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IBTEX No. 257 of 2020 December 03, 2020

US 73.81| EUR 89.46| GBP 98.80| JPY 0.71

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INTERNATIONAL NEWS

Xinjiang Cotton Giant Slapped with Customs Detention Order

U.S. Customs and Border Protection (CBP) has issued a new Withhold Release Order on cotton merchandise from the Xinjiang Production and Construction Corps (XPCC), a paramilitary organization that produces one-third of China's cotton, employs 12 percent of Xinjiang's population and generates 17 percent of the region's gross domestic product.

"CBP issued the WRO based on information that reasonably indicates that XPCC and its subordinate and affiliated entities use forced labor, including convict labor, to produce cotton and cotton products," CBP acting commissioner Mark A. Morgan said at a press briefing Wednesday afternoon. The WRO applies to all cotton and cotton-derived items produced by the XPCC and its subordinate and affiliated entities, including clothing, textiles, cottonseed oil and paper, regardless of their country of origin.

"It should be clear and simple: any product having a nexus to forced labor will not [and] should not make it to our borders and be introduced into our supply chain, period," Morgan said.

The WRO on XPCC cotton products is the sixth enforcement that CBP has announced in the past three months against goods made by forced labor from the Xinjiang Uyghur Autonomous Region in northwestern China, where up to 1.8 million Uyghurs, Kazakhs and other Turkic Muslims are believed to be held in "re-education" camps as part of a broader campaign of torture and indoctrination to compel them to renounce their religion and assimilate into Chinese society. Experts say that the Chinese government has also transferred tens of thousands of Uyghurs and ethnic minorities out of Xinjiang to work in factories across China, sometimes directly from detention centers and often against their will.

"As Americans, we believe each individual's granted inalienable rights by our creator," said Ken Cuccinelli, acting deputy secretary at the Department of Homeland Security. "It's because we value these rights so highly that we prioritize values like freedom, justice and equality under the law."

China's security apparatus profits from this repression by "holding financial stakes in companies that benefit from the forced labor," he said. "This kind of forced labor is antithetical to American values, negatively impacts both consumers and businesses, undermines legitimate trade and competition, and threatens American workers. No matter how you view it. This is a threat that impacts each and every aspect of our society. And we can't afford to ignore it."

The WRO dovetails with sanctions against the XPCC, which the Treasury Department's Office of Foreign Assets Control (OFAC) placed into effect Monday. The move is potentially the "largest single action in OFAC's history," according to corporate intelligence platform Sayari, which combed through Chinese public records to find more than 862,600 direct and indirect holdings—including minority, majority, control and non-control positions—through different XPCC divisions.

"These companies touch 147 countries, including the United States, Germany and the U.K., and offshore jurisdictions like the British Virgin Islands," Sayari analyst Alex Bate wrote in a blog post in August. "They reach as far as 34 layers of ownership from the XPCC."

While the OFAC's sanctions target business relationships, the CBP will focus on barring XPCC merchandise from entering the United States, according to Morgan. "That's why it's called a Withhold Release Order," he said. "Everything that enters the country in terms of products comes into the hands of the CBP. [We] take custody of it and then we release it into the market. So an WRO would stop that release into the U.S. market."

Importers encountering an WRO have two options: They can remove the products from the American market or they can present evidence to the CBP commissioner demonstrating that the merchandise was not created using forced labor. Because of the scope and complexity of the XPCC's reach, however, it's unclear how the CBP will ensure compliance. Morgan referred to undefined technologies and said the agency will be expanding its efforts to identify the provenance of the products it handles. But the onus of responsibility, he said, should be on corporations to police their own supply chains.

"Both American and international businesses [that] wish to do business and sell in the U.S. market [have] been on a notice of this problem for quite a long time," Morgan said. "Many of them are enthusiastic partners in policing their own supply chains to avoid the danger of slave labor entering into their products. Others are not so much and we look forward to partnering with them."

The idea of a regional WRO that covers all of Xinjiang or China is not off the table yet, but an WRO on XPCC is "almost akin to a regional [WRO] because it's so massive," he added.

CBP issued 13 WROs during fiscal year 2020, including eight WROs on goods made by forced labor in China. Federal statute 19 U.S.C. 1307 prohibits the importation of merchandise mined, manufactured or produced, wholly or in part, by forced labor, including convict labor, forced child labor and indentured labor.

Labor rights groups have been quick to praise the announcement, calling it the largest economic challenge to the Chinese government's human-rights abuses to date.

"CBP's action is a body blow to every brand that intends to continue sourcing cotton from the Uyghur Region," Scott Nova, executive director of the Workers Rights Consortium, a member of the End Uyghur Forced Labour coalition, said in a statement. "This order will likely impact the supply chains of virtually every major apparel retailer—from Amazon, to Target, to Zara. A ban on all cotton from the region is warranted, and CBP's action therefore represents a partial step, but the scope is large enough to have a major impact on the apparel industry."

Sanctions on the XPCC "should be global," but today's action is a "good start," according to Omer Kanat, executive director of the nonprofit Uyghur Human Rights Project. "International companies are now on notice: if you import any goods produced by the XPCC, you are complicit in human rights crimes," Kanat said. "Uyghurs have long suffered under massive human rights violations by the XPCC."

In a joint statement, the American Apparel and Footwear Association, National Retail Federation, Retail Industry Leaders Association and the U.S. Fashion Industry Association applauded CBP's "clearly defined" WRO that is "based on specific and actionable intelligence."

The groups "look forward to working with CBP to build a detailed and practical implementation strategy to make sure today's actions are effective, enforceable and focused on the bad actors who insist upon exploiting slave labor and do not harm trusted traders or our supply chain partners who are working tirelessly to stamp out forced labor," they said.

The new WRO "reinforces the need for a unified and comprehensive approach to this human-rights crisis, and we want to renew our calls for the U.S. government to build and lead a coalition involving all stakeholders and allied countries to put pressure on China to end forced labor, and the wider campaign of repression it fuels, immediately," they added. "U.S. unilateral action can only succeed in ending these forced labor practices if it is accompanied by a 'whole of world' approach."

CBP's announcement is likely another gut punch to brands like Nike, Apple and Coca-Cola, which are reportedly among the major companies lobbying Congress to water down some of the provisions of the Uyghur Forced Labor Prevention Act because of the potential repercussions to their China-centric supply chains, according to the New York Times Sunday.

Greg Rossiter, director of global communications at Nike, told the newspaper, however, that it "did not lobby against" the Uyghur Forced Labor Prevention Act but rather conducted "constructive discussions" with congressional staff aides over protecting human rights.

The bill, which passed the House in September, would prohibit certain imports from Xinjiang, require firms to disclose dealings with the region and impose sanctions on "any foreign person who 'knowingly engages'" in forced labor using Uyghurs or other Muslim minority groups.

