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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

US Textiles Sector Outlines Priorities for Biden

National Council of Textile Organizations (NCTO) president and CEO Kim Glas issued an extensive agenda on Thursday that the domestic textile industry urges President-elect Joe Biden's administration and a new Congress to address to bolster the U.S. manufacturing sector.

"The U.S. textile industry looks forward to working with President-elect Joe Biden's transition team and his administration to provide input on key policies outlined in the campaign to prioritize investing in American manufacturing and its workforce, onshoring critical supply chains, and cracking down on the predatory trade practices that have harmed the manufacturing sector and U.S. jobs," Glas said.

"We agree with the President-elect that we must not revert to status quo trade policies that have undermined our nation's resilience and exacerbated income inequality by impacting the manufacturing sector and promoting a race to the bottom that have especially hurt the nearly two-thirds of the American workforce without college degrees."

She said as domestic manufacturers, the U.S. textile industry fully supports Biden's campaign pledge to strengthen "Buy American" rules and invest in government purchases of U.S.-made products. Glas said it is "imperative that we strengthen the domestic personal protective equipment (PPE) supply chain to achieve a long-term goal of ending our over-reliance on China and begin onshoring the production of critical medical textiles."

Glas told Sourcing Journal that she believes the issues surrounding PPE will be a "high priority" for the administration.

"When President-elect Biden was a candidate, part of his core economic plan was around strengthening the domestic supply chain on essential products," she said in a phone interview.

"I absolutely believe that this is going to be one of his top priorities and since our industry has been on the front lines in trying to address some of the PPE crisis that our health care workers have faced, I believe that there's a strong roadmap on how to do it to ensure that we see investment here in America and for the long term."

She wouldn't specify whether NCTO has had any direct contact with the transition team, but said she and the organization look forward to working with Biden and his team to "strengthen and maintain these supply chains, which is a paramount national and healthcare security issue."

"The Covid-19 crisis has made clear to Democrats and Republicans alike that our past trade policies have left the United States too reliant on imports of essential goods," Glas said. "Our national trade and economic agenda must put American manufacturing workers at the center. President-elect Biden has committed to taking on China and other countries that utilize predatory trade and economic tactics that have hurt domestic manufacturers and we welcome that call."

Glas laid out four immediate steps the Biden administration can take in the first months in office to help boost investment in the U.S. textile industry and onshore critical PPE supply chains.

The first is to expand investment in U.S.-made PPE. NCTO noted that the Berry Amendment, a domestic procurement law that governs purchases by the Defense Department, has been an essential tool of national security policy to ensure military personnel are wearing 100 percent Made-in-America product and that the U.S. is not relying on foreign supply chains from China and elsewhere to supply critical military materials.

"Regrettably, our over-reliance on China for these essential products failed to meet our needs during a time of crisis," Glas said. "That can never happen again. We must onshore and diversify these critical supply chains moving forward."

She called for adoption of The American PPE Supply Chain Integrity Act, which expands the Berry Amendment to all federal purchases of PPE. In addition, NCTO urged the federal government to deploy long-term federal contracts for PPE to spur investment and create jobs in the U.S., a key element of separate pending bipartisan legislation named the Make PPE in America Act. The organization believes the federal government should use tax incentives to help promote the domestic manufacturing industrial base and U.S. manufacturing jobs.

Secondly, to help ensure industry is meeting federal government needs and priorities, NCTO said it is critical that the U.S. textile industry and PPE producers have a high level of communication and coordination with key officials across all the government agencies procuring medical PPE.

“Establishing a key point person and team is critical to ensure the necessary collaboration to help industry and government respond quickly and effectively to national, state and local PPE needs,” Glas said. “A high-level team comprised of experts committed to U.S. manufacturing is vitally important in advancing both short-term needs and long-term supply chain efforts.”

NCTO said it is prepared to help develop a “streamlined, high-level coordination structure that ensures that the contracting process yields timely acquisition of quality U.S.-made PPE and other medical items.”

NCTO also called for continued support of tariffs and strong trade Enforcement. Glas reiterated what she told Sourcing Journal regarding an interview Wednesday in the New York Times in which Biden pledged to continue aggressive trade enforcement actions against China and to work long-term with international coalitions to comprehensively address systemic predatory trade practices.

“For far too long, our industry, like so many others in the manufacturing sector, has been hindered by predatory trade practices,” Glas said. “The U.S. textile industry is highly automated and is proud to compete with anyone in the world on a level and fair playing field. But the rules of the road are not always abided by or fair and, regrettably, the U.S. textile industry has far too often faced that sobering reality.”

She said that’s why aggressive enforcement actions, including continuing punitive tariffs on finished products, is critical to getting the Chinese to address “systemic unfair trade advantages,” 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. producers.

“Punitive tariffs coupled with other enforcement mechanisms are also necessary to increase negotiating leverage to address these larger systemic issues,” she said.

Lastly, NCTO urged Biden and Congress to provide targeted stimulus to U.S. manufacturers and workers. Glas said the unprecedented reduction in consumer demand since the onset of Covid-19 has significantly hurt the U.S. textile industry and other key manufacturing sectors of the economy and that it was critical that the textile industry and other impacted manufacturing sectors and their workforce have access to critical support like the Paycheck Protection Program.

“Additionally, this program should be expanded to ensure more medium-sized manufacturers that have made PPE have the opportunity to participate,” Glas added. “A robust manufacturing stimulus will help stabilize the industry and lead to critical domestic job growth in this important sector and we urge Congress and the administration to come together to implement a plan as soon as possible.”

Glas said she feels the Biden administration will be supportive of the traditional domestic textile industry, as well.

“Whoever has been in the presidency, our industry has interfaced with Republicans and Democrats,” she told Sourcing Journal. “It’s such an important industry that’s gotten a lot more recognition in the last year because of the role it played with respect to PPE, but I absolutely believe we are poised to work with the Biden administration to make sure that they understand some of the critical issues affecting our industry and what our recommendation are.”

Source: sourcingjournal.com - Dec 03, 2020

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Will This New Software Solve Xinjiang Traceability Challenges?

The forced labor within China’s Xinjiang Uyghur Autonomous Region (XUAR), and the cotton that has been produced from it, has shed light on one of apparel industry’s most urgent imperatives: the need to gain awareness of the materials comprising its garments. But as more global attention shifts to the human rights violations, apparel now must take a more important step—to eliminate these products from the supply chain altogether.

In the wake of these growing concerns, sister supply-chain technology providers Logility and NGC Software have launched a digital supply-chain traceability solution giving brand owners and retailers the tools to document the chain of custody from component origin to importer of record.

The announcement of the launch comes one day after U.S. Customs and Border Protection (CBP) issued a Withhold Release Order (WRO) that blocks shipments containing cotton and cotton merchandise originating from the Xinjiang Production and Construction Corps (XPCC), a paramilitary organization that produces one-third of China's cotton, as well as its scores of subordinate and affiliated entities.

The WRO also includes any products that are made in whole or in part with or derived from that cotton, such as apparel, garments and textiles, so the shipments don't even have to come directly from China to be flagged.

