over the past eight years and identify opportunities for cooperation in all fields and benefit from free trade agreements signed with more than 80 countries that enable companies to produce in Egypt.

Furthermore, the minister said that the free trade agreement between Egypt and the Mercosur countries — which entered into force in 2017 — plays a pivotal role in promoting trade between Egypt and Brazil.

She also noted that the agreement contributed to increasing the competitiveness of Egyptian exports and enhancing its access not only to Brazil but to all Mercosur countries, given that the Brazilian market represents a pivotal focal point in the penetration and marketing of goods to neighbouring countries.

She added that Egyptian exports to Brazil increased after the agreement entered into force from $155m in 2017 to $541m in 2021, pointing out that the agreement provided access to many strategic goods at competitive prices.

Additionally, Gamea stressed the importance of moving economic relations between Arab countries and Brazil from the stage of import and export to the stage of actual partnership.

She also said that the current global situation requires the crystallisation of an integrated vision to deal with urgent challenges, including fluctuations in food and fuel prices and the challenges of dealing with climate change.

Additionally, the minister noted that the current period is witnessing an unprecedented momentum with regard to visits by officials and business delegations between Egypt and Brazil.

Finally, Gamea congratulated the Arab-Brazilian Chamber of Commerce on the occasion of the 60th anniversary of its establishment, praising its efforts in supporting economic relations between Arab countries and Brazil.

Source: dailynewsegypt.com– Jul 04, 2022

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Europe's confidence in Vietnam's biz environment declines in Q2 2022

European business stakeholders' confidence in Vietnam's investment environment declined slightly in the second quarter (Q2) of 2022, according to the Business Climate Index (BCI) released by the European Chamber of Commerce in Vietnam (EuroCham) and conducted by YouGov Vietnam. Following a Q1 rise, the BCI dropped 4.4 points in Q2 to 68.8 points.

In contrast with earlier in the year, compounding factors such as the continuing war in Ukraine, commodity price spikes, and the ripple effect of China's zero-COVID policy have dampened expectations among Vietnam's European business community. Although the BCI has fallen, it remains 7.6 points higher than in Q4 2021, when it measured 61.0 points, the survey report said.

Vietnam's potential growth is also being viewed with less favour by European business leaders. About 60 per cent of respondents predicted that the Vietnamese economy would stabilise or improve in Q3 2022, compared with 69 per cent who held this belief entering Q2.

Additionally, participants were surveyed regarding foreign direct investment (FDI) in Vietnam. According to the findings, 45 per cent of respondents were significantly or moderately satisfied with Vietnam's efforts to attract and retain FDI, while 76 per cent expected their company to increase FDI to Vietnam before the end of Q3. This may be since 55 per cent of respondents said Vietnam improved its FDI attraction and retention capabilities since Q1.

Positive views were expressed about Vietnam's prospects for green growth as well. Close to 79 per cent of participants said their assessment of Vietnam's green development potential improved from Q1.

Regarding the link between green growth and FDI, nearly 90 per cent of respondents believed Vietnam should increase green sector development to attract more foreign investment.

Furthermore, the survey identified barriers to European investment in Vietnam and trade between the two. About 35 per cent of respondents cited reducing administrative barriers as the most effective way to increase FDI, while 24 per cent pointed to infrastructure development. Likewise, 45 per cent of participants said administrative procedures impede their ability to utilise the EU-Vietnam Free Trade Agreement (EVFTA), demonstrating the difficulty foreign companies face in navigating Vietnam's bureaucratic processes.

Commenting on the BCI, EuroCham chairman Alain Cany said: “With this BCI, Vietnam's path to improving its investment and business environment is clearly outlined. Green growth is the way of the future, not just because it will help build a prosperous foundation for Vietnam's economy and people, but also because it will support the country’s transformation into one of the world's strongest markets. Prime Minister Pham Minh Chinh's COP26 commitments and the government's National Green Growth Strategy show that the government is serious about making the changes necessary for a green transition.”

The BCI is the leading indicator of the European business and investment community in Vietnam. To better understand the Vietnamese market, EuroCham invites its more than 1,200 members, representing virtually every sector of the Vietnamese economy, to provide quarterly updates on Vietnam's business environment and forecasts for their own businesses in Vietnam. Researchers from YouGov Vietnam conduct the BCI research and compile the data.

Source: fibre2fashion.com– Jul 05, 2022

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Turkiye's Jun exports hit highest figure of $23.4 bn, RMG number $2 bn

Turkiye's exports in June rose by 18.5 per cent year on year (YoY) to $23.4 billion—the highest monthly figure ever, according to trade minister Mehmet Mus, who recently told an event in the eastern province of Erzurum that imports in the month were up by nearly 40 per cent on an annual basis to $31.6 billion. The readymade garments (RMG) industry exported goods worth $2 billion in June.

The country's exports had ended 2021 at $225.4 billion.

Exports in the first half (H1) this year were worth $126 billion, a 20 per cent rise YoY, while imports jumped by 40.6 per cent to $177.2 billion, official data showed.

The first half witnessed a widening trade deficit fuelled by rising energy costs, primarily induced by Russia's invasion of Ukraine. The trade gap soared by 142.5 per cent to $51.37 billion over $21.18 billion in H1 2021, according to Turkish media reports.

Mus said Turkey's energy imports in H1 2022 jumped by 155 per cent YoY to $47.8 billion.

"About 57 per cent of our total import growth was caused by energy imports," the minister said. "The energy-related foreign trade deficit that we are facing today is a result of rising energy prices all over the world."

Excluding energy, the export-import coverage ratio has reached 93.4 per cent, said Mus.

The government is hopeful of achieving its export target of $250 billion by the end of the year.

Germany remained the top market as it received nearly $1.87 billion worth of Turkish goods in June, a 9.8 per cent growth from a year ago. The United States was second with $1.55 billion, a 15.3 per cent YoY increase, and Iraq ranked third with $1.2 billion in a 32.2 per cent YoY rise.

There are significant increases in the country's exports to Romania, the United Arab Emirates and South Africa as well.

Most imports were from Russia, totaling more than $5 billion, a 118.3 per cent YoY rise, followed by China, from where imports increased by 28.6 per cent in June to $3.66 billion, and Germany, from where purchases jumped by 4 per cent to $1.99 billion, the data showed.

Exports to the 27 European Union members were worth $9.7 billion, whereas imports from there totaled over $8 billion. Exports to the Near and the Middle East countries reached $3.86 billion in June.

Source: fibre2fashion.com– Jul 05, 2022

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Morocco may impose ADD up to 144% on carpet from China, Egypt & Jordan

The Moroccan government may impose anti-dumping duty (ADD) on carpets imported from China, Egypt and Jordan, as the ministry of industry and trade has recommended imposition of ADD on carpets and floorings. At the end of an anti-dumping investigation, the ministry has suggested highest duty rate 144 per cent on carpets imported from China.

The ministry had initiated an anti-dumping investigation concerning imports of carpets and other mechanically produced textile floor covering originating in China, Egypt or Jordan.