Source: sourcingjournal.com - Dec 02, 2020

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Biden Says He'll Use Trump's Tariffs as 'Leverage' Against China

Acknowledging what many trade and political experts had expected, President-elect Joe Biden told the New York Times in an interview on Wednesday that he won't remove tariffs imposed by President Trump on China, at least not right away.

Biden said he will instead develop a strategy with U.S. allies on how to best deal with China and conduct a full review of the Phase One trade deal that the Trump administration reached with Beijing. That deal was meant to put an end to the trade war instigated by Trump against Beijing's unfair trade practices, such as government subsidies and theft of intellectual property.

"I'm not going to make any immediate moves and the same applies to the tariffs. I'm not going to prejudice my options," Biden told columnist Thomas Friedman (no relation to this reporter). "The best China strategy, I think, is one which gets every one of our, or at least what used to be our, allies on the same page. It's going to be a major priority for me in the opening weeks of my presidency to try to get us back on the same page with our allies."

In the Phase One deal, China agreed to purchase $200 billion worth of U.S. goods and services through 2021 and develop an action plan to strengthen intellectual property protection and end forced technology transfers. The deal left in place 25 percent tariffs on $250 billion in Chinese imports, including apparel and footwear.

Kim Glas, president and CEO of the National Council of Textile Organization (NCTO), welcomed Biden's comments.

"We also appreciate the president-elect's pledge to continue aggressive trade enforcement actions against China, along with the willingness to work long-term with international coalitions to comprehensively address systemic predatory trade practices," Glas said. "We believe it is important to continue the Section 301 tariffs on finished apparel and textile imports from China imposed by the U.S. to address intellectual property theft and other predatory trade practices by China.

The U.S. textile industry is highly automated and technical; the industry is proud to compete with anyone in the world on a level and fair playing field. But the rules of the road aren't always fair to U.S. manufacturers and workers and, regrettably, the U.S. textile industry has far often been confronted with that sobering reality."

She said this is why aggressive enforcement actions, including continuing punitive tariffs on finished products coupled with other enforcement actions, are critical to getting the Chinese to address systemic unfair trade advantages, such as such as government subsidies, state-owned enterprises, forced labor practices, weak environmental standards, intellectual property theft and currency manipulation that non-market economies use to manipulate global markets and hurt U.S. manufacturers.

A white paper from Greenberg Traurig's Government Law & Policy practice said Biden's trade agenda may be more focused on multilateral action to resolve trade conflicts, particularly with China.

The New York law firm predicted that a Biden administration "might not prioritize a major rollback of the Section 301 tariffs that President Trump imposed on Chinese products," and could use them on Chinese products as leverage to negotiate deeper Chinese concessions on key structural economic issues, including Chinese theft of U.S. companies' intellectual property, its forced technology transfer of U.S. businesses in China and subsidies to state-owned enterprises.

The Footwear Distributors and Retailers of America (FDRA) sent a letter to Biden last month urging action him to remove the tariffs after he takes office in January.

"We were encouraged when Vice President-elect Harris highlighted the impact tariffs have on American consumers during the vice presidential debate," Matt Priest, president and CEO of FDRA, wrote to Biden. "In fact, for our industry, the highest tariff rates most often fall on lower-value shoes and children's shoes, raising costs for working class individuals and families on a product they have to buy as a necessity."

Biden told the Times the key to dealing with China is building "leverage," but stressed that "we don't have it yet." He said he wants to create that leverage against China by building a bipartisan consensus for strengthening American industry through major investments.

"I want to make sure we're going to fight like hell by investing in America first," Biden said. "I'm not going to enter any new trade agreement with anybody until we have made major investments here at home and in our workers."

Source: sourcingjournal.com - Dec 02, 2020

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With a month until split, Brexit trade deal hangs in balance

The British government told businesses on Tuesday to make sure they are ready for big changes when the UK makes its final Brexit break from the European Union in exactly a month.

But with negotiations on a free-trade deal with the bloc stuck, firms say they still don't know key details of what those changes will be.

Michael Gove, the minister in charge of Brexit preparations, said trade talks were "getting close to the wire." "It's certainly the case that there is a chance that we may not get a negotiation outcome, that's why it's important that businesses prepare for all eventualities," he told ITV.

The UK left the EU early this year, but remained part of the 27-nation bloc's economic embrace during an 11-month transition as the two sides tried to negotiate a new free-trade deal to take effect January 1.

Talks have already slipped past the mid-November date long set as a deadline for agreement to be reached if it is to be approved by lawmakers in Britain and the EU before the end of the year.

Teams led by EU chief negotiator Michel Barnier and British counterpart David Frost met through the weekend in London with no breakthrough. Talks are continuing, and UK officials have said this is the last week to strike a deal.

The two sides remain stuck over key issues including the resolution of future disputes and "level playing field" provisions — the standards the U.K. must meet to export into the EU.

The biggest hurdle appears to be fish, a small part of the economy with an outsized symbolic importance for Europe's maritime nations. EU countries want their boats to be able to keep fishing in British waters, while the U.K. insists it must control access and quotas.

Gove said EU demands on fishing were "not fair." If there is no deal, New Year's Day will bring huge disruption, with the overnight imposition of tariffs and other barriers to U.K.-EU trade. That will hurt both sides, but the burden will fall most heavily on Britain, which does almost half its trade with the EU.

The British government has launched a major information campaign, with billboards and advertisements warning that “time is running out” and telling businesses to get ready for change on January 1. But firms that trade with the EU say they still don’t know what conditions they will face in a month’s time.

“There’s an awful lot I don’t feel ready for because I can’t get the answers from the government website,” said James Greenham, managing director of EMS Physio, which exports physiotherapy equipment.

“You go on the government website and you get taken down various wormholes and then it ends in a dead end,” he told the BBC. “There’s no information. The decision has yet to be taken.” Things will be smoother with a deal, which would remove quotas and tariffs on goods, though businesses still face new obstacles and red tape, including customs declarations and border checks.

Gove said “more than 80% of what business needs to do” would be the same whether or not there is an agreement.

“But I very much want a deal and I believe that we can secure one,” he said.

Source: financialexpress.com– Dec 01, 2020

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Chinese textile industry looks to more IP cooperation

When RCEP begins, our trading volume with Sunvim will double in two years," a Japanese textile trader told CGTN, referring to the just signed trade pact and his business partner in East China's Shandong Province.

Amid a global economic downturn, China and other 14 Asia Pacific countries including Japan inked the Regional Comprehensive Economic Partnership, or RCEP, creating the world's largest trade bloc.

"The deal will also ease the negative impact from China-U.S. trade frictions on Japan," added Izawa Shoji, CEO of a Tokyo-based textile technology company that has worked with Sunvim, a Chinese textile company, for years.