With the solution, which can be accessed within both the Logility and NGC platforms, users can trace the chain of custody through all tiers in the supply chain in one "digital thread" while storing and managing all supporting documents related to every transaction between supply-chain trading partners.

"Most companies are only dealing with their Tier 1 vendors, because that's where they have the relationship," Mark Burstein, president and chief strategy officer, NGC, told Sourcing Journal. "The finished garment company sells to one of the retailers in the U.S., and that retailer has really no relationship with the fabric mill. They might have nominated that fabric, but they really have no idea where the yarns are coming from, much less even where the cotton is coming from."

To track the process, users can scan the initial documents detailing the transaction so the data is captured and automatically uploaded into the platform. This generates a compliance certificate that summarizes chain of custody, which includes all necessary information related to each exchange of products and materials from source to destination.

Then, via electronic data interchange (EDI) technology, this data, including orders, shipments and invoices, can be shared digitally across the supply network without the need to share it manually.

Burstein said that his team first started to gain interest in a potential solution as the forced labor allegations began to gain momentum early this year. Then when the Uyghur Forced Labor Prevention Act started to take shape in Congress over the summer, he started going asking his biggest customers, "What do you think of this?"

Although some brands were uncertain about the Xinjiang situation at the time, given that the bill did not pass in the U.S. House until an overwhelming 406-3 vote on Sept. 22, many were already seeking ways to further improve traceability to gauge the environmental impact of their facilities, partners and materials used.

"I think that without this Xinjiang forced labor issue, this whole traceability thought would still just be a discussion. Nothing would be put into action," Burstein said. "To me, this is the catalyst that will drive the industry to reduce the environmental impact."

Boasting a combined portfolio of apparel and footwear brands and retailers such as Brooks Brothers, Carter's, Destination XL, Fanatics, Foot Locker, Jockey International, Kontoor, Lacoste, Lacrosse Footwear, Spanx and VF Corporation, the sister supply chain platforms had significant incentive to get the traceability solution off the ground.

Logility and NGC also benefited from already having a built-in vendor management solution that onboarded all tiers within the supply chain—from the finished garment supplier, to the fabric mill, to the yarn spinners, and already could track purchase orders, invoices and packing lists to verify the traceability of these transactions.

With the foundation already in place, the idea-to-release timeline for the solution only ended up taking six weeks.

The introduction of this solution is an essential one for the future of the apparel industry, especially as the U.S. government has taken steps to ban imports from the Xinjiang region that have been manufactured via forced labor, including prison labor.

The H.R. 6210 Uyghur Forced Labor Prevention Act legislation, as it is currently drafted, will block the import of any goods into the U.S. that cannot prove the merchandise does not contain inputs originating in the region.

Although the legislation, if passed by the Senate and signed by the president, would take 120 days to go into effect, the WRO itself has been active since Nov. 30. This means that apparel brands can't afford to delay their decision making process, whether they are either removing affected products before they enter the U.S. market or preparing to present evidence that proves the merchandise was not manufacturing using cotton that originated from the XPCC.

Additionally, since Xinjiang reportedly produces more than 80 percent of Chinese cotton, according to Washington D.C.'s Center for Strategic & International Studies, apparel brands have the difficult task of identifying and tracing the exact source of their garments, and figuring out how they are going to replace these suppliers immediately.

"I would say that a large majority of my customers have been moving cotton production out of China for a while," Burnstein said. "They've been slowly moving it out. But no one has moved cotton production out of China in its entirety."

Various apparel brands have taken action to cut ties with companies that source materials from the region. In July, Patagonia said it would end sourcing from Xinjiang, and two months later, H&M Group confirmed plans to sever ties over the next year with a mill associated with a textile producer linked to Uyghur abuses.

Burstein is looking to position this new software solution as a guide to help brands navigate through the "top-down" process of examining their material origins. Unlike other industries overseen by the U.S. Food and Drug Administration, which requires transparency into the ingredients used and the precise amount include, apparel doesn't abide by those rules, particularly since so much of it is assembled overseas.

"Let's say I take a batch of cotton. If I could segregate this lot, this cotton goes into multiple fabrics and those fabrics go into multiple garments, then I would have a blockchain from the bottom up, starting with the ingredients going to the finished garment," Burstein said. "That entire process—none of that exists in the apparel industry. So the only way that we can trace it is top down right now, which is the finished garment and back."

Source: sourcingjournal.com - Dec 03, 2020

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USA: Order Sizes Are Shrinking. How Can Factories Adapt?

Factories have traditionally chased big orders from big brands. But as fashion faces up to its excess inventory problem, brands and retailers will increasingly be on the hunt for lower minimum order quantities.

Since larger retailers have pulled back on their orders during the pandemic, factories cannot afford to miss out on any opportunities. And the numerous direct-to-consumer and niche labels cropping up demand more streamlined order quantities than traditional brick-and-mortar brands.

Big opportunities for low MOQ

"Millennial and Gen Z customers are turning towards more purpose-driven niche brands that align with their personal values," said Kunal Amalean, co-founder of manufacturer Runway Kit. "Forming an emotional bond with a brand, going beyond mere consumption of a product has become the norm. The dynamics of trends and styles are changing over faster and seasons have become rapid. This has all pushed manufacturers to understand how to cater to lower production quantities."

It's not just the smaller labels that are courting smaller production runs. E-commerce has changed the game for product testing. Whereas national retailers like Target and Walmart used to require tens of thousands of units to test product across the country, they can now buy 600 or 1,200 units and gauge consumers' response online before committing to a bigger run.

"Because of the movement of the big people in smaller test orders, before they commit to their giant numbers, it means that the factories that are serving them have to accommodate that or not get any business," said Chris Bryer, president of Selective World Sourcing. "So the whole market is getting more willing for low MOQ. They have to—no choice—whether it's big or small."

Fashion's persistent pursuit of large volumes comes down to numbers. The process that happens pre-production—from sample making to invoicing—comes with a set cost regardless of number of units. Rodrigo Lines, commercial director at apparel trading firm World Textile Sourcing (WTS), estimates that these pre-production activities are about 15 to 20 percent of the total cost of manufacturing an order. In larger orders, this cost can be spread out over more items, but a smaller order means this amount is not as easily absorbed and pre-production accounts for a more significant portion of the total cost to make each unit.

Another reason that smaller orders haven’t traditionally been as appealing is tied to efficiency. When garments are mass produced, each person on a production line can have a set task that they become particularly skilled at. In contrast, to complete smaller orders, factories need to take the time to cross train employees in different skills.

“As team members have the skill and capability to do both [small and large orders], an important factor to consider is how they can be incentivized accordingly to switch between, when needed,” said Amalean.

While factories can make money on high-volume orders by streamlining costs through extreme production efficiency, this also means that low costs become a competitive advantage, to factories’ detriment. “With the big brands, because so many factories want to get those big orders, prices get bid down all the time,” said Stanley Szeto, executive chairman of manufacturer Lever Style.