“At the end of the final determination, the ministry, on a definitive basis, considers that the conditions applicable to an anti-dumping measure are met and, it will submit to the opinion of the Import Surveillance Commission the recommendation to apply anti-dumping duty,” the ministry said in a notification last month.

Moroccan authorities have recommended anti-dumping duty of 144 per cent on carpets originating from China, and 35.33 per cent on supplies from Egypt and Jordan. However, no ADD has been recommended on Arab weavers and some other categories of carpets originating from Jordan.

Morocco imported floorings, including carpets, worth $80.407 million in 2021. Its total home textiles imports were valued at $260.957 million during the year, according to Fibre2Fashion’s market insight tool TexPro. China was the second largest supplier for Morocco with 17.17 per cent share of its total home textiles import. Egypt and Jordan were minor suppliers of home textiles with share of 6.97 per cent and 2.46 per cent, respectively.

Source: fibre2fashion.com– Jul 05, 2022

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European e-commerce rose 13% to €718 bn in 2021: Report

In 2021, European e-commerce grew by 13 per cent to reach €718 billion, according to a recent report. The growth rate has remained stable, though it has risen slightly compared to €633 billion in 2020. The 2021 B2C turnover figures show that e-commerce continues to grow, despite lockdowns being lifted and consumers' ability to visit physical stores again.

After the peak of the COVID-19 pandemic, e-commerce has become even more firmly anchored in the economy and society. Overall, two trends can be identified. On the one hand, there's normalisation and stabilisation of the sales compared to the exceptional previous year. E-commerce continued to grow in 2021 and is also forecast to do so in 2022, with growth slowly stabilising, said Ecommerce Europe and EuroCommerce in their jointly published report titled '2022 European E-commerce Report'.

On the other hand, the report identifies that consumers are being more careful in their spending. The effects of the war in Ukraine, inflation, disrupted global supply chains and a general feeling of uncertainty, are bringing the growth figures back to pre-pandemic levels. Nonetheless, the fact that e-commerce sales are only experiencing a small decline so far shows that the digital commerce sector has become indispensable and very resilient.

Luca Cassetti, secretary general of Ecommerce Europe, commented: "In the past two years, retailers have gained a lot of experience in digitalisation. This acceleration was significantly pushed by the pandemic, during which e-commerce and retail played an essential role. These developments are reflected in this report. In 2022, Europe has, unfortunately, become the stage of a major conflict.

Though still difficult to evaluate, the war in Ukraine will have major consequences on the European economy, as well as on e-commerce markets. Many of our members have already reported declines in consumer purchasing power and confidence, mostly due to high energy prices, inflation and uncertainty about the future. We are calling on EU Member States and policymakers to support Europe's economy and citizens in these difficult times while continuing to work towards a future-proof legislative framework, fit for omnichannel retail."

Christel Delberghe, director general of EuroCommerce, commented: “The retail and wholesale sector is transforming significantly to become more digital, more sustainable and to attract new talent. We estimate that businesses will have to double their investment up to 2030 successfully achieve that transformation.

Having a digital presence is becoming a matter of survival for many companies. Our customers expect us to deliver a seamless experience, offering various combinations of online and offline interactions. Supporting SMEs’ digitalisation will require dedicated support, technical advice and building awareness of the various tools to facilitate an online presence. We will be monitoring the implementation and enforcement of the EU’s Digital Agenda carefully to ensure that Europe provides an environment conducive to innovation while ensuring fair competition.”

The report was prepared by the Centre for Market Insights of the Amsterdam University of Applied Sciences.

Source: fibre2fashion.com– Jul 04, 2022

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Vietnam: HCMC short of textiles, footwear labor

Textiles, clothing, leather and footwear (TCLF) factories in HCMC have reported they are struggling to recruit new workers while existing staff keep quitting.

Thanh Cong Textile Garment - Investment – Trading JSC in Tan Phu District is in need of more than 1,000 workers.

The employees are to make up for those that have already submitted their resignation and to serve the company's plan to expand 20 of its branches in various cities and provinces.

Yet the company has had trouble recruiting new employees unwilling to work on assembly lines and deal with the pressure of meeting product quality and quantity.

Nguyen Huu Tuan, the firm's human resource manager, said the textile-garment sector is no longer attractive to laborers.

He said "a significant number" of staff at the company has either quit or is about to, without revealing the specific figure.

In most cases, those employees switch to work in other industries that can guarantee them higher salaries or move back to their hometown now that the living cost in the city has grown increasingly expensive.

"With a monthly income of VND8-9 million ($340-385), workers would not be able to afford living in Ho Chi Minh City," said Tuan.

"The source of textile-garment workers on the market is now very limited and factories have been competing to recruit skilled laborers," he said.

Tuan said that these days, many textile-garment factories cannot reach their capacity due to worker shortage.

Vinh Phong Footwear Co. Ltd in Hoc Mon District used to have more than 500 laborers before 2020 but these days, the figure has dropped to only 300.

"We just can't find anyone [to recruit]," said Phan Thi Minh Thu, the company's deputy director.

If the company could hire 50 skilled workers within just one week in the past, now it cannot get more than 10 within a month, she said.

Among the reasons is the quality of candidates, Thu explained, saying that in many cases they are nearly 40 and have already been rejected by other companies.

Facing a serious shortage of workers, Vinh Phong now has to suspend its plan to expand production and receive orders from new customers.

Taiwanese shoemaker Pouyuen Vietnam Co. Ltd., the biggest employer in HCMC, needs to hire 8,800 laborers after the city lifted Covid-19 lockdown last October.

But until now, the total number of staff has just reached 65 percent of its demand while there have been around 55-650 workers quitting each month so far this year.

The company said it has removed the recruitment target and limited the number of orders to align with the number of staff.

TCLF are the most labor-intensive industries in Vietnam's economic sector.

The textile and garment industries use about two million employees, accounting for 25 percent of the entire processing and manufacturing industry. The corresponding figures for the leather industry are more than 1.4 million and over 18 percent.

Both industries have been facing a labor shortage in recent years and Covid-19 has made the situation even more serious.

According to the HCMC Center of Forecasting Manpower Needs and Labor Market Information (Falmi), the TCLF industries will use 390,000 – 437,000 laborers in 2022-2026.

On average, the industries are in need of 20,000-22,000 new employees each year but in recent years, have been able to hire a little over 1,000 per year, Falmi said.

Nguyen Thi Thuy, vice president of the Vietnam Textile and Apparel Union, said businesses under the union have received a lot of orders in the year to date but do not have enough employees to serve customers.

On average, those companies have been losing 10 percent of their workers each year, while facing difficulty in recruiting young staff. Thuy said the average age of laborers at many textile-garment factories in HCMC is now 41-42.

They are committed because at that age, it would be very hard for them to apply for new jobs or they just simply stay to wait for their retirement pensions, she said. She pointed out one of the reasons for such a labor shortage across TCLF industries is the lack of colleges and universities to train personnel for the field.

