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INTERNATIONAL NEWS

US Apparel Imports Rebound in October, Led by Asian Mainstays

The pandemic-fueled, months-long decline in U.S. apparel imports eased off in October as brands and retailers restocked shelves for the holiday surge, according to data released Friday by the Commerce Department's Office of Textiles & Apparel (OTEXA).

The volume of apparel imports rose 5.2 percent to 2.52 billion square meter equivalents (SME) in the month compared to October of last year. However, the value of those monthly shipments was down 6.9 percent to $6.93 billion year over year.

These figures were in sharp contrast to year-to-date apparel imports, which were down 25.56 percent in value to $53.96 billion in the first 10 months of the year. In volume terms, shipments declined 19.63 percent in the period to 19.25 billion SME, according to OTEXA.

The good news for importers and their suppliers is that companies seem to have finally worked off much of the inventory that built up as stores closed and consumer demand plummeted as a result of the economic fallout of the coronavirus pandemic.

PVH Corp., for example said last week that it continues to tightly manage its inventory, which decreased 16 percent as of the end of its third quarter ended Nov. 1 compared to the prior-year period.

PVH also said it continues to reduce the amount of basic inventory it projects to carry into spring. As of the end of fiscal 2020, the owner of Calvin Klein and Tommy Hilfiger projects it will carry approximately $100 million of basic inventory into spring, a decrease from the prior projection of $125 million.

The bad news is that the economy is expected to continue to wobble, at least until Covid-19 vaccines are widely available and potential fresh economic stimulus from Congress and the incoming Biden administration calm the waters and inject more demand into consumer channels, economists are forecasting.

There's also little good news on the horizon for still-top supplier China, which has seen its apparel imports decline 42.33 percent to $12.8 billion year to date through October compared to the prior-year period. For the month, imports from China fell 11 percent to $1.81 billion in value, but rose 11.2 percent in volume to 103.25 million SME.

However, with President-elect Joe Biden saying last week that he plans to keep the tariffs imposed by the Trump administration in place, at least in the short term as leverage to get China back to negotiating fresh trade reforms, the country's position is seen as tenuous, as many importers have already shifted sourcing strategies.

Among the top Asian suppliers showing strength in the month were Bangladesh, up 17.2 percent to 28.87 million SME; Cambodia, increasing 16.1 percent to 16.5 million SME; Pakistan, with a gain of 27.4 percent in volume to 14.68 million SME and 31.1 percent in value to $169.06 million, and India, up 9 percent in volume to 96.88 million SME.

Guatemala had a comeback month, as well, with gains of 9 percent in value to $128.26 million, and 5.5 percent in volume to 29.43 million SME. Turkey also had increases of 7.9 percent in volume to 8.92 million SME and value of 3.9 percent to $58.52 million.

The U.S. Census Bureau and the U.S. Bureau of Economic Analysis reported the goods and services trade deficit was $63.1 billion in October, up $1 billion from a revised $62.1 billion in September. The deficit with China increased $2.2 billion to $26.5 billion in October. Exports increased $1.1 billion to $13.1 billion and imports increased $3.3 billion to $39.7 billion.

The deficit with Mexico rose $1.1 billion to $11.8 billion in October. Exports increased $700 million to $19.2 billion and imports were up $1.8 billion to $31 billion. The deficit with the European Union decreased $1.6 billion to $15.7 billion in October. Exports fell $200 million to $19.4 billion and imports decreased $1.8 billion to $35.2 billion.

Source: sourcingjournal.com - Dec 07, 2020

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China's exports surge on hot demand for PPE, remote working tech

China's exports rose at the fastest pace since February 2018 in November, helped by strong global demand and as the factory recovery in the world's second-largest economy outpaced those of its major trading partners. Exports in November rose 21.1% from a year earlier, customs data showed on Monday, soundly beating analysts' expectations for a 12.0% increase and quickening from an 11.4% increase in October.

Imports rose 4.5% year-on-year in November, slower than October's 4.7% growth, and underperforming expectations in a Reuters poll for a 6.1% increase, but still marking a third straight month of expansion. Analysts say improving domestic demand and higher commodity prices helped buoy the reading.

That has led to a trade surplus for November of $75.42 billion, the largest since at least 1981 when Refinitiv records began. It was also wider than the poll's forecast for a $53.5 billion surplus and a $58.44 billion surplus in October.

China's exports were supported by strong overseas demand for personal protective equipment (PPE) and electronics products for working from home, as well as seasonal Christmas demand, Nomura analysts said in a note.