Smaller orders offer an alternative approach to profitability, since buyers can be charged a premium per unit. The higher costs for small runs raise margins, making it financially viable. However, manufacturers have to court clients with retail prices that can support the added costs that come with small batches.

Bryer has seen sample-making firms struggle to align with customers that are a financial fit. “It’s a challenge because they consistently go after the wrong customers, and people that really could never afford them, and they don’t make a lot of progress,” he said. “But when they do go after the right customers, they can find a way to make a profit on every order they sell.”
Why small can be better than big

About five years ago, Lever Style was working with large brands like Banana Republic, American Eagle and J. Crew. But after seeing that direct-to-consumer players like Everlane and Stitch Fix were underserved, the manufacturer decided to make a switch to specialize in smaller orders with shorter lead times. As a result, Szeto notes the company now has healthier margins and financial results. The firm is also adding dozens of new customers per year, compared to gaining at most one new client when it was geared toward larger retailers.

While Lever Style went full throttle into small batch, chasing low MOQ opportunities doesn't need to mean giving up lucrative large customers. One option for large factories to add the flexibility to produce smaller minimum order quantities is to use their sample room as a small-scale production facility. These studios tend to be set up in a way that is more conducive to creating smaller batches since workers already take on multiple tasks.

"Some of our factories are building modular lines," said Luis Antonio Aspillaga, founder and CEO of WTS. "So you're going to have the regular lines to make the big cuts and you're going to have one section of your factory doing smaller test orders...And if those orders come back with bigger requests for reorders, you can then move them to the regular lines." While he sees an opening for large factories to temporarily offer smaller minimums to clients in this moment to avoid discounting, Aspillaga is skeptical that a factory set up for tens of thousands of units can survive by switching solely to lower volumes on a more permanent basis.

Factories can also dip into the small order game through partnerships, acquisitions or the creation of services catering to smaller customers. For instance, MAS Holdings, a Sri Lanka-based large intimate apparel manufacturer, entered the low MOQ market by creating the subsidiary Runway Kit. This online platform enables new and established small brands to design, sample and manufacture swimwear and activewear.

Runway Kit's approach points to the importance of technology in making small batch production possible. Innovations including 3D design and virtual samples can take some of the cost and time out of product development, as can communication and data sharing via product lifecycle management systems. Digital tools also have sales implications, enabling representatives to show virtual garments to multiple prospective clients in one day via video chat in the same time that it would take to physically visit just one or two.

"With all the 3D technology that's coming to the forefront right now, this won't happen immediately, but over a little period of time I think they'll bring efficiencies to the process that may help to mitigate some of [these] small order pain points," said Elayne Masterson, vice president of sales and business development at WTS. "So that's something I think everybody is looking at seriously to ramp up as quickly as possible over the course of the next six months, a year."

Beyond design, smaller order sizes call for reduced overhead, such as trimming steps in invoice creation. "If the overhead is small, then you can amortize it over 100 units and it's not going to be prohibitive," Szeto said.
The materials challenge

Even if a factory sets up its own production line to be able to handle smaller orders, there is still an issue surrounding materials. The minimum amounts offered by mills may be larger than the fabric needed for a small batch production run. And these minimums are set because of the constraints of the machines to prevent damage or quality issues in the material. "At the end, this is not a will issue, it's a technical issue," said Aspillaga.

One solution would be to have multiple non-competitive clients share the same fabric, allowing factories to meet the mill's minimums without leftovers. Another option that WTS has deployed is repurposing material for the same client. For instance, one customer had a test run that didn't sell through, so the rest of the yardage was turned into basics or merchandise for off-price channels. While both parties lost some margin, neither was left with extra stock to store.

Even if a factory recognizes the business opportunity in offering lower minimums, making the transition to cater to small batch production is a long-term transformation.

"The first thing that the factory needs to do is to have a mindset change: 'Hey, we think that's the future. And we've got to maybe not give up all of the large volume orders, but at least reconfigure some of the production lines to cater to the smaller volume orders, and then learn from there,'" said Szeto. "It's a learning process. You're not going to get there in one day."

Source: sourcingjournal.com– Dec 03, 2020

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No action in US on nearshoring RMG production: GlobalData

Garment factories close to the United States aiming to steal a share from Chinese manufacturers must address fabric production infrastructure and expand into more categories if they hope to convince brands to relocate, according to data analytics company GlobalData, which said few such firms have managed to successfully shift production out of China at scale.

The conversation around nearshoring has intensified in the time between the United States declaring a trade war with China and the onset of COVID-19, with more brands looking to exit the sourcing powerhouse to lessen the risk of supply chain disruption and boost speed-to-market capabilities by bringing production to locations closer to home like Central and North America.

According to US trade data, for the first nine months of 2020, only 9.1 per cent of US apparel imports came from members of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) down from 10.3 per cent in 2019, while 4.4 per cent came from members of the US-Mexico-Canada agreement, down from 4.5 per cent in 2019. China still holds the lion's share of the US apparel market at 39.93 per cent in 2019.

According to Hannah Abdulla, apparel correspondent at GlobalData, "One thing that has benefitted Chinese garment manufacturers over the years is their diverse offering and their ability to vertically integrate supply chains." "In Central America, garment manufacturers dominate in production of cotton and synthetic knit shirts, so only really appeal to brands whose penetration in that category is high. China operates as a Jack-of-all-trades if you will and there's a real convenience aspect in that for buyers, among other factors," he said in a company press release.

"The hype around nearshoring still very much exists and there is a real opportunity for manufacturers to lure brands out of China to destinations that are closer to home. Yet, in order to truly compete, they need to expand into more categories. Brands that are able to source multiple items from one location will be more incentivised to shift," he added.

Source: fibre2fashion.com– Dec 04, 2020

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PRC overtakes US to turn EU's biggest trading partner

China has overtaken the United States in the third quarter of this year to turn the European Union's (EU) biggest trading partner. Over the first nine months of 2020, trade between the EU and China totalled €425.5 billion ($514 billion), while trade between the EU and the United States was worth €412.5 billion euros, according to Eurostat data.

For the same period last year, the EU's trade with China and the United States were worth €413.4 billion and €461 billion respectively. Eurostat said the result was due to a 4.5 per cent increase in imports from China while exports remained unchanged.

"At the same time trade with the United States recorded a significant drop in both imports (-11.4 per cent) and exports (-10.0 per cent)," Eurostat was quoted as saying by global newswires.

The EU has been China's top trade partner since 2004 when it overtook Japan, but this is the first time the inverse has been true, France's Insee statistics agency said. After the COVID-19-induced economic crisis in the first quarter, the Chinese economy has rebounded, with the economy growing year on year in the third quarter.

Chinese imports from Europe picked up in the third quarter, while purchases of personal protective equipment had boosted Chinese exports.

China's economy has grown 4.9 per cent in the third quarter from last year proving the country is back to its pre-pandemic trajectory with consumer spending and industrial production going back to normal levels.