Since their first overseas order from Japan three decades ago, Sunvim has built a partnership with over 100 Japanese companies.

Over the years, they've been among traders reshaping the two markets. "The Chinese market is no longer about cheap labor," Izawa said. "Companies across the world have seen the country offer trading partnerships coupled with high-end technology."

In terms of "quality and technology," he believes China has offered many products, including electronics, that are better then Japan's.

"Japanese market has changed as well," said Sun Kexin, general manager for Sunvim's Japanese market. "So, we've upgraded our equipment and R&D abilities to meet the middle and high-end market."

The Gaomi-based enterprise said they don't wait for orders, "we propose customized ideas for potential orders, which has been quite a success," Sun added.

This year, the company's towel export to Japan has increased despite the pandemic and tariff rates for China that are far above those for its neighbors like Vietnam. Significantly, the manufacturer is preparing ten million towels for the upcoming Olympic Games in Tokyo.

Japanese partners estimate the new trade pact is likely to support its backflows while Sunvim noted the manufacturer has its eyes on imported equipment, better trading services and intelligent property partnership.

"We have R&D facilities in Japan where we hope to benefit further from IP cooperation through joint programs," said Xiao Maochang, chairman of Sunvim. "This is a great chance for China's textile industry to showcase its competitive advantage in global trade."

Though the true effect of the pact remains to be seen, orders of towels for Tokyo Olympic village and the Games' commercials have already been placed. And these towels will be wiping sweat off the brows of athletes and used to cheer on champions in the coming months.

Source: news.cgtn.com – Dec 01, 2020

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Indonesia's textile-apparel sector contracts 8.37% in Q2

Indonesia's textile and textile products sector, which has contributed significantly to economic growth, contracted by 8.37 per cent in the second quarter of 2020 as a result of a decline in domestic consumption and exports in the sector, according to industry ministry data, which showed the sector bounced back to 2.97 per cent growth in the third quarter.

Data from Omnilytics implied the bounce back was because of the rapid shift by retailers and consumers to online marketplaces for textile purchases, an Indonesian newspaper reported.

The sector raises $12-13 billion and employed more than 1.5 million workers per annum, according to Statistics Indonesia (BPS). The figures were revealed at an online symposium called 'Towards Responsible Supply Chain', organised by the Indonesia Textile Association (API) last month.

The first challenge is to bolster local rayon fibre production so that Indonesia can attain raw material sovereignty, all the while exporting the fibre abroad, instead of just importing less sustainable raw materials, the symposium was informed.

The government is conducting a sustainable fashion campaign targeting both producers and consumers to demonstrate its support for circular economy.

The second challenge is to strengthen local textile and textile production base, not only by using state-of-the-art machinery but also by training workers to be able to operate these machineries in keeping with the Industry 4.0 era.

Source: fibre2fashion.com – Dec 02, 2020

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China, an important market for Italian fashion brands

Mario Boselli, President, Italy-China Foundation believes, China is an important market for Italian fashion houses. China is one of the few markets where things are going well for Italian fashion companies and they are taking necessary steps to keep things that way.

Nicola Guerini, Director, General, Milan Fashion Institute, believes the success of Italian fashion products and other Italian non-fashion brands in China gives companies a strong base to build on.

The importance of China's market is amplified by the growth of the Chinese economy which has managed to emerge unscathed form the coronavirus pandemic.

As a study from GlobalData indicates, China is set to emerge as the world's largest market for high-end fashion. Some markets in China are already seeing a return in stores of 80 to 100 percent pre-COVID levels.

Before the pandemic, a Chinese consumer might have bought a product while traveling in Milan or Rome or Paris, and that would have been the end of the transaction. Now, they know the brands and they buy them from a local store in their home city. That can create a relationship because the store can tell them when new products are available, or when there are sales or special events, said Guerini

Boselli opines, Italian companies will do well as long as demand from Chinese customers remains high.

Source: fashionatingworld.com – Dec 02, 2020

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Iran's clothing exports to increase by 30%

As per Iran's Textile and Apparel Production and Export Union, the country's clothing exports are expected to increase by 30 per cent during the eight months ending November 30. These exports totaled $35 million in the five months to August 21.

Businesspeople from neighboring countries like Iraq, Afghanistan and Central Asian countriespurchase Iranian clothes in rial and transport them to their countries either legally or illegally, which form of export does not benefit local producers.

Hence, strict supervision needs to be exercised at free trade zones and border markets to safeguard domestic producers' interests, said MajidNami, an official of the union.

Garment production has registered a 70 per cent growth since the beginning of the current year to November. 20 compared with the corresponding period of last year.

The ban on import of foreign clothing brands, closure of borders due to the outbreak of coronavirus and decline in smuggling contributed to this success, he added.

Source: fashionatingworld.com – Nov 30, 2020

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Zero machine duties and simple tax laws can advance Pakistans textile growth

A strong pillar supporting the country's economy, the Pakistan textile sector is experiencing a massive contraction in its global trade value. This year, the country lagged behind Bangladesh, India, China, and Vietnam in textile growth. Factors that stalled growth included an o

vervalued rupee and exorbitant power tariffs. Though the issue of an overrated rupee was immediately addressed, Pakistan's electricity costs continue to remain high. Local textile players are forced to pay 9 cents per kWh which is costlier than what exporters in other countries pay. This intensifies the industry's grievances.

Relief package to foster productivity

To address these issues, the government has introduced a relief package that fosters productivity and employment in the industry. The package seeks to reduce the burden on textile and other manufacturing units. Currently, Pakistan has bagged numerous international orders including those rerouted from America. To execute these orders, exporters plan to operate double shifts. The energy costs of both these shifts will remain similar. However, suppressing additional electricity tariffs during peak hours will make second shift inevitable.

This will also include 50 per cent and 25 per cent concessions for small and medium enterprises (SMEs) and large-scale manufacturing (LSM) respectively. SMEs will now be charged 7.875 cents per kWh for LSM. According to a report 'Pakistan in the Apparel Global Value Chain', published by the World Bank and Duke Value Chains Centre, SMEs contribute roughly 10 per cent to Pakistan's textile industry. Hence, the effective average tariff for the sector needs to be in the range of 7.76 cents or Rs 12.4 per kWh ($1 = Rs 160).

Stimulus to boost SMEs

The government package stimulates industry growth by reducing exporters' tariff by 13.7 per cent. It not only provides a level-playing field in the post-lockdown global trade dynamics but also offers a greater relief to the SMEs. It enables SMEs to avail a 25 per cent markdown for further two years, even if the government decides against a renewal.

The favorable returns of the package will remain till the government reduces customs and regulatory duties on imported cotton yarn and machinery.

Pakistan has been importing cotton yarn due to a reduction in local cotton production. However, productivity levels are being affected by duties on machinery. The country needs to relax these duties besides simplifying tax laws, and amending rules to further expedite the sector's growth.