Le Duy Binh, managing director of Economica Vietnam, a Hanoi-based economic development agency, said the trend of laborers leaving TCLF industries for other sectors like electronics, services and tourism is "inevitable."

He said in the coming time, TCLF would no longer be Vietnam's strength and the country will have to restructure its economic growth model. Looking at the experiences of other countries, the industries will have to shrink and stop relying too heavily on cheap labor as in the past, said Binh.

The shortage of resources and labor will force TCLF industries to invest in high-value-added stages like textile products, garment materials, and design.

Businesses in these sectors need to be well prepared to switch to the role of organizers rather than producers, like what Korean, Taiwanese and Chinese investors have been doing in Vietnam.

Source: e.vnexpress.net– Jul 04, 2022

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H1 2022 Vietnam textile-garment export turnover to rise 23% YoY: VITAS

Vietnam's textile-garment export turnover in the first six months of 2022 (H1) is estimated to rise by 23 per cent year on year (YoY) to about $22 billion, reaching the highest level ever, according to the Vietnam Textile and Apparel Association (VITAS). Such exports to the US market in the first five months of 2022 increased by 26 per cent YoY to $7.58 billion, accounting for 57 per cent of the total value of such exports.

A report by Viet Dragon Securities JSC (VDSC) said data from Vietnam's general department of customs imply the prospects of the country's textile-garment industry will depend heavily on economic developments in the US market.

However, in the second half of 2022, VDSC forecasts that the demand for textiles and garments will tend to decrease due to high consumption in 2021, while inflation is cutting people's spending on unnecessary products.

The US market also began to show many warning signs of a cooling down in apparel demand. In the first quarter of 2022, clothing accounted for just 3.9 per cent of total US consumer spending, down from 4.3 per cent in 2019 before the pandemic.

According to Vinatex, the US market's textile and garment import demand is likely to decline by 7-10 per cent in the second half of 2022.

On the other hand, the US ban on cotton originating from the Xinjiang region that officially took effect on June 21 also caused disruptions in the supply chain and contributed to higher cotton prices.

VDSC data shows that only 10.5 per cent of US cotton apparel imports came from China in April, down from about 15 per cent at the beginning of the year. The ban may affect the source of raw materials of Vietnamese enterprises and create barriers when exporting to the US market, a news agency reported.

But this can also be an advantage for large textile and garment enterprises in Vietnam, who have the ability to diversify sources of raw materials, replacing orders to the US of Chinese companies.

Besides, the shutdown of China's economy also contributed to the shift of orders from China to Vietnam recently. In April, China's market share in textile imports to the United States fell to a new record low of 26.3 per cent in volume and 16.8 per cent in value.

In a recent report, SSI Research estimated that revenue growth of textile and garment manufacturing companies in Vietnam will decelerate in the last six months of 2022 and in 2023.

Yarn, fabric, logistics and labour costs are expected to remain at high levels due to rising oil prices and competition in the labour market, mainly in FDI factories.

Source: fibre2fashion.com– Jul 04, 2022

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Pakistan: APTMA Advised To Maintain Strong Liaison With US Counterparts

US Special Representative for Commercial & Business Affairs Dilawar Syed said on Monday that Pakistan had strong potential to grow in textile and other sectors and its exporters could easily benefit from the liberal economic policies followed by US.

He proposed APTMA (All Pakistan Textile Mills Association) leadership to focus on continuing engagements and dialogue with their American counterparts to upsurge trade volume and to get maximum benefit of economic partnership between both the countries.

Dilawar Syed along with a delegation visited APTMA House here. Chairman APTMA Abdul Rahim Nasir, Chairman APTMA Northern Zone Hamid Zaman, Khawaja Anis, Kamran Arshad, Asad Shafi, Ahmed Shafi and Secretary General APTMA North, Raza Baqir welcomed the delegation.

The visiting US diplomat expressed his pleasure on visiting APTMA and said that economic partnership between Pakistan and US was very crucial for US administration. He added textile was one of the five crucial pillars of American economic policy and offered great potential to Pakistani textile exporters.

He was optimistic that there were huge potential to expand bilateral commercial and economic ties. He expressed the hope that joining of new American ambassador in Pakistan and posting of large number of diplomats in American mission in Pakistan exclusively for economic relations would facilitate bilateral investment and economic growth. He looked forward to playing an active role to achieve that common goal.

Dilawar Syed pointed out that the US was keen to enhance bilateral trade with Pakistan besides tapping the investment opportunities in different sectors like textile, renewable energy and agriculture. He was confident that with the huge investment in textile sector and after availing tremendous trade opportunities Pakistani textile exports would exceed $ 100 billion by end of the current decade.

He stressed on durable bilateral trade relations between the two countries, saying that it would be helpful in developing mutual confidence between the two sides. Both the countries had a long history of more than 70 years in terms of bilateral mutual cooperation in multiple fields to overcome many challenges in the past, he added.

Earlier, Chairman APTMA Abdul Rahim Nasir said the US was Pakistan's largest trade partner with a total bilateral trade of US$ 7.

2 billion in 2020-21. According to him, total exports of Pakistan to the US stood at $4.8 billion against total imports of $2.4 billion from the US. He added that textile exports from Pakistan to US fetched more than $3 billion during the last financial year. The USA was the largest source of foreign direct investment in Pakistan coupled with remittance of US$ 2.7 billion from USA to Pakistan, he added.

While suggesting the way forward, Chairman APTMA stressed on duty-free access for Pakistani exports to the US to reduce poverty and unemployment and to extend GSP Plus like access to Pakistan as already extended by European Union.

He pointed out that Pakistan had fully complied with 27 international conventions relating to human rights, child labor, gender rights, labor rights, environment, narcotics and corruption control etc.

He also emphasized on early finalization of Pakistan US FTA/PTA besides promotion of US cotton linkages with Pakistan's textile industry.
Rahim Nasir further proposed holding of road shows on Pakistani textile industry in the US to promote exports. He stressed the need for exchanging business delegations to identify trade and investment opportunities.

He also urged the visiting delegation for technology transfer to Pakistan for high yielding cotton seed resistant to pests and virus. Also, he sought synergies with the US Cotton research institutes for better quality and extra-long staple cotton.

In addition, he said, capacity building of the agricultural research institutions in Pakistan through training on contamination free cotton production and establish joint venture with Pakistani partners and training on labeling of cotton bales with trash content, moisture and weight will help to boost bilateral trade in future.

Talking on this occasion, Hamid Zaman, Chairman APTMA North said that the textile sector alone represented 46% of total manufacturing sector and around 40% of total labour force. He added that performance of textile exports was highly commendable despite post Covid negative impact and it was encouraging to note that the value added sector in textile had shown unprecedented growth.

Zaman extended a vote of thanks to the visiting delegation at the end of the meeting and expressed the confidence that the visit of the delegation would help boosting mutual trade cooperation between both the countries.