"We believe China's export growth could remain elevated for another several month due to the worsening COVID-19 situation overseas," the note said. However, they noted some signs that demand for these pandemic-related goods was losing momentum.

Booming sales of fridges, toasters and microwaves to households across the locked-down world have helped propel China's manufacturing engine back to life, super-charging demand for key metals like steel, copper and aluminium, after a sharp slump early in the year.

In another sign of brisk trade, China's export surge and the low turnaround rate of containers from abroad have triggered a recent shortage of containers domestically, state media China Daily reported.

A spate of early month economic data showed China's economic recovery from the coronavirus pandemic has stepped up, with manufacturing surveys showing new export orders expanding at a faster pace for November. A sharp appreciation of the yuan in recent months could also cloud the outlook for exporters. Some firms reported that a strong yuan squeezed profits and reduced export orders in November, the statistics bureau said this week.

The yuan has booked six straight months of gains, its longest such winning streak since late 2014, and is trading at 2-1/2 year highs. The strong exports widened China's trade surplus with the United States to $37.42 billion in November from $31.37 billion in October.

While a Biden administration is expected to soften some of the diplomatic rhetoric seen in strained U.S.-China trade relations in recent years, there are no immediate signs the President-elect intends to unwind the punitive tariffs introduced under the Trump administration.

Source: financialexpress.com– Dec 07, 2020

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China trade surplus hits record $75 billion as November exports soar

China's politically sensitive trade surplus with the US soared to a record USD 75.4 billion November as exports surged 21.1 per cent over a year earlier, propelled by strong demand from American consumers. Exports to the United States rose 46 per cent despite lingering tariff hikes in a trade war with Washington, customs data showed Monday. Total exports rose to USD 268 billion, up from October's 11.4 per cent growth.

Imports gained 5 per cent to USD 192.6 billion, up from the previous month's 4.7 per cent, reflecting the growing strength of China's economic rebound from the coronavirus pandemic.

Chinese exporters are benefiting from the economy's relatively early reopening after the Communist Party declared the disease under control in March while foreign competitors still are hampered by anti-virus controls.

Exports were much stronger than expected in November, said Julian Evans-Pritchard of Capital Economics in a report.

He noted that consumers have stepped up purchases of goods, cutting back on services that may not be safe or available during the pandemic. Chinese exporters have temporarily taken global market share from competitors. Forecasters say that surge is unlikely to last into 2021 once coronavirus vaccines are rolled out and consumption in Western markets gradually returns to normal.

Total exports for 2020 returned to positive territory in October after the first quarter's 13.3 per cent contraction dragged down the overall figure. Chinese import growth by volume has been bigger than the financial figures indicate due to slumping global prices for oil and other goods amid plunging demand.

Source: financialexpress.com– Dec 07, 2020

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Experts reveal true cost of Australia's trade war with China

Australia's relationship with China has plunged to new lows this month – but it turns out our greatest weakness could also be our biggest protection against the superpower.

The feud between the two nations has been brewing for several years, but the crisis came to a head recently when Chinese Foreign Ministry spokesman Zhao Lijian shared a doctored, anti-Australian image on Twitter.

China has also slapped a number of Australian industries with devastating tariffs in recent months, sparking a push to boycott Chinese products and potentially impose sanctions of our own in retaliation.

But experts warn such a move would prove disastrous – and would ultimately end up hurting Aussie families.

'*HIGHER PRICES ALL ROUND'*

China is Australia's most important partner when it comes to imports, with Aussies snapping up a staggering $71.3 billion worth of goods and services from China in 2017/18 – the equivalent of 18 per cent of Australia's total imports and covering everything from telecom equipment to computers, furniture, toys and sporting goods.

It is also estimated that a total trade war with China would cost Australia 6 per cent of GDP, according to a recent piece in The Conversation by University of Western Australia Winthrop professor of economics Rod Tyers and Australian National University senior lecturer in economics Yixiao Zhou.

The academics explain that if the relationship were to break down completely and bring an end to imports and exports going both ways, the loss of Chinese exports to Australia would be catastrophic to us, but would be "mosquito bites by comparison" to China.

Meanwhile, a recent Daily Mail article argued a full trade war with China would cause the price of everyday consumer goods to double, although Professor Jane Golley, the director of ANU's Centre on China in the World, told news.com.au it was hard to predict potential price hikes and economic impacts.

"People keep asking me what the cost would be if this trade war was to continue to escalate, and the reality is no one seems to know – that's the biggest problem," Prof Golley said.