Source: fashionatingworld.com – Dec 02, 2020

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Pakistan: ECC may approve removal of 5 percent RD on cotton yarn

A meeting of the Economic Coordination Committee (ECC) of the Cabinet may give approval to removal of five percent Regulatory Duty (RD) on the import of cotton yarn till 30 June, 2021, and a procedure for registration under concessionary regime of electricity, the RLNG and gas under export-oriented sectors (erstwhile zero-rated sectors). The ECC meeting to be presided over by Adviser to the Prime Minister on Finance, Dr Abdul Hafeez Shaikh, would be presented a proposal by the Commerce Division. The Commerce Ministry's has sought ECC's approval for removal of Regulatory Duty on import of cotton yarn till 30 June, 2021.

Another Commerce Ministry's proposal will be with respect to a procedure for registration under concessionary regime of electricity, the RLNG, and gas, under export-oriented sectors (erstwhile zero-rated sectors).

The ECC meeting would also consider Communication Division's proposal for conversion of the National Highways Authority loans into government grant or waive off.

The ECC would also consider the Ministry of Industries and Production's proposal for approval of nomination of USC as recipient agency for import of sugar, and release of funds for the SSGC in lieu of gas supply to the Pakistan Steel Mills (PSM).

The ECC would also take up the Ministry of Housing and Works' proposal for arrangement of additional funds for maintenance of the Islamabad High Court building, Islamabad, and 07-Judges Residences, Islamabad.

The meeting would take up three proposals of the Petroleum Division; (i) allocation of gas from M/s PPL's Benari X-1 Discovery to M/s SSGCL; (ii) allocation of Gas from PPL's Hadaf X-1 to SSGCL; (iii) allocation of gas from Yasar X-1 field to third party during EWT Production.

The National Tariff Policy 2019-24 stipulates that all proposals for levy, amendment or removal of tariffs including regulatory duties and customs duties shall be examined at the Tariff Policy Centre (TPC) and after approval by the Tariff Policy Board (TPB), shall be submitted by the Ministry of Commerce to the Cabinet or Parliament, as the case may be, for consideration. Textiles and Apparel sector occupies a pivotal position in

Pakistan's economy having most intensive backward and forward linkages compared to any other sector. It contributes approximately 60% in total exports of Pakistan and 40% in industrial employment.

Pakistan domestic Cotton production has been the backbone of the textile sector. However, due to various reasons, the local production of cotton is on the decline. This year, the situation is more serious due to estimated production of 8.5 million bales against the 12 million bales average per year production in the last 14 years.

The consumption, on the other hand, has remained around 13.8 million bales annually in the same period. Since the local production of cotton has reduced drastically, the production of cotton yarn is also expected to be adversely affected in the country. This situation is likely to create problems for the downstream value-added segments of textile sector such as manufacturers of fabric, garments and made-ups.

Currently, there is no custom duty on the import of cotton in the country, however, cotton yarn is subject to 5% customs duty and 5% Regulatory Duty. This tariff structure along with shortage of local production of Cotton, has increased the protection of spinning units (yarn manufacturers) vis- a- vis the downstream manufacturers/value added sector.

In view of situation, Commerce Ministry has proposed that 5% Regulatory Duty may be removed on cotton yarn (HS Codes 5205, 5206, 5207) till June 30, 2021, by which time the situation of cotton yarn vis a vis cotton production in the country will again be reviewed. The total revenue impact of the exemption of Regulatory Duty will be of Rs 185 million.

The Tariff Policy Board, in its 18th meeting on November 12, 2020, has recommended the removal of Regulatory Duty on Cotton Yarn.

Source: brecorder.com – Dec 02, 2020

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NATIONAL NEWS

Govt looking at higher outlay for RoDTEP scheme for exporters

For adequate coverage of products and embedded duties, expenditure needs to be pushed beyond the earlier estimate of ₹10,000 crore proposed by NITI Aayog

The government is examining the possibility of expanding the outlay for the new Remission of Duties or Taxes on Export Products (RoDTEP) scheme, from the estimate of ₹10,000 crore made by the NITI Aayog earlier this year, to ensure that a larger number of sectors are offered the benefit when the scheme replaces the popular Merchandise Export from India Scheme (MEIS) in the new year.

"Since the reimbursement scheme for the textiles sector, RoSCTL, will get subsumed in RoDTEP once it is launched, an estimated outgo of ₹7,500 crore will have to be set aside for it. If the outlay for RoDTEP is limited to ₹10,000 crore, as earlier estimated, that would just leave ₹3,000 crore for all the remaining sectors. The Centre is now feeling the need to expand the outlay in order to ensure a wider coverage of the new scheme, and there are discussions underway," a government official told BusinessLine.

The Finance Ministry may now be looking at an outlay of ₹16,000 crore-₹17,000 crore for the RoDTEP scheme, or more, but a final decision has not yet been taken, the official added.

The RoDTEP is designed to reimburse the input taxes and duties paid by exporters, including embedded taxes, such as local levies, coal cess, mandi tax, electricity duties and fuel used for transportation, which are not exempted or refunded under any other existing scheme.

With Indian exports down 19 per cent in the April-October 2020 at $150.14 billion, exporters are anxiously awaiting the new scheme that will replace the MEIS, a popular incentive scheme. The MEIS was challenged at the World Trade Organisation by the US on the ground that it was an export subsidy, and a dispute panel ruled that India should revoke it. "As the RoDTEP scheme is based on actual taxes paid on inputs by exporters, it is being hoped that it will pass muster with the WTO," the official said.

A three-member RoDTEP Committee, under former home and commerce secretary GK Pillai, was constituted in July 2020 to work out the modalities for calculation of taxes at the Central, State and local levels, borne on the exported product. This will include prior-stage cumulative indirect taxes on goods and services used in the production and distribution of exported products.

“The RoDTEP Committee had been asked to fix rates for three sectors to begin with, which includes garments and made-ups, auto and steel, and the idea is to gradually expand the exercise to other sectors,” the official added. Exporters have expressed concern from time to time that the RoDTEP scheme may not be as beneficial for them as the MEIS but Finance Minister Nirmala Sitharaman assured earlier this year that the new scheme will adequately compensate and incentivise exporters, even more than all the existing schemes put together.

When the NITI Aayog, in August this year, proposed an annual outlay of ₹10,000 crore for the RoDTEP scheme, exporters expressed concern that the coverage may not be adequate as an earlier estimate was to the tune of ₹50,000 crore. Now, with the Centre looking at a higher outlay for the scheme, exporters definitely stand to benefit, the official said.

Source: thehindubusinessline.com– Dec 02, 2020

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Exports dip 17.84 pc in April-November this fiscal: Commerce Secretary Anup Wadhawan

The country’s exports declined by 17.84 per cent during April-November this fiscal while imports contracted by 33.56 per cent in the same period, Commerce Secretary Anup Wadhawan said on Wednesday.