Chinese firms have benefited from strong global demand for masks and medical supplies, with exports rising 9.9 per cent in September from a year earlier while factory activity also picked up.

The International Monetary Fund has projected China's economy to expand by 1.9 per cent in 2020.

Source: fibre2fashion.com– Dec 03, 2020

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China’s Sunvim bags major towel order Tokyo Olympic Games

Chinese textile company Sunvim will export 10 million towels for the upcoming Olympic Games in Tokyo. The Chinese company’s towel exports to Japan have increased despite the pandemic and tariff rates being far above those of neighbor Vietnam.

Since their first overseas order from Japan three decades ago, Sunvim has built a partnership with over 100 Japanese companies. The company has upgraded its equipment and R&D abilities to meet the middle and high-end market. Now, the company doesn’t wait for orders. It proposes customized ideas for potential orders, which have been a success.

The company has R&D facilities in Japan where it hopes to benefit from IP cooperation through joint programs, says Xiao Maochang, Chairman. It also hopes to benefit from the RCEP pact that China has signed with other 14 Asia Pacific countries including Japan. It has already received orders of towels for Tokyo Olympic village and the Games' commercials.

Source: fashionatingworld.com– Dec 03, 2020

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African countries growing GM cotton double since 2018

The number of countries growing genetically-modified (GM) cotton in Africa has doubled since 2018, says a International Service for the Acquisition of Agri-biotech Applications (ISAAA) report on the Global Status of Commercialized Biotech/GM Crops.

Alongwith South Africa, Sudan and Eswatini, Ethiopia, Malawi and Nigeria were added to the list of countries adopting a biotechnological approach to reduce risks that pests and a sporadic climate pose to crops. Kenya may soon join this growing cohort of nations.

Across the six countries that now grow GM cotton – approximately three million hectares of land have been used over the past year-- with this sum likely to increase as Kenya looks to capitalize on the potential a biotechnological approach holds.

Encompassing Ethiopia, Malawi and Nigeria, 29 countries around the world planted GM crops last year, with the USA, Brazil, Argentina, Canada and India representing the largest markets. In total, more than 190 million hectares of land were used to harvest such crops.

In Africa, progress has been made in biotechnological crop research, regulation and acceptance in countries such as Mozambique, Niger, Ghana, Rwanda and Zambia.

Source: fashionatingworld.com– Dec 03, 2020

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Sri Lankan knitter joins sustainable cotton initiative

Ocean Lanka, one of Sri Lanka's largest weft knitted fabric manufacturers, has entered into a partnership with Cotton made in Africa (CmiA), one of the world's leading standards for sustainably produced cotton. The recent partnership will see Ocean Lanka further increasing its use of sustainable cotton.

Cotton made in Africa is an initiative of the Aid by Trade Foundation, which operates on the principle that partnering retailers and brands pay a license fee for every product bearing the CmiA label. CmiA then reinvests the licensing revenue towards training smallholder cotton farmers in sub-Saharan Africa, thereby improving their living conditions.

"In 2009, we made a commitment to source more sustainable cotton. As of today, over 40 per cent of fabric and yarn we use is already sustainable. The partnership with CmiA will allow us to further increase that proportion, putting us well on our way to reaching at least 75 per cent by 2025," Dr. Austin Au, Managing Director of Ocean Lanka said.

"Ocean Lanka maintains a proactive stance in bettering the textile and apparel industry and reducing the environmental impact. The partnership with CmiA is an expansion of our responsible fabrics portfolio, which includes; organic cotton, GOTS certified organic cotton fibres and BCI cotton. It is important that all our stakeholders partake in our journey – only this way can we achieve long-term success and trust."

Established in 1996, Ocean Lanka supplies knitted fabrics to renowned international brands including Victoria's Secret, PVH (Tommy Hilfiger/Calvin Klein), Nike, Uniqlo, GAP, Amazon, Michael Kors, Marks and Spencer, Lacoste, Puma, Intimissimi and Hanes.

The company is a joint venture between Hong Kong based Fountain Set Holdings and local apparel giants Hirdaramani Group and Brandix Lanka Limited.

Source: knittingtradejournal.com – Dec 01, 2020

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US bans cotton imports from China producer, citing 'slave labour'

The administration of United States President Donald Trump raised the economic pressure on China's western region of Xinjiang, banning cotton imports from a powerful Chinese quasi-military organisation that it says uses the forced labour of detained Uighur Muslims.

The US Customs and Border Protection (CBP) agency said on Wednesday its "Withhold Release Order" would ban cotton and cotton products from the Xinjiang Production and Construction Corps (XPCC), one of China's largest producers.

The move, which could have a sweeping effect on companies involved in selling textiles and apparel to the US, is among several the Trump administration has been working on in its final weeks to harden the US position against China, making it more difficult for President-elect Joe Biden to ease US-China tensions.

The targeting of XPCC, which produced 30 percent of China's cotton in 2015, follows a Treasury Department ban in July on all dollar transactions with the sprawling business and paramilitary entity, founded in 1954 to settle China's far west.

'Egregious human rights violations'

Department of Homeland Security Secretary Kenneth Cuccinelli, who oversees the border agency, called Made in China a "warning label".

"The cheap cotton goods you may be buying for family and friends during this season of giving – if coming from China – may have been made by slave labour in some of the most egregious human rights violations existing today in the modern world," he told a news conference.

Cuccinelli said a region-wide Xinjiang cotton import ban was still being studied.

Watchtowers on a high-security facility near what is believed to be a re-education camp where people from Muslim ethnic minorities are imprisoned on the outskirts of Hotan, in China's northwestern Xinjiang region [File: Greg Baker/AFP]The United Nations cites what it says are credible reports that one million Muslims held in camps have been put to work. China denies mistreating Uighurs and says the camps are vocational training centres needed to fight "extremism".

In a news conference in Beijing, China's foreign ministry spokeswoman Hua Chunying said US politicians are fabricating news of forced labour in Xinjiang. She added that US practices undermine market principles and would deprive people of jobs.

The XPCC could not immediately be reached for comment, according to the Reuters news agency. The China National Textile and Apparel Council declined to comment and the China Cotton Textile Association could not immediately be reached, Reuters reported.

Broad effects

While the Treasury sanctions target XPCC's financial structure, Wednesday's action will force apparel firms and other companies shipping cotton products into the US to eliminate XPCC-produced cotton fibre from many stages of their supply chains, said Brenda Smith, CBP's executive assistant commissioner for trade.

"That pretty much blocks all Chinese cotton textile imports," said a China-based cotton trader, who asked not to be identified because of the sensitivity of the issue.

Identifying cotton from a specific supplier will sharply raise manufacturing costs, and only the few large companies with fully integrated operations across the complex textile supply chain could guarantee that no XPCC product has been used, the trader said.

“It really depends on how much proof they want. If they want real proof that this cotton has not been used, that’s going to be extremely difficult,” he added.

Well known clothing brands including Gap Inc, Patagonia Inc and Zara owner Inditex have told the Thomson Reuters Foundation that they did not source from factories in Xinjiang – but that they could not confirm that their supply chains were free of cotton picked from the region.