"Surely someone in government is doing the modelling to understand what the economic costs would be, but at this stage the focus is so much on the security costs of engaging with China that the economic damage of not engaging is being overlooked.

"It's guesswork, but I heard (Australian economist) Geoff Raby recently point out that Chinese exports account for one-tenth of our GDP – so roughly, does that mean one in 10 jobs as well?

"Some may retort that there are alternative markets to diversify into, but the reality is that no other market in the world is recording positive GDP growth this year and China will remain far and away the largest contributor to global growth in the years ahead too.

"I genuinely fear for those people across all the sectors that Beijing can and may target, as job losses could be significant and painful."

Prof Golley said it was difficult to predict what an escalating trade war could mean when it comes to the price of everyday items, but that it was fair to assume protectionism would lead to higher costs.

"As long as China continues to produce the goods we want, I don't see why they wouldn't sell to us, so it may not have a big impact on our import prices, but over the longer term protectionism that has been increasing in the US, China and across the world will mean higher prices all round," Prof Golley said.

"We can't produce the goods that China does at anywhere near the cost. The best alternative may well be trying to consume less, and save more."

'SERIOUS SITUATION'

IBISWorld senior industry analyst Liam Harrison told news.com.au it was unlikely the Australian government would retaliate with tit-for-tat restrictions on Chinese goods as it would "hurt us as much as it hurts them".

He said so far, China had mostly restricted luxury goods or items it could source elsewhere, and hadn't stopped the flow of items into Australia. And if Beijing were to ban manufacturers from selling to Australia, it would be almost impossible to stop them from selling to neighbouring countries which could simply then on-sell to us, although such a scenario would cause delays and supply issues.

"It would create a bureaucratic nightmare to try and control all countries so it is very unlikely given the web of control they would need to create," he said.

But Mr Harrison said it was possible China might restrict imports into Australia in the short term, which would mean we would "struggle" to get our hands on enough whitegoods, clothing, tech items and other essentials.

Click here for more details

Source: news.com.au– Dec 07, 2020

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6 policy actions needed for a post-pandemic world: UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) has suggested six priority areas for policy action to be taken in response to the COVID-19 pandemic and the persistent challenges facing the maritime transport and trade of developing countries. The suggestions are part of the Review of Maritime Transport 2020 document released recently by the UN body.

UNCATD has recommended supporting trade so that it can effectively sustain growth and development. Trade tensions, protectionism, export restrictions, particularly for essential goods in times of crisis, should be avoided to the extent possible as these bring economic and social costs.

Further, non-tariff measures and other obstacles to trade should be addressed, including by stepping up trade facilitation action and customs automation, it said.

The second priority area should be to help reshape globalisation for sustainability and resilience. Disruptions caused by the COVID-19 outbreak have re-ignited the debate on the risks associated with international manufacturing production and extended supply chains. It will be important to carefully assess the varied options when it comes to changes in supply-chain design and outcomes that are aligned with the Sustainable Development Goals and the 2030 Agenda for Sustainable Development, it said.

The third point suggested is to promote greater technology uptake and digitalisation. Polices should support a digital transformation that improves the resilience of supply chains and their supporting transportation networks.

For maritime transport to play its role in linking global economies and supply chains, it should leverage the crisis by investing in technology and adopting solutions that meet the needs of the supply chains of the future and support resilience efforts.

Digitalization efforts should enable enhanced efficiencies, including energy efficiency, and productivity in transport. It should also help countries tap e-commerce capabilities and transport facilitation benefits that boost trade.

For more impact, cybersecurity should be strengthened at all levels, the UNCTAD report says.

The fourth suggestion is to harness data for monitoring and policy responses. The use of fast-evolving data capabilities can support efforts to forecast growth and monitor recovery trends. New sources of data and enhanced possibilities emanating from digitalisation provide ample opportunities to analyse and improve policies.

The fifth one is to enable agile and resilient maritime transport systems. There is a need to invest in risk management and emergency response preparedness beyond pandemics. Futureproofing the maritime supply chain and risk management require greater visibility of door-to-door transport operations.

The sixth priority area is to maintain the momentum on sustainability, climate-change adaptation and building resilience. Current efforts to deal with carbon emissions from shipping and the ongoing energy transition away from fossil fuels should remain a priority.

Governments could direct stimulus packages to support recovery while promoting other priorities such as climatechange mitigation and adaptation action. Thus, policies adopted in the context of a post-pandemic world should support further progress in the shipping industry’s transition to greening and sustainability,the UNCTAD report says.

Sustainability and resilience concerns, such as connectivity among small island developing States and climate-change adaptation, also remain key priorities, the document adds.