He said that the trade deficit has come down.

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He said that the trade deficit has come down.

The secretary said that export sectors which did well during the eight months period include pharma, which grew by 15 per cent, rice (39 per cent), and iron ore (62 per cent).

Speaking at the occasion, Commerce and Industry Minister Piyush Goyal said that going forward, there is every possibility to achieve export target of a trillion-dollar by 2025.

"The country is rebounding in a very rapid recovery phase. Industry has become more resilient, international global supply chains are looking up to India to provide an anchor for transparent and more open economies to engage with," he said.

Different arms of the government have been working to identify and support specific sectors where India has advantages, he said.

"We have identified 24 industry sectors, which we believe, can add Rs 20 lakh crore of annual production manufacturing in India…I would like to appeal to the states to supplement the efforts of the central government," he added.

Source: financialexpress.com– Dec 02, 2020

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Why it is better to be in than out of RCEP

There will be some advantages and disadvantages of joining a grouping. India needs to negotiate them rather than stay out

On November 15 15 countries signed the Regional Comprehensive Economic Partnership (RCEP) agreement after the Association of South-East Asian Nations summit. RCEP has been described as the largest trade agreement till now, a trade agreement between all Asean nations along with Australia, China, Japan and New Zealand, accounting for 29 per cent of global gross domestic product (GDP) and almost one-third of the world's population. India, which was originally part of the 16 countries negotiating the agreement, opted out in November last year. India's decision of not joining RCEP has been appreciated and criticised equally.

After being part of the negotiations for seven years, India got out, as many of its "outstanding issues and concerns" were not resolved. It feared a surge in imports from China against which it has inadequate protection. India feared especially for the agricultural sector, particularly the dairy sector, which would not be able to compete against competitive imports from Australia and New Zealand.

The other unresolved issues including on rules of origin; the fear was that some countries might route their products through RCEP members at low duties. India also wanted RCEP to remove the most-favoured-nation (MFN) obligation, as it did not want to give this benefit to nations with which it has border disputes. Also, there was no assurance to India on non-tariff barriers and market access issues and it was felt that sectors like steel, leather goods, electronics, and textiles will be affected by cheaper imports.

India opting out of RCEP appears to be influenced by the industry lobby, which has preferred protectionism. India could have remained in the bloc and got its fears adequately assuaged with amendments to relevant clauses. Before joining the World Trade Organisation also, there were similar issues and these were rectified with India effectively leading developing countries at the WTO.

More protectionist

And, ever since India opted out of RCEP, its policies have become more protectionist. There has been a substantial increase in the import tariff on many product categories. The government has announced production-linked incentives (PLI) for 13 sectors with a financial commitment of ₹1.45 trillion. It wants these sectors to match up to international standards and has offered them protection via import tariffs. Such an industrial policy will make it difficult for India to enter RCEP (the doors are open for it), as the grouping mandates lowering of import tariff.

The arguments for the opting out have pointed to the limited advantage India has derived out of existing free trade agreements (FTAs). India has been running trade deficits with Asean, South Korea and Japan with whom it has FTAs. But take a closer look, many RCEP member-countries such as Indonesia, the Philippines and Vietnam also run trade deficits with China; many, including Japan, have territorial disputes with China. Yet, these countries decided to sign the pact.

Contrary to the view of many politicians who consider autarky to be a virtue and buying foreign goods as anti-national, viewing trade agreements from the point of trade balance alone is not appropriate. Running up more imports than exports may not necessarily be undesirable, especially for countries like India, which are still in developing stage. After all, it is the people of the country who benefit through free trade as they get access to better quality products at a cheaper price. Rising imports of key inputs is also a sign of a growing economy.

Remaining out of RCEP can also affect the bilateral trade relationship with RCEP members. It can, for instance, affect the Australia-India-Japan network in Indo-Pacific. The recent Supply Chain Resilience Initiative (SCRI), aimed as a trade bloc to counter China, promoted by Japan and endorsed by Australia and India, will also be impacted adversely.

Missing supply chains

By not joining RCEP, India's strategy of attracting international supply chains to India will get hit, as member-countries are more likely to establish different elements of value chains among themselves. Reason: components and parts manufactured in one country can be freely traded with other member-nations, without attracting any import tariff. If India thinks that first it should protect the domestic industry and make it more competitive and join the trade bloc later, it may be too late. By that time the supply chains that are getting relocated would have established themselves elsewhere. There have been suggestions that India must now focus on joining the US-backed Trans-Pacific Partnership (TPP), which is likely to get priority with the incoming Biden Administration, and also focus on forging a trade agreement with the EU. Under the TPP, in Obama's regime, the US had proposed duty-free market access for many products to member-countries.

The TPP possibility

Signing up with the TPP can create challenges for the India's textile industry. Vietnam, a major competitor of India in the sector will, as a TPP member get free access to Indian markets. Also, there were several clauses in TPP related to the IPR regime and the digital economy that were not agreeable to India. If under the Biden Administration negotiations begin once again, then it would not only be difficult for India to join the TPP with the existing protectionist regime but also a challenge to safeguard the interest of several sectors.

The negotiation on the India-EU trade agreement is making little progress as India is pushing for a “mini deal” to begin with, while the EU has clearly stated that it will not sign anything less than a comprehensive trade and investment agreement. To play a strategic role in the Indo-Pacific region, India should focus on strengthening the Quad grouping (with Australia, the US, Japan) and explore the possibility of deepening its economic ties with neighbours such as Bangladesh, Sri Lanka, Nepal and Bhutan, which so far has not been given much importance.

Changing world order

It is essential to understand that in the current scenario, the economic world order is changing and countries are forging multilateral arrangements that will shape the future of Asian economies in the 21st century. It is important to realise that forging FTAs with different regions or countries may bring some pain to some sectors for some time, but being part of open trade and getting integrated with a trading bloc will definitely be a superior alternative and pave the way for India to play an important role in the global economy and politics.