Source: urdupoint.com- Jul 05, 2022

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Inflation, Ukraine war reduce Bangladesh's export to Germany: Envoy

The Russia-Ukraine conflict, energy crisis and increasing inflation are likely to rein in Bangladesh's present export momentum to Germany in the future, according to German ambassador to Bangladesh Achim Troster, who recently said as the purchasing power of the German consumers falls, they will spend less in buying consumer goods like readymade garments and leather.

Inflation in Germany has recently hit a 50-year high of 8 per cent, according to fresh figures from the country's Federal Statistical Office.

Amid the Russia-Ukraine war, Bangladesh's export earnings in May 2022 hit a nine-month low to $3.83 billion, 1.64 per cent lower than that of the earnings target of $3.89 billion set by the government, Troster was quoted as saying by Bangladesh German Chamber of Commerce and Industry (BGCCI) in a statement.

"Bilateral trade between Germany and Bangladesh amounts to over $7 billion, with Germany importing over $6 billion worth products, mostly textile. Germany is Bangladesh's second largest export market after US." The envoy was speaking at an event on 'National Budget 2022—Implications on Trade and Commerce' organised by BGCCI in Dhaka.

In 2020, Germany imported $6.53 billion and exported only $588 million worth of goods to Bangladesh, the country's news media reported. Garment exports from Bangladesh to Germany stood at $5.95 billion in fiscal 2020-21 and to the US market, it was worth $6.97 billion.

Germany is the largest trading partner of Bangladesh in Europe and the second largest globally, he said. He said Bangladeshi exporters need to prepare to face the new German Supply Chain Act, which will come into effect on January 1, 2023, primarily focusing on human rights and environmental issues. Bangladesh must ensure human rights, rule of law, sound labour and environment standards to enjoy trade privileges in the German market, he added.

Source: fibre2fashion.com- Jul 04, 2022

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Bangladesh trade deficit to be $33 bn in FY22

The trade deficit of Bangladesh for fiscal 2022 (FY22) is projected to be $33 billion considering that the country's import costs continue to be higher than its export earnings and remittances. The deficit is likely to reach $36.70 billion in the nest fiscal, according to Bangladesh Bank (BB). The central bank had initially projected the deficit to be $26.60 billion in FY22.

The deficit had already widened to $27.56 billion during the first 10 months of fiscal 2022, the central bank said.

The country's current account deficit is also likely to go from a $4.5 billion a year ago to $17.73 billion in this fiscal, as per the Bangladesh Bank's projections.

Additionally, the bank recently raised its policy rate by 50 basis points to 5.5 per cent to manage the demand side pressures, making it the second hike in a month. On May 29, the bank had increased the rate by 25 basis points to 5 per cent after about a decade.

Source: fibre2fashion.com- Jul 05, 2022

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Pakistan: Growth in textile, other sectors: APTMA urged to focus on talks with US businesses

Dilawar Syed, US Special Representative for Commercial & Business Affairs, said Monday that Pakistan has strong potential to grow in textile sectors and other sectors and its exporters could easily benefit from the liberal economic policies followed by US.

He proposed APTMA leadership to focus on continuing engagements and dialogue with their American counterparts to upsurge trade volume and to get maximum benefit of economic partnership between both the countries.

Dilawar Syed said this during his visit to All Pakistan Textile Mills Association (APTMA), Lahore office along with a delegation on Monday.

Chairman APTMA Abdul Rahim Nasir, Chairman APTMA Northern Zone Hamid Zaman, Khawaja Anis, Kamran Arshad, Asad Shafi, Ahmed Shafi and Secretary General APTMA North, Raza Baqir welcomed the delegation.

The visiting US envoy expressed his pleasure on visiting APTMA and said that economic partnership between Pakistan and US is very crucial for US administration. He added textile is one of the five crucial pillars of American economic policy and offer great potential to Pakistani textile exporters.

He was optimistic that there were huge potential to expand bilateral commercial and economic ties. He expressed the hope that joining of new American ambassador in Pakistan and posting of large number of diplomats in American mission in Pakistan exclusively for economic relations would facilitate bilateral investment and economic growth. He looked forward to playing an active role to achieve that common goal.

Dilawar Syed pointed out that the US was keen to enhance bilateral trade with Pakistan besides tapping the investment opportunities in different sectors like textile, renewable energy and agriculture. He was confident that with the huge investment in textile sector and after availing tremendous trade opportunities Pakistani textile exports would exceed $ 100 Billion by end of the current decade.

He further stressed on durable bilateral trade relations between the two countries, saying that it would be helpful in developing mutual confidence between the two sides. Both the countries have a long history of more than 70 years in terms of bilateral mutual cooperation in multiple fields to overcome many challenges in the past, he added.

Earlier, speaking on the occasion, Chairman APTMA Abdul Rahim Nasir said the US is Pakistan's largest trade partner with a total bilateral trade of US$ 7.2 billion in 2020-21. According to him, total exports of Pakistan to the US stood at $4.8 billion against total imports of $2.4 billion from the US.

He added that textile exports from Pakistan to US fetched more than $3 billion during the last financial year. The USA is the largest source of foreign direct investment in Pakistan coupled with remittance of US$ 2.7 billion from USA to Pakistan, he added.

Source: brecorder.com- Jul 05, 2022

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NATIONAL NEWS

India's merchandise exports rise by 16.8% to USD 37.9 billion in June, 2022, recording the highest ever exports in June 2022

INDIA'S MERCHANDISE TRADE: Preliminary Data of June 2022

India has achieved a monthly value of merchandise export in June 2022 amounting USD 37.94 billion, an increase of 16.78% over USD 32.49 billion in June 2021. India's merchandise export in April -June 2022-23 was USD 116.77 billion with an increase of 22.22% over USD 95.54 billion in April -June 2021-22.

Value of non-petroleum exports in June 2022 was 30.12 USD billion, registering a positive growth of 5.53% over non-petroleum exports of USD 28.54 billion in June 2021. The cumulative value of non-petroleum exports in April -June 2022-23 was USD 92.49 billion, an increase of 11.92% over USD 82.65 billion in April -June 2021-22.

Value of non-petroleum and non-gems and jewellery exports in June 2022 was USD 26.75 billion, registering a positive growth of 4.0% over non-petroleum and non-gems and jewellery exports of USD 25.72 billion in June 2021.

The cumulative value of non-petroleum and non-gems and jewellery exports in April -June 2022-23 was USD 82.43 billion, an increase of 12.19% over cumulative value of non-petroleum and non-gems and jewellery exports of USD 73.47 billion in April -June 2021-22.

Petroleum products (98.01%), Electronic goods (50.66%) and RMG of all Textiles (44.67%) led the way in high increase in exports during June 2022.

India's merchandise import in June 2022 was USD 63.58 billion, an increase of 51.02% over USD 42.1 billion in June 2021. India's merchandise imports in April -June 2022-23 was USD 187.02 billion with an increase of 47.31% over USD 126.96 billion in April -June 2021-22.