Source: fibre2fashion.com – Dec 08, 2020

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OECD lifts economic outlook, sees PRC driving recovery

The global economy is expected to build momentum over the coming two years, with real gross domestic product (GDP) growth projected to reach pre-pandemic levels by the end of 2021, according to the Organisation for Economic Cooperation and Development (OECD), which recently cited progress with coronavirus vaccines and unprecedented government and global bank action to mitigate the economic impact of the crisis.

OECD said the economic recovery would be uneven across countries, however, 'potentially leading to lasting changes' in the world economy.
It said China is expected to account for over a third of world economic growth in 2021, while the contribution of Europe and North America 'will remain smaller than their weight in the world economy'.

"For the first time since the pandemic began, there is now hope for a brighter future," OECD said.

"The worst has been avoided, most of the economic fabric has been preserved and could revive quickly, but the situation remains precarious for many vulnerable people, firms and countries," the organisation said in its latest economic outlook.

OECD said it expects the global economy to contract by 4.2 per cent this year. That reflects an upward revision from an estimate made in September that pointed to a 4.5 per cent fall in real GDP.

Looking ahead, the group said worldwide economic growth would average 4 per cent over the next two years. It expects real GDP growth to hit 4.2 per cent in 2021—trimmed from a September forecast of 5 per cent—and 3.7 per cent in 2022.

It warned 'considerable' uncertainty remains, however, and urged policymakers around the world to maintain targeted support to vulnerable children, people and businesses to reduce the risk of the coronavirus crisis 'leaving scars'.

It cited scientific progress, pharmaceutical advances and adjustments in the behavior of people and firms, among others, as factors likely to help keep the virus in check, allowing strict restrictions on mobility to be lifted progressively.

OECD said it sees China, which started recovering earlier than its peers, recording economic growth of 1.8 per cent this year. It remains the only major economy expected to record economic growth in 2020.

The world's second-largest economy is projected to record real GDP growth of 8 per cent next year and 4.9 per cent in 2022. By comparison, the United States is expected to record an economic contraction of 3.7 per cent in 2020, before posting growth of 3.2 per cent in 2021 and 3.5 per cent in 2022.

The euro area was seen reporting real GDP of minus 7.5 per cent this year, 3.6 per cent in 2021 and 3.3 per cent in 2022. "Despite the huge policy band-aid, and even in an upside scenario, the pandemic will have damaged the socio-economic fabric of countries worldwide," OECD said in its report.

"People living in poverty and usually less well covered by social safety nets have seen their situation deteriorate even further. Children and youth from less well-off backgrounds, and less qualified adult workers have struggled to learn and work from home, with potentially long lasting damage." The OECD said governments would need to use their policy instruments to actively ensure those hit hardest by the coronavirus crisis receive the support they need.

Source: fibre2fashion.com – Dec 08, 2020

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Bangladesh PM seeks Swedish investment in SEZs

Prime Minister Sheikh Hasina recently urged Swedish investors to invest in Bangladesh's special economic zones (SEZs), saying several opportunities have been created there for conducting business. She thanked Sweden for not cancelling any order during the COVID-19-induced crisis when Swedish ambassador Alexandra Berg Von Linde paid her a courtesy call.

The newly-appointed ambassador urged Bangladesh to use the green and environment-friendly technologies Sweden has developed. She also said Sweden wants to work more closely with Bangladesh on gender violence and human rights issues, according to Bangla media reports.

Source: fibre2fashion.com– Dec 07, 2020

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NATIONAL NEWS

A missed opportunity for cotton in the PLI scheme

In November 2020, the Cabinet approved the Production Linked Incentive (PLI) scheme for 10 sectors, including textiles. Manufacturers producing man-made fibres and technical textiles (industrial application) shall be given an incentive by the Centre from a corpus of Rs 10,683 crore over a five-year period. But the decision to exclude cotton textiles from this incentive was surprising.

By doing this, the Centre ignored an industry that employs five crore workers and supports 60 lakh farmers. However, the industry is in decline—India's cotton exports contracted 18% last year to Rs 800 billion. India's share in global textile and cloth exports shrunk to a meagre 4.5% even though it produces 20% of the world's cotton. Surprisingly, India became a net importer of raw cotton worth Rs 20 billion, even as domestic production surged to a six-year high of 360 lakh bales. Overall, ICRA estimates that the cotton spinning firms recorded a 2% decline in revenues and a 230 basis points contraction in profitability.