Source: thehindubusinessline.com– Dec 01, 2020

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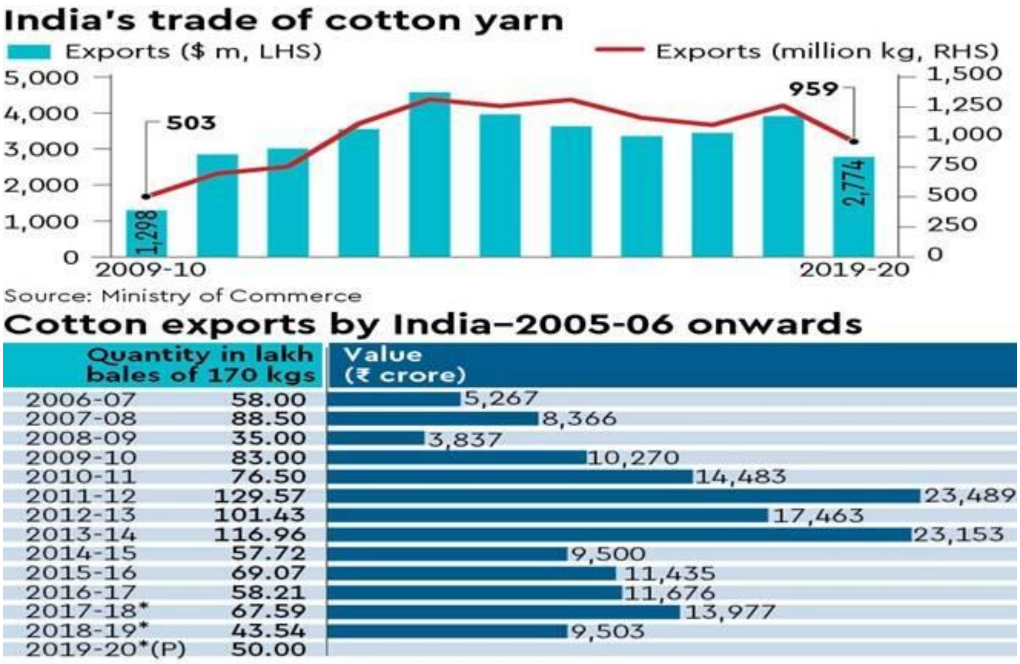
Cotton exports likely to jump 40% in 2020-21

Cotton exports are likely to jump 40% in 2020-21 to 7 million bales, the highest in seven years, as depreciation of the rupee and a rally in global prices have allowed exporters to clinch contracts. India had exported nearly 50 lakh bales in the previous season.

Yarn exports, however, are declining. Senior officials from the South India Mills Association (SIMA) said exports of cotton yarn reached its peak in 2013-14 (1,313.43 million kg), after which it sharply declined. During 2019-20, exports further fell to 959 million kg, primarily because of absence of incentives, which were given to the sector earlier.

“The lockdown caused by the COVID-19 pandemic in India and across the globe from mid-March 2020 has created an unprecedented crisis. This will undoubtedly have a very serious impact on the Indian cotton textiles and clothing industry, thereby affecting cotton demand.



This would also have very serious impact on the CCI that has a stock over 100 lakh bales procured under the MSP during the current cotton season at prices much higher than current market prices,” Dr K Selvaraju, secretary general, SIMA, said, declining to speculate on the 2020-21 yarn export figures.

Kapas prices are currently in the Rs 5,500-5,600 range, while the MSP for cotton is currently at Rs 5,800 per quintal.

Selvaraju said the cotton yarn spinning sector is completely dependent on production and prices of cotton. “Over the past few years, not only production of cotton decreased in India, but also its prices have increased. Cotton production in India has reduced from 398 lakh bales in 2013-14 to 357 lakh bales in 2019-20.

Prices of raw cotton increased by over 10% during the period. This has put considerable burden on the spinning industry. Price increase in cotton yarn has not been sufficient enough to match the increasing cost of raw materials and highly fluctuating cotton prices,” he pointed out.

India’s domestic consumption of cotton yarn is well below its production and its exports are also declining (from 1,313.43 million kg in 2013-14 to 959.79 million kg 2019-20 at a CAGR of about (-) 3%), he said.

Both low domestic consumption and decline in exports are leading to surplus production of cotton yarn in the country, which is harming the spinning industry, Selvaraju pointed out.

Significantly, the share of Vietnam in China's total imports of cotton yarn has increased from 7.61% in 2009 to 36.66% in 2018, while that of India has increased from 7.75% to 21.74% during the same period, he said.

India also faces duty challenges in export markets vis-à-vis competing countries. Pakistan and Bangladesh levy higher rates of duty on Indian yarn, while they enjoy duty free or concessional duty access in India.

India is lagging in cotton exports to major markets due to a duty disadvantage vis-a-vis Bangladesh, Vietnam and Pakistan. Countries like Bangladesh and Vietnam enjoy duty-free access in world's largest cotton yarn markets such as China while Indian exporters have to pay duties.

Source: financialexpress.com– Dec 03, 2020

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GST collections cross Rs 1 lakh cr mark for second straight month in November; show economic recovery

The government collected GST revenue of more than Rs 1 lakh crore for the second consecutive month in November 2020. GST collections stood at 1.05 lakh crore in the month, according to the Ministry of Finance.

At a time when the government is struggling with revenue collections, October and November have seen decent growth in GST collections, signalling the recovery in the economy.

Out of the total collection, the government garnered a CGST of Rs 19,189 crore, SGST of Rs 25,540 crore, IGST of Rs 51,992 crore, and Cess of Rs 8,242crore. The total number of GSTR-3B returns filed for the month of November stood at 82 lakhs.

In line with the recent trend of recovery in the GST revenues, the revenues for the month of November are 1.4 per cent higher than the GST revenues in the same month last year. During the month, revenues from import of goods were 4.9 per cent higher and the revenues from the domestic transaction were 0.5 per cent higher than the revenues from these sources during the same month last year.

The government has settled Rs 22,293 crore to CGST and Rs 16,286 crore to SGST from IGST as a regular settlement. Further, the total revenue earned by the central government and the state governments after regular settlement stood at Rs 41,482 crore for CGST, and Rs 41,826 crore for the SGST.

“Gross GST collections have again crossed the barrier of Rs 1 lakh crore in the pandemic period, which indicates that businesses are back on the recovery path,” Rajat Mohan, Senior Partner, AMRG & Associates, told Financial Express Online. However, improvement in tax collections compared to last year is a megre 1.4 per cent, which falls short of the 14 per cent projected nominal growth rate of revenue promised to states during the transition period, which is not a good sign for the central government, Rajat Mohan added.

Source: financialexpress.com– Dec 01, 2020

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India extends anti-dumping duty on methylene chloride imports from China till Jan 31

India has extended anti-dumping duty on imports of methylene chloride from China till January 31, 2021, the Central Board of Indirect Taxes and Customs (CBIC) said in a notification issued Tuesday.

The Board said that the decision has been taken after the Directorate General of Trade Remedies (DGTR) initiated a review and sought for extension of the duty.

"Notwithstanding anything contained in paragraph 2, the anti-dumping duty imposed on the subject goods shall remain in force up to and inclusive of the 31st January, 2021, unless revoked, superseded or amended earlier.” the notification said.
India had first imposed the duty in May 2016. Methylene chloride is chemical used in the manufacture of pharmaceuticals, agro and fragrance chemicals.

In international trade parlance, dumping happens when a country or a firm exports an item at a price lower than the price of that product in its domestic market. Dumping impacts price of products in the importing country and adversely affects margins and profits of manufacturing firms.