Value of non-petroleum imports was USD 42.84 billion in June 2022 with a positive growth of 36.36% over non-petroleum imports of USD 31.42 billion in June 2021. The cumulative value of non-petroleum imports in April -June 2022-23 was USD 126.95 billion, showing an increase of 32.18% compared to non-oil imports of USD 96.04 billion in April -June 2021-22.

Value of non-oil, non-GJ (gold, silver & Precious metals) imports was USD 36.7 billion in June 2022 with a positive growth of 31.71% over non-oil and non-GJ imports of USD 27.87 billion in June 2021.

The trade deficit in June 2022 was USD 25.63 billion, while it was 70.25 billion USD during April -June 2022-23.

Exports of Top 10 Major Commodity Groups in June 2022

	Value of Export (Million US$)		Share (%)	Growth (%)
Major Commodity Group	**June-22**	**June-21**	**June-22**	**June-22 over June-21**
Engineering goods	9149.59	9295.06	24.11	-1.57
Petroleum products	7826.60	3952.68	20.63	98.01
Gems and Jewellery	3372.57	2824.44	8.89	19.41
Organic and Inorganic chemicals	2799.82	2666.32	7.38	5.01
Drugs and Pharmaceuticals	1995.75	2021.42	5.26	-1.27
Electronic goods	1571.58	1043.10	4.14	50.66
RMG of all Textiles	1449.31	1001.81	3.82	44.67
Rice	1034.64	742.70	2.73	39.31
Yarn/Fabs./Madeups, Handloom products etc.	925.24	1194.50	2.44	-22.54
Plastic and Linoleum	752.01	979.52	1.98	-23.23
Total of 10 Major Commodity Groups	**30877.10**	**25721.55**	**81.37**	**20.04**
Rest	7067.37	6771.45	18.63	4.37
Total Exports	**37944.48**	**32493.00**	**100.00**	**16.78**

Click here for more details

Source: pib.gov.in– Jul 04, 2022

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India-EU 2nd round of talks for trade & investment deal in Sept '22

After the conclusion of the first round of negotiations for India-EU Trade and Investment Agreements, including the Geographical Indicators (GI), in New Delhi last week, the second round of negotiations will now take place in September 2022 at Brussels. Despite the global disruptions, India-EU bilateral trade showed growth of 43.5 per cent in 2021-22.

The first round of negotiations were held in a hybrid fashion – with some of the teams meeting in Delhi and most officials joining virtually. The round saw altogether 52 technical sessions covering 18 policy areas of FTA and seven sessions on Investment Protection and GIs.

India's bilateral trade with EU amounted to $116.36 billion in 2021-22, registering an impressive annual growth of 43.5 per cent. Currently, EU is India's second largest trading partner after the US, and the second largest destination for Indian exports.

The trade agreement with EU, once finalised and implemented, would help India in further expanding and diversifying 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," an official statement said.

Out of India's total apparel exports of $14.825 billion in 2021, the EU accounted for $5.349 billion, according to Fibre2Fashion's market insight tool TexPro. However, India's share was mere 2.57 per cent in total European apparel imports of $223.319 billion during 2021.

Europe also remained the second largest region for Indian export of home textiles. It imported $2.212 billion worth of home textiles out of total export of $8.830 billion last year.

However, India is a very small supplier of home textiles to Europe with only about 6 per cent share out of total imports of $40.132 billion in 2021.

India-EU negotiations were launched by Piyush Goyal, India's minister for commerce & industry and European Commission's executive vice president Valdis Dombrovskis at Brussels last month.

While India is looking at larger penetration in the EU market through the trade agreement, European countries are looking at getting a bigger pie in the world's fastest growing economy.

Source: fibre2fashion.com– Jul 04, 2022

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Govt mulls over Rs 5,000-crore scheme to develop key districts into export hubs

The new foreign trade policy (FTP), which will come into force in October, is likely to provide support of at least Rs 5,000 crore to develop select districts as export hubs, official sources told FE.

This could be the most significant announcement by the government in the new FTP as far as fiscal assistance is concerned, given that most of the other key schemes involving even greater outlays have already been declared.

The assistance could be in the form of grants to states. The scheme to develop export hubs in various districts may be designed as a centrally-sponsered scheme (CSS) under which the Centre may extend about 60% of the funds and 40% will have to be borne by the states, one of the sources said. Initially, the commerce ministry may run pilot projects in about 50 districts across the country and gradually widen the initiative to cover more districts, he added. “A precise estimate of the assistance is still being worked out by the commerce ministry,” he added.

Currently, while states are being encouraged to develop key districts into export hubs, there is no specific central government support for this purpose. The likely aid under the new FTP is expected to encourage states to do their bit as well.

The move is part of the commerce ministry’s plan to implement the idea, mooted by Prime Minister Narendra Modi, to develop each district into an export hub. “Commerce and industry minister Piyush Goyal is very keen on making this a reality and is monitoring initiatives for this purpose,” one of the sources said.

In the extant FTP, announced in 2015, the government had declared the Merchandise Export from India Scheme (MEIS) by merging five different schemes and sharply raising budgetary allocation for it. It had allocated Rs 39,097 crore for exporters under the MEIS for the pre-pandemic year (FY20). This scheme was replaced with the Remission of Duties and Taxes on Exported Products (RoDTEP) programme from January 2021. The validity of the current FTP, which was to expire in 2020, was extended until September 2022 in the wake of the Covid outbreak.

The government has already earmarked Rs 21,340 crore for tax remission schemes for exporters like RoDTEP and RoSCTL in the Budget for FY23. This has substantially reduced the scope for any new big programme, apart from the one for services exporters. As such, Goyal has repeatedly exhorted exporters to shun the crutches of subsidies and instead boost their competitiveness, which would be key to achieving sustainable export growth.

Since the FTP is being designed in the aftermath of the Covid-19 outbreak, it would lay stress on ensuring India's greater integration with the global supply chain and reducing elevated logistics costs. Moreover, the Atmanirbhar Bharat initiative will find a befitting expression in the policy, according to the sources.

The new policy will come at a time when exports are facing considerable external headwinds in the wake of the Russia-Ukraine war and the government is seeking to build upon a resurgence in outbound shipments, witnessed in FY22, in the current fiscal.

As such, the country is aiming at realising a lofty merchandise export target of $1 trillion by FY28 from a record $422 billion in FY22. Developing key districts into export hubs is a crucial, albeit challenging, initiative in that direction.

Source: financialexpress.com– Jul 05, 2022

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Centre planning export houses exclusively for cooperatives: Amit Shah

The Central government is working on a proposal to set up two dedicated export houses that will enable cooperatives to brand and export items, said Cooperatives Minister Amit Shah on Monday.

Shah said the government plans to enable KRIBHCO and IFFCO to go for seed improvement and Amul, one of India's largest cooperative, will set up laboratories to certify and test organic products across India. He was speaking at a conference to commemorate the 100th International Day of Cooperatives, Shah said proposed bylaws will ensure that if a primary agriculture cooperative society (PACS) becomes defunct, states will have the power to liquidate it within 180 days and set-up a new one in its place.

Shah also said that the cooperative sector can play an important role in making India self-reliant and ensure the economic prosperity of 70 crore poor people.