The decline in cotton textiles on the one hand and the Centre's constant emphasis on the industry as a whole on the other indicates that the cotton segment is not a priority. Take, for instance, two statements from the textile ministry's deposition to the Parliamentary Standing Committee on Labour as evidence.

About exports to Bangladesh, the Secretary replied, "… we will have an agreement with Bangladesh to supply fabric and yarn to them and they will make the apparel and export it." About man-made fibre segment, the ministry said, "Share of MMF in world textiles has been increasing but India's domestic market has been dominated by cotton."

Read together, these statements explain the dominance of low-value cotton fibre and yarn in exports and reveal the ministry's intention behind excluding cotton textiles from the PLI scheme. While it is important for India to move with the global trend towards man-made fibres, doing so at the cost of a large cotton foundation will be perilous. The ministry should aim to compete with Bangladesh's exports of finished goods like apparel rather than supplying it with intermediate goods like cotton fibre and yarn.

The decline caused by the ministry's ignorance has been compounded by Covid—cotton textiles exports to the US, a key market, declined 19% YOY between January and May 2020 whereas exports from the rest of the world increased by 60%. ICRA forecasts that this year, apparel exporters will record a double-digit contraction, with small enterprises being worst affected. The Index for Industrial Production (IIP) of textiles and apparel shows that output had contracted 40% YOY till September 2020, far worse than the 20% contraction in the general index.

Yet, the Centre has not announced a special relief package for the industry. MSMEs have had to rely on the credit measures under the Atmanirbhar package, which are inadequate for an industry that is 85% unorganised.

The bottom line is that the cotton textiles industry is experiencing unprecedented distress. The Centre should use this as an opportunity to institute reforms that drive short-term rejuvenation and long-term expansion.

The principles of this reform must be securely grounded in export promotion. Exports are an engine of economic growth that drive investment and job creation by tapping into global demand. Bangladesh and Vietnam have done well to recognise this and contribute to 12% of global textile exports despite producing less than 1% of the world's cotton.

A 2020 ICRIER Working Paper by Das and Kukreja calculated that $1 million of cotton textiles exports support 403 jobs. Extrapolating from this, last year's contraction in exports of $2 billion may have resulted in eight lakh job losses.

If India is to arrest this decline, two policies must be implemented. One, extending the PLI scheme to cotton apparels and two, notifying a higher rate for cotton apparels under the upcoming Remission of Duties or Taxes on Export Products (RoDTEP) scheme.

The double punch of the PLI scheme and RoDTEP for finished cotton goods has three primary benefits. First, it will direct intermediate cotton goods away from exports and towards value-added products. Second, it will increase cost competitiveness of Indian exports. Third, it will allow for higher utilisation of surplus domestic cotton stocks that are at a five-year high because the incentives will be transmitted across the value chain.

While cost competitiveness may be a viable export promotion strategy in the short term, only productivity gains can sustain competitiveness in the long run. The PLI scheme and RoDTEP are not designed to deliver these productivity gains. Currently, as much as 85% of the units in the cotton textile value chain are unorganised and non-integrated. They trail their peers from China and Bangladesh in productivity because they are characterised by low technology machinery and poorly skilled workers. These units require policy support to upgrade machinery and labour skills.

The Centre needs to revamp two existing policy initiatives in this regard. Regarding machinery, the Amended Technology Upgradation Fund scheme was launched in 2016 to mobilise investments worth Rs 950 billion and create 35 lakh jobs by 2022. Four years since its inception, the scheme has met only 40% of its target and less than 10% of its job creation target. The Samarth scheme was announced to train 10 lakh persons between 2017-2020 with an outlay of Rs 13 billion but till September 2020 had achieved only 15% of fund utilisation with no clarity over actual target completion.

With upgraded technology and workers, firms shall be in a better position to develop backward and forward linkages. Economic research provides evidence that these integrations increase domestic use of cotton produce while maximising value addition. The Centre must look to textile clusters to foster these integrations. A 2020 ICRIER Working Paper by Ray found that India, unlike Bangladesh, performs poorly in garments because of the lack of proper clusters. A cluster promotion policy that supports brownfield clusters like Bengaluru (apparel) and Tirupur (knitted garments), and establishes greenfield clusters in high cotton production states like Andhra Pradesh is needed.

The challenge presented by Covid is also an opportunity to lay the foundation for the next era of growth in cotton textile manufacturing. The Centre needs to bring out a combination of measures—PLI and RoDTEP for cotton apparels for the short run, and technology and skill upgradation along with cluster promotion for the long run. These will allow India to leverage its vast cotton produce and expand its share in global cotton textile trade. In doing so, it will secure the future of the six crore Indians who depend on the industry and generate lakhs of non-farm jobs in rural and semi-urban areas.