In September, CBP considered a much broader import ban on all cotton and tomato products from Xinjiang, but after dissent from within the Trump administration, it announced narrower bans on products from specific entities, including two smaller cotton and apparel producers.

Interwoven supply chains

US apparel makers had criticised a broader ban as impossible to enforce, but on Wednesday clothing and retail groups welcomed the XPCC-specific ban. The groups, including the American Apparel and Footwear Association and the National Retail Federation, said in a statement they were on the “front lines of efforts to ensure forced labor does not taint our supply chains or enter the United States”.

A cotton farm on the outskirts of Hami, in China’s Xinjiang province [File: Stringer/Reuters]The US’s action could potentially affect clothing exports from other Asian producers such as Bangladesh, Vietnam, and Cambodia, if they contain cotton from China, according to Sheng Lu, an associate professor in the Department of Fashion & Apparel Studies at the University of Delaware.

“Cotton made by XPCC are used by garment factories throughout China and exported to other apparel producing countries,” he told the Bloomberg news agency.

The US imported about $11bn in cotton textile and apparel products from China in 2019, but depending on how US Customs enforces this order, it could target a much broader array of products, Lu said. The order also sends a strong signal that the issue of forced labour in Xinjiang is not over yet and there could be other actions in the future, he said.

Biden has pledged to work with US allies to bring pressure on China to curb human rights and trade abuses. Trump in recent weeks has increased action against major Chinese state companies, banning access to US technology and investments.

Source: aljazeera.com – Dec 03, 2020

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Bangladesh: Textile service week from Dec 06

The government will hold textile service week from December 06 aiming to flourish the sector. Facilitating clearance of imported textile machinery, correcting the ownership name, and recommending to the issuance of an import permit are among the services that are to be offered during the upcoming event which will continue until December 15.

Under the move, the Department of Textiles (DoT) under the Ministry of Textiles and Jute (MoTJ) is going to organise the service week at its office in the capital. The DoT will provide services to the entrepreneurs involved with the sector within 24 hours to 72 hours during the week.

The MoTJ in a statement issued on Thursday requested all the stakeholders in the sector to receive the services during the service week. A high official of the ministry told the FE that the upcoming service week will help strengthen the country's textile sector.

He said the concerned department of the government is regularly visiting registered textile mills and factories to ensure compliance with an eye to developing the country's textile sector further as well as to increase export.

He said that the ministry is seriously working with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Garment Buying House Association (BGBA) and other stakeholders to achieve the government’s US$ 50 billion export target from the textile sector in 2021.

Source: thefinancialexpress.com.bd– Dec 03, 2020

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Pakistan: Export growth

Pakistan has seen a rapid recovery of exports since the removal of coronavirus-related restrictions. The country's outbound shipments in recent months have actually risen faster than those of regional competitors Bangladesh and India.

November shipments have increased to $2.1bn, the highest during the month in 10 years. The last time Pakistan exported more in one month was in May 2018. Cumulatively, Pakistan grew export revenues by above 2pc to $9.7bn in the first five months of the present fiscal from a year ago.

Given the global slowdown in the midst of the pandemic, even this modest export growth may be something to celebrate. But does this short-term trend mean that the country's exports have finally taken off? No. The medium- to long-term view continues to underscore export stagnation. We still have a very long way to go.

Stagnating exports have been a consistent source of worry for the economy for many years now as we find ourselves in the unenviable company of the 10 countries whose exports are less than 10pc of their respective GDP.

An anti-export policy bias, incoherent export-enhancing measures, reliance on a narrow export base of very low value-added products and commodities, low labour productivity etc, are just a few of the many factors that are preventing Pakistan from taking off despite the trillions given in subsidies to exporters, especially the manufacturers of basic textiles.

The government has implemented some reforms such as a reduction in energy prices for the export industries.

It is also setting up an export development board under the Strategic Trade Policy Framework. Yet a lot more has to happen and export policies need to be reoriented before the country can get on the path of export-oriented economic growth, which has turned around several Southeast Asian economies and is fast changing our regional peer — Bangladesh.

In order to move in this direction, the government will first have to ensure 'equal treatment' for all exporters.

This anticipates that the same or similar incentives given to wealthy textile owners are also extended to, say, small IT firms and freelancers working for someone outside the country and bringing in dollars for product diversification.

And this has to be followed up by formulating an overarching, coherent economic policy with a sharp focus on education, health and skill training with a view to boosting value-added exports. An illiterate and unskilled society has no respect or place in today's global economy.

Source: dawn.com – Dec 03, 2020

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NATIONAL NEWS

Indian economy is gradually recovering: IMF

India's economy, severely affected by the coronavirus pandemic, is gradually recovering, the International Monetary Fund said on Thursday.

India's economy recovered faster than expected in the September quarter as a pick-up in manufacturing helped GDP clock a lower contraction of 7.5 per cent and held out hopes for further improvement on better consumer demand.

"India has indeed been severely affected by the pandemic but is gradually recovering," IMF chief spokesperson Gerry Rice told reporters.

Fiscal, monetary, and financial sector measures announced to date provided much-needed support to the economy, including businesses, agriculture, and vulnerable households, Rice said in response to a question on the IMF's assessment of India's economy during the coronavirus pandemic.

"To further support growth, we believe the Indian authorities should prioritize swift implementation of the existing support programs and may need to consider expanding their scope, as warranted," Rice said.

In her address to the International Monetary and Financial Committee (IMFC), the ministerial-level committee of the IMF, through video conference, Union Finance Minister Nirmala Sitharaman had said that a V-shaped pattern of recovery is being seen in several high-level indicators.

Source: financialexpress.com– Dec 03, 2020

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Ministry of Textiles invites proposals for constitution of a Dedicated Export Promotion Council for Technical Textiles

Ministry of Textiles has invited proposals for constitution of a dedicated Export Promotion Council (EPC) for Technical Textiles vide Public Notice dated December 01, 2020. The Exporter Association and Trade bodies registered under Companies Act or Society Registration Act have been asked to submit proposal for constitution of a dedicated EPC for Technical Textiles by 15th December 2020.

The Council shall abide by all directions of the Central Government in respect of promotion and development of international trade and would be responsible to promote ITC(HS) lines identified and Notified by Directorate General of Foreign Trade from time to time.

The Cabinet Committee on Economic Affairs, in its meeting held on 26th February,2020, gave its approval to set up a National Technical Textiles Mission with a total outlay of Rs. 1480 Crore, with a view to position the country as a global leader in Technical Textiles. The Mission would have a four year implementation period from FY 2020-21 to 2023-24. Constitution of an Export Promotion Council for Technical Textiles is part of one of the components of the National Technical Textiles Mission.

Technical Textiles are futuristic and nice segment of textiles, which are used for various applications ranging from agriculture, roads, railway tracks, sportswear, health on one end to bullet proof jackets, fire proof jackets, high altitude combat gear and space applications on other end of spectrum.