According to global trade norms, a country is allowed to impose tariffs on such dumped products to provide a level-playing field to domestic manufacturers. The duty is imposed only after a thorough investigation by a quasi-judicial body, such as DGTR, in India.

Imposition of anti-dumping duty is permissible under the World Trade Organization (WTO) regime. India and Vietnam are members of the Geneva-based organisation, which deals with global trade norms.

The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers vis-a-vis foreign producers and exporters.

Source: economictimes.com– Dec 02, 2020

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Rs 6,314 cr transferred to cotton farmers, 5 lakh farmers benefitted after procurement: Smriti Irani

Textiles minister Smriti Zubin Irani on Tuesday said that under the Cotton Corporation of India, the government has transferred Rs 6,314 crore to farmers after procuring cotton valued at over Rs 7,500 crore, thereby benefiting over 5 lakh farmers.

On the recently approved Production Linked Incentives (PLI) to the textiles sector, she said this is the first financial support given by the government to an emerging industry where competitiveness and competence will be valued and awarded.

“Industry has bemoaned that the government needs to give reforms. The government has stepped up with labour reforms and also given enough space for states to aid industrial growth,” Irani said at an event organized by the Confederation of Indian Industry.

The minister said the government has undertaken agricultural reforms which impacts the source of raw material.

"Agriculture reforms tell the industry that it needs to grow but not at the cost of the farming community," she said, and also asked industry to become self-reliant in the wool segment and overcome the challenges related to processing in silk.

Irani said from zero units in March, India now has over 1,100 companies to produce personal protection equipment (PPE) suits and has become the second largest exporter of PPEs to the world.

The minister said India now has 207 items in technical textiles and HSN codes (tariff codes) upto 8 digits and that the Bureau of Indian Standards (BIS) has given Indian standards for over 300 items in 2020 and set standards for 30 new items.

She said the textiles ministry worked with 16 ministries and ensured 92 technical textiles items used in areas such as agriculture, healthcare, hygiene, water resources, building of roads and highways, were mandated and made compulsory for use.

Source: economictimes.com– Dec 01, 2020

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Centre working on major interventions to position India as global textiles hub: Secy

The Centre is working on major interventions to position India as a global hub in the manmade fibre and technical textiles segments, including setting up five integrated mega textiles parks, a state-of-the-art world class testing lab and bringing a Focused Product Scheme, a top official said on Wednesday.

Emphasising that India must explore the USD 150 billion global manmade fibre (MMF) market, Textiles Secretary Ravi Capoor also said he is in talks with the Department of Higher Education for introduction of courses in universities and technical institutions like engineering colleges for creation of specialised manpower in the MMF and technical textiles segments.

Addressing a CII conference virtually, Capoor said an evaluation study led by Niti Aayog on the Technology Upgradation Fund Scheme (TUFS) of the textiles ministry has revealed that ₹13,000 crore worth machinery was being imported by India and the country has reached nowhere in terms of technology upgradation except in the spinning segment.

He said the government is also willing to offer capital investment subsidy for setting up machine manufacturing plants to textile industry players interested in forging joint ventures, provided the foreign partner agrees to supply machines to domestic firms at a particular price.

“We want to make India a very strong base for technical textiles,” Capoor said, adding that a Focused Product Scheme offering production-linked incentives was “almost ready” and will lay special emphasis on the MMF and technical textiles segments.

He said the ministry was in a “very advanced stage of encouraging some mega textile parks”, starting with about five such parks with integrated facilities and quick turnaround time for minimising transportation losses, eyeing big ticket investments in the sector. He also said the ministry will soon consult industry players on the new Textiles Policy, which lays out the future roadmap for India to move ahead in the sector.

Capoor said a report by the International Cotton Advisory Committee projects that by 2025-2030, the share of cotton in the global market will be limited to about 16 per cent, whereas the remaining 84 per cent will come from MMF and blends, and India must be in sync with this global trend.

Technical textiles include textiles made for automotive applications, medical textiles, geotextiles, agrotextiles, and protective clothing, among others.

Source: thehindubusinessline.com– Dec 02, 2020

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Board of Trade meeting on Wednesday to discuss ways to boost exports, new foreign trade policy

Measures to boost exports, manufacturing and the new foreign trade policy will be discussed at the Board of Trade (BOT) meeting, to be chaired by Commerce and Industry Minister Piyush Goyal, on Wednesday.

The board, which includes members from public and private sector, advises the commerce and industry ministry on policy measures related to Foreign Trade Policy (FTP).

"A meeting of the BOT will be held on Wednesday," an official statement said on Tuesday. The discussions will focus on the new FTP (2021-26), strategies and measures to be taken in order to take forward domestic manufacturing and exports, it said.

The BOT provides a platform to state governments and Union Territories to articulate their perspectives on the policy and also to the centre for apprising them about international developments affecting the country's trade potential.

"Board of Trade will take an overview of the export/ import performance, investment promotion strategy for Aatmanirbhar Bharat, trade remedies — recent measures and steps taken, new logistics policy, trade facilitation measures undertaken by customs, reforms and Initiatives since last BOT, coverage and expansion of government e-marketplace, and consider various suggestions regarding the policy," the statement said.

Secretaries of different departments, heads of various government bodies, representatives of apex industry associations and export promotion councils are members of the BOT.

During April-October period of 2020-21, the country's exports dipped 19 per cent to USD 150.14 billion while imports contracted by 36.28 per cent to USD 182.29 billion. During this period, trade deficit narrowed to USD 32.16 billion from USD 100.67 billion in April-October 2019-20.

Source: financialexpress.com– Dec 01, 2020

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FY21 Indian apparel retail revenues to fall 40-45%: Ind-Ra

With apparel retailers closing fiscal 2020-21 with a 40-45 per cent decline in revenues, while food and grocery retailers are likely to report a 5-10 per cent dip, India Ratings and Research (Ind-Ra) maintained its sombre outlook on the retail sector, estimating a demand recovery for the sector in the second half of the year and well into 2021-22.

The agency also estimates a threefold jump in online sales for retailers in this fiscal.

India's lockdown affected several retailers, but those in the apparel business saw a severe slump in demand as stay-at-home consumers felt little need for formal and occasion wear.

Lockdown and, later, restrictions on store operations crushed summer season sales. It is only now that the clothing segment is clawing back on the back of festive and wedding season sales.

An Ind-Ra note signalled a more promising third quarter for retailers as mobility normalized and pent-up demand led to increased consumption for some categories, even as it flagged concerns around social distancing norms and a slowing economy.

For the third quarter, Ind-Ra, a part of the Fitch Group, expects apparel sales to touch 80 per cent of pre-COVID levels, it said in a press release.