Source: newindianexpress.com – Dec 08, 2020

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Industry seeks clarity on RoDTEP, new FTAs, lower non-tariff barriers

In a meeting with commerce and industry minister Piyush Goyal on Monday, various industry associations also asked the government for clarity on the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme as it is a reimbursement scheme and not an incentive scheme.

Agencies Non-tariff barriers that the EU imposes on frozen shrimp and new markets for Indian automobiles through trade agreements with Africa and South America were also taken up.

Industry has sought dedicated special economic zones (SEZ) for e-commerce exports, trade pacts with African and Latin American countries especially to push automobiles in those markets and a reduction in non-tariff barriers imposed by the European Union on certain marine exports from India.

In a meeting with commerce and industry minister Piyush Goyal on Monday, various industry associations also asked the government for clarity on the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme as it is a reimbursement scheme and not an incentive scheme.

"Most industry representatives raised issues related to RoDTEP and that the rates should be high," said an official who participated in the virtual meeting.

This comes ahead of the Merchandise Export from India Scheme (MEIS), a key incentive scheme for exports, being wound up by this month. RoDTEP will replace the MEIS. Rewards under the scheme are payable as percentage of realised free-on-board value (of 2%, 3% and 5%) and the MEIS duty credit scrip can be transferred or used for payment of a number of duties including the basic customs duty.

The RoDTEP will 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

“Industry said that RoDTEP is a reimbursement scheme, not a direct incentive programme. They also sought resolution of MEIS for the last two years,” said an industry representative.

India’s exports fell 9.07% in November, steeper than 5.12% in October, to $23.43 billion.

The meeting comes as the government is drawing up the Foreign Trade Policy for for 2021-26 as part of which incentives for both goods and services are likely to be announced. While RoDTEP and production linked incentives are being considered to boost merchandise exports, the government is looking at modifying the Service Export from India Scheme (SEIS) by capping the invectives and linking them to job creation.

Representatives of industry chambers like CII, Ficci and Assocham along with regional chambers and sector-specific associations participated in the meeting.

Non-tariff barriers that the EU imposes on frozen shrimp and new markets for Indian automobiles through trade agreements with Africa and South America were also taken up.

“Certain sections of the industry also sought dedicated SEZs to promote e-commerce exports,” the industry representative said.

Separately, the minister asked industry chambers to collaborate with Invest India and IBEF to promote Brand India, according to the representative.

Source: economictimes.com– Dec 08, 2020

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CAI revises cotton export projections downward to 54 lakh bales

Crop size is retained at 356 lakh bales for the year 2020-21

The Cotton Association of India (CAI) has projected India's cotton exports to fall by about 10 per cent to 54 lakh bales (each of 170 kg) from an earlier projection of 60 lakh bales.

As against the previous year's 50 lakh bales of exports, the CAI, in its initial estimates, had projected cotton exports to be 20 per cent higher this year, which started from October 1, 2020 to September 30, 2021.

In its latest monthly crop estimate for November 2020, the trade body has retained the overall crop size at 356 lakh bales for the year. Total arrivals during October and November are estimated at 91.57 lakh bales.

The trade body has also informed that the cotton stock held by mills in their godowns, as on November 30, 2020, is estimated at 40.00 lakh bales, which is equivalent to an average 43-day cotton stock, Atul Ganatra, President of CAI, said in a statement.

Virtual meeting

CCI, Maharashtra Federation, MNCs, Ginners and MCX are estimated to have stock of about 91.57 lakh bales as on November 30. Thus, total stock held by spinning mills and stockists as on November 30 is estimated at 131.57 lakh bales.

The CAI has retained its import projections at 14 lakh bales for the year. The overall cotton consumption is estimated at 330 lakh bales for the year of which about 57.5 lakh bales has been consumed during the first two months of the year, CAI noted.

The Crop Committee of Cotton Association of India (CAI) held its meeting on December 5, 2020, through video conferencing, which was attended by 22 members representing all cotton producing States and stakeholders.

Source: thehindubusinessline.com– Dec 07, 2020

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Implementation of PLI schemes on track: Mohapatra

Concerned Ministries/Departments set to prepare EFC notes for respective sectors and seek Cabinet nod 'very soon'

Implementation of production linked incentive (PLI) schemes worth up to ₹1.45 lakh crore for 10 key sectors announced recently by the government is likely soon.