Background of Technical Textiles:

- Technical textiles are textiles materials and products manufactured primarily for technical performance and functional properties rather than aesthetic characteristics. Technical Textiles products are divided into 12 broad categories (Agrotech, Buildtech, Clothtech, Geotech, Hometech, Indutech, Mobiltech, Meditech, Protech, Sportstech, Oekotech, Packtech) depending upon their application areas.
- India shares nearly 6% of world market size of 250 Billion USD. However, the annual average growth of the segment is 12%, as compared to 4% world average growth.

- Penetration level of technical textiles is low in India at 5-10%, against 30-70% in advanced countries. The Mission aims at improving penetration level of technical textiles in the country.

Source: pib.gov.in– Dec 03, 2020

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Exports fall 9% in November, imports decline 13.33%

Exporters seek easier refund of GST, raw material at reasonable prices

India's exports of goods in November 2020 fell 9.07 per cent to $23.43 billion (year-on-year) primarily due to a decline in sectors such as petroleum, leather, engineering products, marine products and chemicals. Decline in import in November 2020 was higher at 13.33 per cent to $33.39 with trade deficit shrinking to $9.96 billion, which was 21.9 per cent lower than November 2019, as per latest official data released by the Commerce & Industry Ministry. The figure will be revised later in the month.

The fall in goods exports was marginal in the month if one excluded petroleum and gems & jewellery, according to a press statement. "Value of non-petroleum and non-gems and jewellery exports in November 2020 was $19.26 billion, as compared to $19.37 billion in November 2019, a negative growth of 0.59 per cent," the release pointed out.

Similarly, non-oil, non-GJ (gold, silver & precious metals) imports were down by a lower 0.84 per cent at $22.25 billion in November 2020 as compared to the same month last fiscal. Exporters said that they continued to battle the Covid-19 impact on global trade and were hoping that the government would do everything possible to smoothen operations for them.

"Under these circumstances, some of the doable things like easy refund of GST and ensuring availability of raw material at reasonable prices can provide much-needed relief to exporters," pointed out Mahesh Desai, Chairman, Engineering Export Promotion Council of India.

On a more postive note, FIEO President S K Saraf said the forecast of the arrival of the Covid-19 pandemic vaccine along with gradual lifting of lockdown across the country and the globe had helped in boosting business sentiments for the sector as a whole, which can be expected to be seen from the positive figures of the upcoming months.

"Going by this trend, we expect to end the financial year 2020-21 with an overall merchandise export of about $290 billion," he said.

Exports during April-November 2020-21 were 17.84 per cent lower at $173.49 billion. In fact, in the eight months of the fiscal so far, September 2020 was the only month when exports posted a small increase over the comparable month of previous fiscal.

Imports during April-November 2020-21 were 33.56 per cent lower at $215.67 billion.

Top five commodity groups of export which have recorded positive growth during November 2020 compared to November 2019 are cereals (164.67 per cent), oil meals (70.54 per cent), iron ore (68.15 per cent), rice (24.41 per cent), ceramic products and glassware (20.98 per cent).

Top five commodity groups of import showing a fall in November this year compared to November 2019 are silver (-89.71 per cent), cotton raw and waste (-74.09 per cent), newsprint (-69.96 per cent), project goods (-53.01 per cent), leather & leather products(-46.81 per cent).

Source: thehindubusinessline.com– Dec 03, 2020

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Trade-offs for growth revival: Why India’s policymakers need a new roadmap

As India embarks on a new set of economic reforms, triggered by the pandemic and its economic fallout, it faces complexities that were not at the centre of the initial reform effort three decades ago.

The crisis in 1991 was centred on the balance-of-payments. Allowing the Indian rupee to fall from an artificially high level with respect to other currencies was a key part of the solution.

Another vital feature of the reforms was also focused on India’s relationship with the world economy: extraordinarily high tariff barriers began to be reduced, allowing for welfare gains from greater international trade, as well a better equilibrium in the balance of trade.

Reforms of the domestic economy that increased market orientation was, in some sense, opportunistically combined with these externally-oriented measures.

Three decades later, India is in a very different position—its balance of payments is in good shape, and foreign exchange reserves are sufficient to weather even abnormal shocks to the economy.

The headline reforms are focused on politically difficult attempts to reduce frictions in labour markets and agricultural markets, though these are running into problems because of inadequate attention to ameliorating the impacts of new risks that workers and farmers may face. Figuring out a new trade-off between efficiency and risk for the domes

In terms of connections to the rest of the world, however, it is less clear what the right policy mix should be. We can think of three types of international flows: labour, goods and services, and capital. India has benefited from being able to send workers with a variety of skills to different types of economies that could employ them more productively than at home: construction workers and nurses in the Persian Gulf, software engineers in the US, and so on.

Direct benefits came from large remittances back to India. The pandemic, especially, but also some significant changes in US immigration policy, have had some major impacts on this international connectivity, but new vaccines and a change in the US president are likely to reverse these shocks. In any case, there is not much that Indian policymakers can do or need to do on this front.

The second category, goods and services, is one where Indian policymakers are still struggling to determine the right policy mix. Since the initial reforms, the Indian rupee has steadily depreciated, roughly according to a market-determined equilibrium. India has been able to grow its exports, both in a variety of agricultural and manufactured commodities and in services, from software services to tourism.

It has been reasonably competitive in a range of goods and services, though nowhere near what China, or even smaller countries like Bangladesh in specific niches such as garments, have achieved.

It was only in the last few years, even before the pandemic, have Indian exports struggled to register growth. Whereas the export powerhouses of East Asia consistently ran surpluses on the current account of the balance of payments, India has mostly run deficits, albeit manageable ones.

Current account deficits have to be covered somehow, though various forms of foreign capital—the third category of international flows. Whereas economic theory and economic policymakers mostly agree on the benefits of international trade in goods and services—subject to the political challenges of looking after the losers, such as workers who might see their jobs replaced by imports—there is less of a consensus on the benefits of international capital flows.

Obviously, having to borrow abroad in a forced situation is undesirable. But, even other kinds of capital flows can raise fears of instability if they are reversed, or make exports less competitive if they push up the value of the rupee. This latter issue is present even if capital flows are in the form of FDI, and therefore, more stable and sustainable.

Right now, India is trying to build its manufacturing capacity by raising tariffs, in an old-style push for import substitution. It is also providing direct incentives, such as the new scheme rewarding increases in production. Meanwhile, the country is a relatively attractive destination for foreign capital, both FDI and portfolio investment, and the government is encouraging the former, in particular. But, these flows can make Indian exports less competitive if the rupee appreciates too much, requiring domestic demand to do more of the work of absorbing increased output.

Arguably, this did work in Japan in the 1960s, but it is not clear if India is well-off enough to sustain that domestic strategy. In addition, the lack of competitive discipline that comes from successful exporting can hinder the achievement of acceptable quality levels. Some economists might argue for capital controls in this situation, while others might suggest that the Reserve Bank of India do more to keep the rupee at competitive levels, by accumulating foreign exchange reserves.