Capitalism and communism are extreme forms of governance and the cooperative model of development is best suited for the country, he said adding that the cooperation ministry is working on various aspects to strengthen the cooperative sector by making them professional and multi-dimensional.

A cooperative university will be set up to provide skills training and offer courses in subjects like accounting, marketing and management. The trained manpower can be absorbed in the cooperative societies and this will also eliminate nepotism in appointments.

He also said there is a need to change laws as well but stressed self-regulation among cooperatives. There are 8.5 lakh cooperative societies in India and around 12 crore people are linked directly with this sector.

While mentioning the contribution of cooperatives in many businesses like milk, fertilisers, sugar, fisheries, agri-credit and procurement of food grains, he pitched for diversification of cooperatives into other sectors.

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

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Results of Ranking of States' Exercise 2021 on support to Start-up Ecosystems declared

The results of the third edition of Ranking of States on Support to Startup Ecosystems were released by Shri Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution, and Textiles today at The Ashok Hotel, New Delhi. For the purposes of the Ranking, States and Union Territories are classified into 5 Categories, viz. Best Performers, Top Performers, Leaders, Aspiring Leaders and Emerging Start-up Ecosystems.

Gujarat and Karnataka emerged as the Best Performers in a category of States which included NCT of Delhi. Meghalaya won the top honour among UTs and North-eastern (NE) States. While Kerala, Maharashtra, Orissa and Telangana got the Top Performers award among states, Jammu & Kashmir emerged as the Top Performer among UTs and NE states.

Assam, Punjab, Tamil Nādu, Uttarakhand and Uttar Pradesh were adjudged the winners in the Leaders category among states; Andaman & Nicobar Islands, Arunachal Pradesh and Goa bagged the Leaders honour among the UTs and NE states. Chhattisgarh, Delhi, Madhya Pradesh and Rajasthan were declared as Aspiring Leaders among the States. Chandigarh, Dadra and Nagar Haveli & Daman and Diu, Himachal Pradesh, Manipur, Nagaland, Puducherry and Tripura were the Aspiring Leaders from the UTs and NE states. Andhra Pradesh and Bihar from States category and Mizoram and Ladakh from the UTs/NE States were clubbed under the Emerging Start-up Ecosystem.

Speaking after declaring the awards, Shri Piyush Goyal said that ONDC (Open Network for Digital Commerce) had the power to spawn thousands of start-ups. "The huge success that UPI has been in India, which has democratised the payment system in India.

In the next 5 year, we will have ONDC democratize the e-commerce across India. So much so that we will have a few thousand start-ups may be more and a few hundred unicorns. Rather than three companies being 100 billion or one trillion size, you will have a thousand companies each of a billion dollar. That is what ONDC has the power to do," the Minister said.

Emphasizing that Indian ecosystem could become the best in the work, Shri Goyal suggested that States could align with neighbouring ones so as to learn from each other. He also asked the department to get more start-ups on the Government E-Marketplace (GeM), saying that now even the Services had been brought under GeM.

Shri Goyal suggested that there was a need to focus on developing start-up ecosystem in districts with help of all the start-up related schemes by the central and the state government. He emphasized upon the need to onboard and register more start-ups. He added that there was a great opportunity to democratize the start-up ecosystem in the same way as the Indian Premier League (IPL) democratized the cricket arena.

The minister appreciated the new mentorship program and said that it would help those with ideas to get support and help them fructify their ideas.

Shri Anurag Jain, Secretary, DPIIT said that a number of initiatives of the government including JAM (Jandhan, Aadhar, Mobile), Digital India, Gatishakti, Ease of Doing Business were driving the start-up ecosystem. “If the Start-up system has to grow further, the biggest role has to be played by States. We can play a facilitative role,” he added.

Shri Manoj Kohli, Member, National Start-up Advisory Council the new coaching/mentoring programme MAARG (Mentorship, Advisory, Assistance, Resilience and Growth) would focus on creating profitable start-ups, improving their corporate governance, scaling up their operations, addressing funding gaps and building their brand. This, he said would improve their success rate.

The call for mentors for MAARG portal was also announced during the event. The portal is developed with the idea to develop a tool for start-ups in India that can be accessed from every corner of the country to request and connect with a mentor.

Smt. Shruti Singh, Joint Secretary, DPIIT said that the start-up ecosystem has come a long way with States playing a big role. “Today, States have vibrant ecosystem with 27 states having their portals in regional languages,” she added.

The Department for Promotion of Industry and Internal Trade (DPIIT) has been conducting the States' Start-up Ranking Exercise since 2018 to facilitate the ease of building a start-up and doing business across the country. The exercise has grown in its impact over the last three editions, with 31 participating states and union territories this edition, the highest till date. The State Start-up Ranking Exercise aims to support states and union territories in developing their start-up ecosystem and learn from the best practices in each state and union territory.

The consideration period for the third edition of the States Startup Ranking Exercise was 1st October 2019 to 31st July 2021. The documentary evidence submitted was evaluated over a 6-month duration. The evaluation committee across 14 meetings assessed each document and was composed of representatives from 19 government departments and 29 non-government startup ecosystem stakeholders, for fair and transparent evaluation.

The participants were evaluated across 7 broad Reform Areas consisting of 26 Action Points ranging from Institutional Support, Fostering Innovation and Entrepreneurship, Access to Market, Incubation support, Funding Support, Mentorship Support to Capacity Building of Enablers. The exercise plays a crucial role in easing the business environment for start-ups in the country.

The States Startup Ranking 2021 highlighted the support being extended by over 30 states and union territories through startup policies to the ecosystem.

There were only 4 states with startup policies prior to 2016. The state startup teams have been extending support across mentorship, incubation and funding. Moreover, feedback was gathered from more than 7,000 beneficiaries through surveys made in 13 different languages to grasp the real situation at the execution level.

The States and Union Territories have been placed alphabetically within each category. Additionally, in each reform area, the states who are recognized as Leaders for their exceptional work in the particular reform area are also shared.

The felicitation ceremony was accompanied by the release of the National Report which highlights the vision, framework, evolution across the years, methodology and implementation, and the way ahead for the States` Startup Ranking. A State Specific Report for each of the 31 participating States and Union Territories has also been released, containing an extensive analysis of respective ecosystem, which highlights strengths and priority areas for future.

The National Report and Specific Reports for all participating States and Union Territories launched during the session can be downloaded from the Startup India Portal. The complete results are attached at Annexure 1.

Click here for more details

Source: pib.gov.in– Jul 04, 2022

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States urged to reform, seize export space being vacated by China

China figured prominently at the recent chief secretaries' conference with at least three presentations focusing on how India must take advantage of the economic space being vacated by China.

ET has gathered that the thrust was on initiating key state-level reforms to increase exports by grabbing the low-skill manufacturing base China is exiting as wages rise there.

"This is India's Moment. (India can be) a potentially large beneficiary of China + 1 and "friend shoring" as "China (is) vacating low-skilled manufacturing export space," a JP Morgan presentation at the meet on 'India's Growth Imperative and the Role of Exports' said.