All Ministries and Departments concerned are working towards preparing the expenditure finance committee (EFC) note within the stipulated time lines so that Cabinet approval can be sought early, Guruprasad Mohapatra, Secretary, Department for Promotion of Industry and Internal Trade (DPIIT), has said.

"DPIIT is regularly interacting with all concerned ministries/departments to review the time lines for implementation of their respective PLI schemes. Feedback received indicates that the EFC Notes for all the schemes will be prepared within stipulated time lines and Cabinet approval will be sought very soon. Thereafter, schemes will be notified and implemented within three-four months," Mohapatra said in an interview with BusinessLine.

Financial outlay for auto

The PLI scheme, aimed at boosting domestic manufacturing and exports in line with the country's Atmanirbhar Bharat policy, was recently announced for ten sectors — automobiles and auto components, pharmaceuticals, specialty steel, telecom & networking, electronic & technology products, white goods (ACs and LEDs), textiles, solar PV modules, food products and ACC Battery.

Under the scheme, incentives will would be extended for manufacturing and investing in India. The final proposals of PLI for individual sectors will have to be appraised by the EFC and approved by the Cabinet.

"The PLI scheme will be implemented by the concerned Ministries/Departments and will be within the overall financial limits prescribed.

The largest financial outlay has been given to the PLIs on automobile and auto components and on advanced chemistry cells," Mohapatra pointed out.

Source: thehindubusinessline. com – Dec 07, 2020

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GST assessee with turnover up to ₹5 cr will need to file only four GSTR 3B forms

Under the QRMP Scheme, the small taxpayer's filing burden is reduced significantly

Come January 1, 94 lakh GST assessees will be required to fill only four GSTR 3B (Goods & Services Tax Return) forms as against 12 now.

GSTR 3B is mandatory for every GST assessee to file. It shows details of sales and purchase made by the registered taxpayer, liable Input Tax Credit (ITC), liable tax and actual tax paid.

The government has decided to introduce quarterly filing of return with monthly payment (Quarterly filing of Return with Monthly Payment (QRMP) Scheme). The Scheme will impact almost 94 lakh taxpayers, about 92 per cent of the total tax base of the GST, who have an annual aggregate turnover (AATO) up to ₹5 crore.

According to a senior tax official, with quarterly scheme put to practice in GST, the small taxpayer, from January onward, would need to file only eight returns (four GSTR-3B and four GSTR-1 returns) instead of 16 returns at present, in a financial year.

This would also result in the taxpayers' professional expenses for filing returns getting significantly reduced. The scheme would be available on the GST common portal with a facility to opt in and opt out and again opt in, if one wishes so.

The official said that this would also bring in the concept of providing ITC only on the reported invoices, thereby significantly curbing the menace of fake invoice frauds.

It may be noted that in the ongoing nationwide drive against fake invoice frauds, the GST intelligence wing DGGI, along with the CGST Commissionerates, has so far arrested 114 persons besides booking 1,230 cases against 3,778 fake GSTIN entities.

Facility of IFF

The QRMP scheme has an optional feature of Invoice Filing Facility (IFF) to mitigate business-related hardships for small and medium taxpayers. Under the IFF facility, the small taxpayers who opt to be quarterly return filers under QRMP scheme would be able to upload and file such invoices even in the first and second month of the quarter for which there is a demand from the recipients. Further, this would engage buyers who earlier used to avoid purchase from the small taxpayers for want of uploading of invoices in the system on monthly basis.

The official further explained that the taxpayer would need not to upload and file all the invoices for the month and could upload and file only those invoices required to be filed in IFF as per demand of the recipients.

The remaining invoices of the first and second months can be uploaded in the quarterly GSTR-1 return. The IFF would be available up to a cut-off date and credit would flow to the recipient after the cut-off date on filing of the IFF.

Under the scheme, the taxpayer would have the preference to pay the due monthly taxes as per his own choice either by cash ledger or through pre-filled challan which would be 35 per cent of the previous quarter's cash paid, or as per actuals.

Thereby, a small taxpayer would require professional help only as and when required, particularly in the last month of the quarter, and can be free from tax-related stress by simply making payments through a system-generated, pre-filled challan.

Source: thehindubusinessline.com– Dec 07, 2020

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CAI cuts cotton export estimate by 10%

Cotton Association of India has revised its cotton export estimate for 2020-21 downward by 10% to 5.4 million bales of 170 kilograms each because Indian cotton is no longer the cheapest in the world after a jump in domestic prices.