Lurking under the surface of these issues is the trilemma of being unable to simultaneously manage the exchange rate and domestic inflation while maintaining an open capital account, although foreign exchange reserves provide a way of softening the trade-offs. These are not new challenges, but they will need to be a focus for India’s policymakers as they seek renewed economic growth.

Source: financialexpress.com– Dec 04, 2020

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Evaluating India's stance on RCEP

It is now clear that India remains outside the Regional Comprehensive Economic Partnership (RCEP) agreement of November 15. Subsequently, a large number of articles have appeared that seem to argue in favour of the RCEP on strategic and economic grounds. Let us look at these two arguments in turn.

It is true that trade agreements have a political/strategic context. For example, the extension of the US-Canada trade agreement to the NAFTA (subsequently modified) and the extension of the EU 15 to the EU 27 (both in the early 1990s) were certainly driven by political/security concerns. It is possible that for the RCEP a similar strategic motivation exists. This was also argued prior to the signing of India's RTAs with the ASEAN, the AIFTA (ASEAN-India Free Trade Area).

Presumably, the AIFTA was part of the Look East policy of the 1990s and was a strategic outreach to South-East Asian countries. Subsequently, this became the Act East policy. Logically, the RCEP is supposed to bring China into the same strategic group and further India's security concerns in the South China Sea.

However, the AIFTA did little to help reduce confrontation with China in the recent conflict since other member countries are far more economically dependent on China than on India. For the RCEP, the argument for strategy also fails given the emerging security group, the QUAD, relies completely on the backing of the US, which has little to do with the RCEP.

In fact, it may be argued that, as the new US administration takes over, there may be some revival of discussion on the TPP agreement of 2016, which was the centrepiece of former President Barack Obama's Pivot strategy for Asia. Since the RCEP (centred round China) was proposed as a counter to the TPP, staying away from the RCEP at the moment might be the wisest strategic course.

More importantly, it must be realised that, today, unlike in the last century, RTAs are driven more by economic logic than by strategy alone. Here, the RCEP brings little on board for India. Note that the RCEP was meant to be an extension of the ASEAN to its other six associate members and was first proposed at the 19th ASEAN meet in November 2011.

However, since the AIFTA was implemented in 2009, India's total trade with the ASEAN group has remained around 10% and the RTA itself has led to no major increase in trade whatsoever. In fact, much of the limited growth in the Indo-ASEAN trade has been in agricultural commodities, which were largely excluded from the AIFTA!

So, what additionally can the RCEP bring?

There are two possibilities. One, the inclusion of South Korea, Japan, Australia, New Zealand, and two, the addition of China. Consider these in turn. India's merchandise trade (which is the focus of both the AIFTA and the RCEP) with both Japan and South Korea is almost non-existent, while Australia and New Zealand are largely agricultural exporters and, presumably, the RCEP would lead to increased demand for access to India's agricultural markets. All negotiations in the past have failed on political resistance to including agricultural goods in trade agreements. The AIFTA itself largely excludes agricultural products from its purview.

Consider the argument that the addition of China and the RCEP would enable India to be a part of the global supply chain and hence obtain economic benefits. This idea is a non-starter. Over the last three decades, all other RCEP members have largely exported intermediate inputs to China for assembly and export to the growing markets of the US and Europe. Here, it is worth noting that, by and large, the RCEP members have had trade surpluses with China. On the other hand, the Indo-China trade is of an entirely different composition relative to the trade of other countries with China.

It may be noted that the 'supply chain' argument was also mooted in the context of the AIFTA. Let us see this in a little more detail. If one looks at India's imports from the ASEAN as inputs (at a 6-digit HS level of disaggregation) and at exports from India at a 2-digit level, there are only two export areas where these imports are important inputs: pharmaceuticals and chemicals. Since this is precisely the trade pattern observed with China, it is clear that the RCEP merely expands 'India-China trade'. There is thus some ground for the belief that the AIFTA has led to substantial 'tariff shopping' by Chinese traders.

Logically, then, before looking at the RCEP, it makes far more sense for India to conclude bilateral trade agreements with China! There are no prizes for guessing why this is unlikely to happen in the near future.

The above are only tired arguments in favour of the RCEP. One should, however, ask the question whether in plurilateral trade agreements today, we should include the issue of trade in services. Considering that, since about 2008, the fastest growing segment of global trade is services trade, this would otherwise seem a major omission.

That India appears to have a strong competitive advantage in some areas of services trade is an argument that does not need repetition. That our trade partners are unwilling to look at this is apparent from a study of the AIFTA from 2005 to the present. Lessons from the RCEP are similar.

Source: financialexpress.com– Dec 03, 2020

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Exporters seek extension of tax benefits for SEZs, presumptive tax for cross-border e-commerce

Exporters on Wednesday suggested to the government a series of steps, including extension of fiscal benefits to SEZ units, presumptive tax for cross-border e-commerce and free trade pacts with countries like the US and UK, to boost domestic manufacturing and outbound shipments.

These recommendations were made by the Federation of Indian Export Organisations (FIEO) at a meeting of the Board of Trade (BOT) which was chaired by Commerce and Industry Minister Piyush Goyal.

Other suggestions included permitting duty free import of equipment required for R&D and product development; setting up of a Niryat Vishwavidyalay; extension of interest subsidy scheme in the new foreign trade policy; and immediate release of GST and drawback funds.

Further, the federation recommended refund of GST to foreign tourists, RoDTEP (Remission of Duties or Taxes on Export Products) scheme covering all products; and amnesty scheme for schemes prescribing export obligation.

FIEO Director General Ajay Sahai told PTI that these measures would help in significantly promoting manufacturing and boosting the country's exports. He further said the minister asked the officials present in the meeting to examine these suggestions.

Apparel Export Promotion Council (AEPC) Chairman A Sakthivel sought resolution of operational issues for ease of doing business and redressal of the issue of duty disadvantage in overseas markets by entering into early negotiations for free trade agreements (FTAs).

He also asked for changes in the Export Promotion Capital Goods (EPCG) scheme to take care of the growing need of capital investment in the sector.

He added that the entire process of flagging an exporter as a 'risky exporter' to removal of the tag and resumption of refunds should be completed within 30 days, and a protocol must be developed for transparent flow of information.

Engineering exporters too suggested for easing of GST refund rules and extending affordable credit to the sector. Measures to boost exports, manufacturing and the new foreign trade policy figured in the meeting.

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

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

Source: financialexpress.com– Dec 02, 2020

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Efforts underway to operationalise vital infrastructure links between India, CLMV countries: DPIIT Secy

Efforts are underway to operationalise key infrastructure links between Cambodia, Lao, Myanmar and Vietnam (CLMV) countries and India for better economic integration in the region, a top government official said on Thursday.

Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Guruprasad Mohapatra said that the India-Myanmar-Thailand Trilateral Highway will serve as a lifeline for Mekong and North-East region of India. India, Thailand and Myanmar are working on about 1,400 km long highway that would link the country with Southeast Asia by land and give a boost to trade, business, health, education and tourism ties among the three countries.