It listed out apparel, ceramics, footwear, leather, iron and steel, furniture and gems and pearls as areas which China is fast vacating. Vietnam, Indonesia, Bangladesh, Spain, Italy and Germany are among the countries increasing their market share in these sectors as China exits them.

It pointed out that demography is in India's favour as 'working age population is to increase even as that of other economies shrink'.

JP Morgan made a strong case for a public capex push to boost near-term aggregate demand, increase private sector investment and utilisation levels in areas that are labour intensive and thereby create blue-collar construction jobs that are needed post- pandemic. It cited the example of China and how its focus on 'low skill manufacturing pulled labour out of lower-productivity agriculture'.

"India's endowment/opportunity lies in low skill manufacturing exports, where it is punching much below its weight. Service exports reveal competitive advantage but will impact white collar workers; key is to create more blue-collar jobs," the financial service provider said.

It noted that the pandemic has made several "non-tradable services" tradable and India is in prime position to capture post-Covid digitisation opportunity provided due policy reforms are undertaken.

Global major Credit Suisse pointed out that 'the next decade is likely to see a significant shift in production out of China' and it is 'India's game to lose'.

Talking of opportunities in the 'garments sector', Credit Suisse observed that while the initial shift away from China benefited Bangladesh and Vietnam, there is a lot more that needs to shift.

"An additional $50b of apparel exports can shift out of China. India has the skills and upstream value chains. Some of the most populous regions with cheapest labour need hubs", it said in a presentation on the 'Role of States in India's Growth Acceleration'.

"Creation of hubs that may be simple to start with, but within a generation innovate to global leadership (e.g., Japan in the 1950s)", it added.

It mentioned internal as well as external export opportunities in goods and services and specifically mentioned electronics, garments, consumer durables, specialty chemicals, automotive components (particularly EVs) as sectors that have strong potential going forward.

Credit Suisse was emphatic that the next stage of reforms is needed at the state level in urban governance, real estate regulation, agriculture, power distribution, land records modernisation, labour law simplification, pollution control and so on.

China also figured big in the presentation made by the then CEO Niti Aayog Amitabh Kant. He noted that while at the eve of Independence, India was richer than China or Korea on a per-capita basis (PPP terms), today incomes in Korea are 5x that of India's and China's 2x of India's.

High investment and infrastructure growth have driven high growth in Japan, Korea, China and Singapore with China clocking an average real GDP growth of 10% between 1995-2010.

Similarly, a higher share of the industry in GDP has led to higher per-capita incomes in both China and South Korea at 37.28% and 32% as in 2020. Indian industry’s share was 23% of GDP during the same period, he said.

On the other hand, the higher share of labour in agriculture is correlated with lower per-capita income. From 50.5% employment in agriculture in China in 1995, the figure came down to 25% by 2019, Kant's submission read.

Kant identified three 'strategic priorities' to help India attain growth 'rapidly and sustainably' –– urbanisation, creating enabling infrastructure and making enterprises more competitive –– domains within the purview of state governments.

Source: economictimes.com– Jul 05, 2022

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GST rule changes to help but execution key, say exporters

A raft of changes announced by the Goods and Services Tax (GST) Council last week, including the one to expedite refunds to those categorised as "risky exporters", will certainly help but much depends on their implementations, exporters told FE.

The council has suggested that rule 96 of the Central GST Rules be amended to provide for transmission of Integrated GST refund claims on the portal in a system generated FORM GST RFD-01 to the jurisdictional GST authorities for processing.

Prior to this, the refund claims were suspended or withheld where the exporter is identified as risky and authorities will conduct lengthy verifications before deciding to release the amount. The rule change promises to expedite such IGST refund claims.

The Council decided that supplies from duty-free shops at international terminal to outgoing international passengers will be considered as exports by such shops. Consequently, refund benefits will be available to them on such supplies. Relevant sections of the extant CGST rules will be scrapped to facilitate this.

Suranjan Gupta, executive director at engineering exporters' body EEPC India, said: "Conceptually, it (move on 'risky' exporters) promises great relief to exporters. But we have to see actual implementation to gauge whether the intended benefits are finally coming the exporters' way or not."

Raja Shanmugham, president of the Tirupur Exporters Association that represents the country's largest garment cluster, said exporters should not be classified as "risky" arbitrarily by tax authorities, as has been the practice. "Of course, the latest GST council decision will help. But the bigger issue is whether the taxmen should be allowed to brand an exporter 'risky' without giving him the opportunity to present his case. They should stop this practice altogether," he added. While the move to treat supplies from duty-free shops at international terminal to outgoing international passengers as exports, too, is a good decision. However, given the limited volumes, it's unlikely to have substantial beneficial impact on exports, said exporters.

The rule change will come in handy at a time when strong external headwinds have threatened to disrupt the robust momentum in the country's exports. Given the tangled global supply chains in the aftermath of the Russia-Ukraine war and consequent surge in international shipping costs, Indian exporters will find it difficult to ship out products on time and honour supply commitments in the coming months.

Moreover, the country's key markets, such as the US and the EU, are facing risks of recession. Against this backdrop, the move to expedite refunds for even "risky" exporters will help imporve their cash flow.

Source: financialexpress.com– Jul 05, 2022

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The long-term hurdles to India's export growth

Can exports power India's economic growth? This is a question that is being raised after last financial year's scorching export growth even as domestic private consumption remained muted. In FY21-22, Indian merchandise exports jumped 43.18 per cent year-on-year, going up from $291.81 billion to $417.81 billion.

The government certainly hopes so. Union Commerce Minister Piyush Goyal recently stated that he expected merchandise exports to cross $1 trillion by 2030 — a stiff target. The government has commissioned a consultancy firm to prepare a report on how to restructure export promotion councils to achieve the stiff targets it is setting.

Despite last year's record performance though, a close look at merchandise export trends of the past decade does not paint a very encouraging picture. India's merchandise exports had stayed between $280 billion and $315 billion for a decade before its surge last year. Even last year's record performance did not see much volume growth — it was largely driven by higher prices/values, according to a report by India Ratings. In an opinion piece in Mint, Nikhil Gupta, chief economist of Motilal Oswal, wrote that real export growth had been negligible — the company's analysis showed that the rise in exports was largely accounted for by soaring commodity price inflation.

India, unlike the Asian Tigers, has never managed to be an export-driven economy. Since the economic reforms were initiated in 1991, private investment and domestic consumption — along with government spending — have primarily driven India's economic growth. Merchandise exports have played only a supporting role. Service exports —largely IT services — have been a redeeming factor in India's export story. India's share in global merchandise trade has firmly remained below 2 per cent — which is abysmal considering the size of our economy.

The failure to become a global merchandise export power is largely because India has not really become a hub for global manufacturing. Foreign manufacturers in India have largely focused on the domestic market, instead of treating it as a low-cost, high-quality manufacturing base for exports. Despite a realisation among global companies that they need alternative hubs to reduce dependence on China, few of them have looked at India seriously.