The note, meanwhile, predicts an obvious significant shift in consumer shopping habits with more consumers buying goods online. Ind-Ra expects sales made through the online route to increase by a factor of more than three in 2020-21.

As a result, business via own websites or through online marketplaces is expected to increase to 10-15 per cent of total sales by 2021-22, up from 2-4 per cent, faster than the earlier five-year timeline predicted to reach this volume, it said.

However, Ind-Ra hasn't predicted the demise of offline retailers just yet. Despite footfall in malls still not increasing sufficiently, the ratings agency is bullish on retailers expanding beyond metros. However, store sizes could be rationalized, it added.

Source: fibre2fashion.com– Dec 03, 2020

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Indian banks acting in collusion with e-com firms: CAIT

The Confederation of All India Traders (CAIT) recently wrote to finance minister Nirmala Sitharaman alleging that many banks are acting in collusion with e-commerce companies to offer incentives to customers, which goes against the Reserve Bank of India's (RBI) fair practices code. These banks don't offer the same benefit to shoppers paying online while buying directly from traders, it said.

"In the present case, it has been noticed that several Banks including State Bank of India, Bank of Baroda, ICICI Bank,, Axis Bank, Citi Bank, HDFC Bank, Kotak Mahindra Bank, HSBC Bank, RBL Bank and others have entered into an unholy alliance with e-commerce companies prominently with Amazon and Walmart-owned Flipkart, forming a cartel and thereby granting 10 per cent cash back and other incentives in lieu of making payments using respective bank cards while purchasing goods from online portals," wrote CAIT national secretary general Praveen Khandelwal.

This, he wrote, is hindering with the smooth functioning of small scale shops thus breaching the 'right to trade' guaranteed in the constitution to every Indian in addition to being a violation of Competition Act, 2002, Indian newspapers reported.

The traders' body called for immediate action to stop the practice and a thorough probe into why banks were extending discounts only on purchase from designated e-commerce portals.

"Surprisingly, till date, no auditor or competent authority has ever questioned this discrepancy and neither the Reserve Bank of India has questioned such a brazen unethical irregularity of business by the banks," the letter stated.

CAIT had earlier written to Prime Minister Narendra Modi seeking an empowered regulatory authority to regulate and monitor the e-commerce business in India, claiming that "big e-commerce companies having deep pockets are leaving no stone unturned in monopolising the e-commerce business and retail trade of India with their malpractices and violating FDI policy of the government and relevant laws and rules".

Source: fibre2fashion.com– Dec 02, 2020

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Plan to regulate shipping freight would be ‘counter-productive’, says industry body

Cites potential revenue loss to exchequer and competitive disadvantage for India to argue for scrapping the plan

Shipping freight rates should be excluded from the purview of the new Merchant Shipping Bill, a lobby group for global container shipping lines have said, while arguing that enforcing the rule after it is passed by Parliament would turn out to be “counter-productive” for India’s export-import (EXIM) trade.

“It interferes with a commercial agreement between a shipping line and its customer, which are governed by market forces,” Sunil Vaswani, Executive Director, Container Shipping Lines Association (India) or CSLA told BusinessLine. The CSLA represents global carriers such as Maersk Line, MSC and CMA-CGM, among others.

Regulating shipping freight is a key part of the new Merchant Shipping Bill, drafted by the government to replace the existing Merchant Shipping Act.

The Bill seeks to make it mandatory for service provider/shipping line to specify the all-inclusive freight on the Bill of Lading (B/L) or any other transport document. Service providers would be barred from levying any charges other than the all-inclusive freight specified on the B/L or any other transport document.

Beginning the early 1990s, the land-side costs were separated from the ocean freight costs to introduce transparency in ocean freight rates. With the Draft Merchant Shipping Bill proposing to consolidate all these charges into an all-inclusive freight, it would “create less transparency than more”, the CSLA said. The carriers have also highlighted the potential revenue loss to the exchequer and the “competitive disadvantage” it will bring to India’s EXIM trade to argue for dropping the plan.

GST loss

The enactment of the new law, according to the CSLA, would result in a loss to the government exchequer of about ₹3,424 crore in GST annually. Currently, export freight out of India is not subject to GST while import freight is subject to 5 per cent GST. Other local charges for terminal handling, documentation, container cleaning and repair, other miscellaneous charges, inland haulage, etc attract 18 per cent GST.

"Once all these charges get included in the all-inclusive freight, the government will stand to lose the 18 per cent GST that is currently being charged on these items," Vaswani said.

Trade impact

"Indian exporters and importers will have a competitive disadvantage due to individual confidential contracts with the shipping lines being made public which could be visible to their competitors since the B/L/documents pass through multiple agencies. This will give an opportunity to competition both within India and even in other countries who compete with Indian suppliers, such as China, South Korea and South East Asian countries," Vaswani stated.

About 40 per cent of exports and 80 per cent of imports would thus be affected. "These businesses could then be lost to other countries," CSLA argued. Consolidation of freight and other charges into a single all-inclusive freight would also result in non-compliance with international commercial (INCO) terms and be "prejudicial against the shipping lines by barring them from charging for value-added services", according to carriers.

Besides, not all charges are known at the time of the release of the B/L. There are several incidental charges which are only applicable subject to the happening of an incident, for instance, container detention charges, container repair charges, etc.

"How would it be possible for the line to ascertain these beforehand and include them in the all-inclusive freight on the B/L?" the CSLA asked.

Source: thehindubusinessline.com– Dec 02, 2020

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LogisticsNow launches platform for contracted truck rates

LogisticsNow, a four-year-old start-up, has launched the first contracted truck rate benchmark on its platform "LoRRI".

According to Raj Saxena, Founder and CEO, LogisticsNow, the manufacturers, who enter into contracts with truckers to move their cargo at pre-fixed rental levels in India, can now figure out an average range of such rentals that other players have – on those routes.

LoRRI Benchmark provides the cost at which one can connect a district or a city, using which truck-type, which transporter can move the cargo, among others.

Usually, contracted truck rental rates are fixed between the customer and transporter for a few months or years with in-built links. Unlike spot rates that are the truck rates for immediate demand between certain routes, contracted rates are not available.

The company issued the benchmark as its customers asked it to devise such a platform, said Saxena. Companies that use the LogisticsNow platform include Saint Gobain, Baskin Robbins. LoRRI provides data for 20,000 routes, over 80 truck-types, and over 650 transporters.

Saxena said this benchmark was required due to lack of reliable and readily accessible information for contracted freight rates in road transport; absence of national reach, and need for a single neutral platform that provides freight rates and logistics service providers or transporters pan-India.

Saxena said the "neutral" platform democratises the space by all transporters – large and small – to be on the common network, and cargo available for transportation. Also, customers get to rate the transporters. There are certain routes where smaller transporters are top-rated by customers, he added.

Source: thehindubusinessline.com– Dec 02, 2020

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