“Efforts are underway to operationalise vital infrastructure links between CLMV countries and India for better economic integration,” Mohapatra said at CII’s India-CLMV Business Conclave 2020. He also said that a project development fund was set up with a corpus of USD 75 million to promote trade and investments in CLMV countries as well as to help integrate domestic producers and manufacturers in the regional value chains.

The two-way trade between India and CLMV countries has increased from USD 1.1 billion to USD 14.1 billion in 2019-20. Further the secretary said that the Kaladan multi-modal transit transport project will also enhance connectivity between India and Mekong river region.

“Our aim is to reach our friends in south-east Asia through the north-eastern frontier of India and in turn achieve development for our people and partners. The natural resource potential of north-east India and CLMV countries offers unique opportunities for developing an export-oriented economy. This will enhance investment potential and bring comprehensive industrial development,” he added.

Speaking at the conclave, Minister of State for External Affairs V Muraleedharan informed that currently work is being done on the early operationalisation of the trilateral highway and a proposal is also being considered by Laos for eastward extension of this highway.

He also said "we look forward to an enhanced cooperation and collaboration between ASEAN countries on COVID-19 vaccine and drug development. Even we are ready to share COVID-19 vaccine with them whenever it is made available," he said.

Source: financialexpress.com– Dec 03, 2020

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Will meet $1-trn export target by '25, says Goyal; industry seeks more help

India is on track to achieve the $1-trillion export target by 2025, said Commerce and Industry Minister Piyush Goyal at the Board of Trade meeting on Wednesday where the government and industry deliberated on measures to boost exports, manufacturing and the new foreign trade policy.

Industry urged the government to operationalise the new export credit insurance scheme, expand the production-linked incentive (PLI) scheme, announce the duty remission rates at the earliest and sign free-trade pacts with the US, the EU and the UK to offset the impact of not joining the Regional Cooperation of Economic Partnership (RCEP).

While Commerce Secretary Anup Wadhawan called the narrowing trade deficit a 'silver lining', he said it was also indicative of a slowdown, and hence "we need to be somewhat concerned about what are the reasons behind falling imports".

He said if one excluded gems and jewellery and petroleum, the decline in exports was much lower. "In the sectors where economic activity is more meaningful, in terms of value addition, the decline there is much lower," said Wadhawan at the meeting held via video-conferencing.

The export sectors — which did well during the eight-month period — include pharma, which grew 15 per cent, rice (39 per cent), and iron ore (62 per cent).

The Board of Trade, under the Department of Commerce, comprises senior officials of key ministries, representatives of states and industry and trade promotion bodies.

"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," said Goyal adding that there was every possibility to achieve export target of a trillion dollar by 2025.

He urged states to supplement efforts of the central government to boost exports. "Different arms of the government have been working to identify and support specific sectors where India has advantages… We have identified 24 industry sectors, which we believe, can add Rs 20 trillion of annual production manufacturing in India. I would like to appeal to the states to supplement the efforts of the central government," he added.

The Federation of Indian Export Organizations (FIEO) in its presentation asked the government to "aggressively pursue FTAs". "It will provide a level-playing field to our exporters vis-a-vis our competitors… The perceived loss of exports by not joining some mega partnership (RCEP) will be offset. Such FTAs will facilitate exports-led FDI and PLI schemes to investors who would "Make in India" for the globe," it said in the presentation.

Source: business-standard.com– Dec 03, 2020

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India's export slump a worry as peers outshine

India's exports shrank 17.84 per cent during the seven month period between April and November this year, triggering serious concerns as exports from most Asian countries have in contrast to India been rising.

Vietnam's exports grew by 12 per cent in the last three months, while China saw exports by over 11 per cent in October and South Korea saw its outbound shipments rise by four per cent in November.

India's imports, too, declined at an even steeper rate of 33.56 per cent, which saw the trade deficit coming down. Officials said that the biggest drop in exports came from gems and jewellery, petroleum products, engineering goods and electronics.

Commerce ministry mandarins are worried by the trend and are hoping that the new Remission of Duties or Taxes on Export Products Scheme (RoDTEP) will remedy the situation. Something which analysts do not agree with.

The RoDTEP scheme will simply pay back to exporters all duties or taxes including embedded duties they have already paid on their exports and was brought in as the USA had filed and won a case at World Trade Organisation (WTO) against India's existing MeIS incentive scheme for merchandise exports as an unfair incentive.

"We need to improve the terms of trade for exporters by facilitating their financing, production, shipment and marketing. Lack of trade facilitation and costly capital is adding to export costs and turning the tide against us in the global market.

In contrast, Vietnam and Bangladesh, our main rivals in the garments business for instance have been hand holding their exporters in a far better manner," pointed out Prof Biswajit Dhar of JNU, former Member of the Board of Trade.

The sectors where India has been doing well are mostly raw materials — iron ore which saw an increase in shipments by 62 per cent and rice which saw a 39 per cent surge in exports during the April-November period. One of the few value-added sectors which performed well was pharmaceuticals, which witnessed a 15 per cent increase during the period.

"We need to push the exports of Indian value-added products such as textiles, engineering and project exports. Our trade negotiators need to have a proactive approach and try to get trade concessions for these sectors. It is better to allow cheap French wine into India in return for duty free export quotas of garments to the European Union," Dhar said.

Source: newindianexpress.com– Dec 03, 2020

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Cotton futures ease to Rs 19,840 per bale on MCX

Cotton futures trade weak at Rs 19,840 per bale on December 3 as participants trimmed their position as seen from open interest. Cotton futures in the domestic market fell 0.6 percent yesterday to settle Rs 19,900 per bale on the MCX.

Mohit Vyas, Analyst at Kotak Securities, said, "Despite aggressive Cotton Corporation of India (CCI) procurement, recent rally in Cotton Seed Oil Cake and better Indian cotton export outlook selling pressure in ICE Cotton have kept Indian cotton under check at present."

The weak demand from domestic millers on higher prices, increased supply of cotton in November, end of the festive season in India and the government reducing import duty on CPO are also weighing down Cotton prices.

In the futures market, cotton for December delivery touched an intraday high of Rs 19,900 and an intraday low of Rs 19,750 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 16,350 and a high of Rs 20,670.

Cotton futures for December delivery slipped Rs 60, or 0.30 percent, to Rs 19,840 per bale at 15:44 hours IST on a business turnover of 2,469 lots. The same for January contract was down Rs 50, or 0.25 percent at Rs 20,070 per bale with a business volume of 85 lots.

The value of December and January's contracts traded so far is Rs 14.41 crore and Rs 1.70 crore respectively.

Kotak Securities expect cotton to bounce back soon as prospects of better export demand, increasing world cotton consumption this season, attractive Indian cotton prices in the overseas market, good pace of CCI buying and vaccine optimism may support cotton from lower levels.

At 10:19 (GMT), US Cotton futures were marginally up 0.21 percent quoting at 71.75 cents/pound on Intercontinental Exchange.

Source: moneycontrol.com– Dec 03, 2020

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