Three factors have played spoilsport to India becoming a global manufacturing power. One, as I had discussed in my last column, is the rapid changes in policy and the uncertainty that investors have to face. Anyone putting millions to build a plant on the ground would like a stable policy regime, which has been missing for a decade now.

Constant changes in tax rates, tweaking of rules and abrupt reversals following policy announcements have spooked many investors. The changes in wheat, petroleum products and steel export policies or tariffs are recent examples, though all of them have been justified by the government as being absolutely necessary given the current domestic requirements of the economy.

The second factor, which is talked about whenever businessmen meet, is the cost and difficulty of doing business on the ground. This includes not only well-known issues such as poor roads, higher cost of power, longer turnaround times at ports, but also other issues like dealing with local level officials, meeting myriad regulations at the state, district and city levels and other such problems. These have often negated whatever cost benefits they have got from government incentives like the production-linked incentive scheme.

The third factor that is almost never talked about but needs to be examined and discussed is the poor quality standards set by Indian regulators and the government in almost every sector —and the even worse monitoring and implementation of these standards. In sectors ranging from pharmaceuticals and drugs to automobiles to food and cosmetics — Indian manufacturers have a lower quality bar to meet than their global counterparts. Worse, there is little monitoring or penalty even if these low standards are not adhered to. For some reason, Indian policymakers have never felt that Indian consumers are being short-changed because of this. An Indian automaker or a generics drug company exports higher quality goods to other countries than it sells in the Indian market. Moreover, there is no real punitive cost of not meeting the standards. Product recalls are almost unknown in the country.

Yet, no country has succeeded in becoming a merchandise export powerhouse unless its quality standards are uniformly high. Some policymakers argue that higher standards are impossible to implement in a country of India's size and with the number of small and medium enterprises it has. The cost increases, they claim, would make many of these enterprises uncompetitive if they tried to sell high quality products in the country. Moreover, the consumers may not be able to afford it or even care for the difference.

This is faulty thinking. The government should focus on removing hurdles that increase the cost of manufacturing or just doing business in India. At the same time, it should set higher quality standards and monitor them stringently. This is an essential condition if India's manufacturing needs to meet global standards. That is the only way the country can become a major exporter of manufactured goods, not just software services.

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

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Cotton USA conducts seminars in Coimbatore, Ludhiana & Mumbai in India

'U.S. Cotton and the Golden Triangle of Profitability' seminars in Coimbatore, Ludhiana and Mumbai in India, sponsored by Cotton Council International (CCI), showcased how usage of US cotton improves mill performance. More than 185 mills, brands/retailers and US cotton merchants attended the invitation-only seminars from June 20-24, 2022.

The textile mills that attended the events consumed more than 7.5 million bales of cotton in 2021, COTTON USA said in a statement.

Experts from the COTTON USA SOLUTIONS team presented: (1) a guide on how to spin finer yarn counts using US Upland cotton, (2) a recent study on dye take-up of US cotton compared to cotton from other regions and (3) a demonstration on preventative clearance for staple yarns.

Representatives from ACSA and AMCOT presented global and US cotton outlooks and discussed the US cotton transportation situation due to ongoing global logistics disruptions. The seminars concluded with a panel discussion on 'COTTON - Now and Beyond' where the audience learned more about the current Indian cotton situation and what the future holds for the country's textile industry.

One textile mill joined the U.S. Cotton Trust Protocol and 23 companies expressed interest in scheduling a consultation with a COTTON USA SOLUTIONS mill expert after attending the seminars.

In surveys following the events, 96 per cent of the participants were satisfied with the seminars and 98 per cent were likely to recommend future COTTON USA events to their colleagues. Meanwhile, 94 per cent are likely to purchase US cotton in the next year as a result of attending, and expected future purchases are 113,000 bales of US cotton.

Source: fibre2fashion.com– Jul 04, 2022

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North India may see better buying of cotton yarn after July 10

Depressed sentiments were observed in cotton yarn prices in north India today after a decline in prices in south India last week. While the market remained steady in Ludhiana, prices dropped in Delhi due to muted buying. However, traders expect better buying after July 10 as manufacturing activities are likely to improve for both domestic and export markets.

Cotton yarn prices steadied in Ludhiana as buyers remained static. Most varieties of cotton yarn were sold at previous prices. A Ludhiana based trader told Fibre2Fashion, “There was hope of better buying in July first week, but yarn market may have to wait for longer time. Cotton prices have come to an attractive level after recent drops. This will encourage buyers, if they receive better signals from downstream industry.” In Ludhiana, 30 count cotton combed yarn was sold at ₹400-405 per kg (GST inclusive), according to Fibre2Fashion’s market insight tool TexPro. 20 and 25 count combed yarn were traded at ₹390-395 per kg and ₹395-400 per kg respectively. Carded yarn of 30 count was quoted at ₹340-345 per kg.

On the other hand, Delhi market noted weakness in prices as demand was very week. According to trade sources, buyers were reluctant for fresh buying while sentiments remained bearish after downfall in southern market during last week.

However, there was hope of better buying after 10 July as manufacturing activities are likely in improve for domestic and export markets. In Delhi, cotton yarn prices fell by ₹5 per kg for most of counts and varieties. 30 count combed yarn was traded at ₹380-390 per kg (GST extra), 40 count combed at ₹420-430 per kg, 30 count carded at ₹345-355 per kg and 40 count carded at ₹385-395 per kg.

Recycled yarn market at Panipat also noted weaker sentiments but the prices remained stable. A local trader Preetam Singh Sachdeva told Fibre2Fashion, “Yarn sellers and millers will have to wait for longer time. There was no sign of better demand for manufacturing for exports. The market is yet to receive buying enquiries for manufacturing for export orders.”

Panipat based exporters secured some orders in trade fairs held in Germany last month. The price of 20s recycled PC yarn (coloured - high quality) decreased by ₹5 per kg. The price of recycled polyester fibre (PET bottle fibre) declined by ₹4 to 94 per kg.

But the price of comber remained stable ₹115 per kg. In Panipat market, 10s recycled yarn (white) was traded at ₹95-100 per kg (excluding GST), 10s recycled yarn (coloured - high quality) at ₹130-135 per kg, 10s recycled yarn (coloured - low quality) at ₹95-105 per kg and 20s recycled high quality PC yarn (coloured) at ₹135-140 per kg. 10s optical yarn was traded at ₹120-125 per kg in the market.

Meanwhile, cotton prices weakened in north India amid poor demand. Arrival and trade were also thin. According to traders, cotton was sold at ₹9,200-9,500 per maund of 37.2 kg in Punjab, ₹8,300-8,700 per maund in Haryana and ₹9,200-9,700 per maund in Upper Rajasthan.

Traders said that supply further reduced in this ending season. New cotton crop was reported in good condition, and is expected to arrive in the second week of September in Haryana and some parts of Rajasthan because of early sowing.

Source: fibre2fashion.com– Jul 04, 2022

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