"Indian cotton is no longer the cheapest in the world as price of our cotton has increased from Rs 38,000 per candy of 356 kg each to Rs 41,500, while the international prices have declined by about 4%," said Atul Ganatra, president of the trade body that represents all segments of cotton trade from growers and ginners to mills and merchants to importers and exporters.

Reduction in export demand due to the imposition of lockdown in some European countries has also been factored in, CAI said in a release on Monday. The association had last month estimated exports for the 2000-21 season that started on October 1 at six million bales. The revised export estimate is still 400,000 bales more than that estimated for the previous cotton season.

CAI has retained its cotton crop estimate for the current season at 35.6 million. Cotton crop finalised for 2019-20 season was 36 million bales.

The association estimated total cotton supply during October and November at 20.11 million bales that comprises arrivals of 9.16 million bales, import of 200,000 bales of cotton up to November 30, and an opening stock estimated at 10.75 million bales at the start of the cotton season.

The trade body has estimated cotton consumption during October and November at 5.75 million bales of 170 kg each and exports of 1.20 million bales in the first two months of the season. Stock at the end of November is estimated at 13.16 million bales, CAI said.

CAI Crop Committee has estimated total cotton supply till end of the cotton season 2020-21 at 47.75 million bales, at the same level as estimated in the previous month. This includes opening stock of 10.75 million bales, estimated crop for the season at 35.60 million bales and imports estimated at 1.40 million bales. The import estimate is slightly less than 1.55 million bales estimated for the cotton season 2019-20.

The trade body has estimated domestic consumption of 33 million bales during the current season, which is at the same level as estimated in the previous month. This is eight million bales higher than last year's consumption estimate of 25 million bales. "The consumption is expected to reach its normal level this year after the disruptions and labour shortage caused on account of the lockdown imposed in the country to arrest spread of Covid-19 pandemic," CAI said in its release.

The carry-over stock at the end of 2020-21 season is estimated at 9.35 million bales against 10.75 million bales at the end of the previous cotton season.

Cotton Corporation of India, Maharashtra State Cooperative Cotton Growers Marketing Federation, multinational companies, ginners and Multi Commodity Exchange are estimated to have combined cotton stock of about 9.16 million bales at the end of November, CAI said. Total stock held by spinning mills and stockists as on November 30 is estimated at 13.16 million bales, it said.

Source: economictimes.com– Dec 07, 2020

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Chinese exports to India decline in 11 months of 2020

China's exports to India declined by 13 per cent in the first 11 months of the year, while Indian exports to China rose 16 per cent in the same period, according to Chinese customs data released on Monday.

The bilateral trade in the first 11 months of 2020 touched USD 78 billion, amidst border tensions between the two countries in eastern Ladakh.

The two countries traded about USD 92.68 billion worth of goods in 2019.

According to customs data released on Monday, China exported about USD 59 billion worth of products to India from January to November, down 13 per cent, a report in the state-run Global Times said.

China's imports from India stood at about USD 19 billion in the first 11 months, up 16 per cent.

India's trade deficit stood at USD 40 billion from over USD 60 billion in the previous financial year.

Amidst border tensions, New Delhi has banned over 200 Chinese applications as they posed a threat to the "sovereignty and integrity of India".

India and China have been locked in a military standoff along the Line of Actual Control (LAC) in eastern Ladakh since May this year.

Multiple rounds of talks between the two sides to resolve the standoff have not yielded any concrete outcome.

Source: economictimes.com– Dec 07, 2020

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Growing trust between India-Canada opens door for apparel manufacturers

Addressing an AEPC event, Indian High Commissioner in Canada Ajay Bisaria said Canadian companies growing trust in India gives Indian apparel manufacturers a huge opportunity to increase market share in Canada.

Biseria explained, there is a great deal of faith amongst Canadian companies in the medium- and long-term prospects of India. Partnership between the two countries is propelled by India's growing apparel exports to Canada. India currently exports apparels worth $318 million to Canada. Many top quality brands including GAP, M&S, Uniqlo and Calvin Klein already source from India.

A Sakthivel, Chairman, AEPC opined said, Canada is a thrust market for India and the country is taking continuous efforts to increase its share in the Canadian market.

India is focusing on higher value and specialized products like manmade fibre (MMF) apparels, medical textiles and technical textiles. It is encouraging Canadian investors to set up manufacturing facilities in India directly or through joint ventures, Sakthivel informed.

Since India's share in Canada's MMF garments imports is only 1.5 per cent, it is working on expansion and improving MMF products in India's apparel export basket, said Sudhir Sekhri, Chairman, AEPC.

There are 1,000 Canadian companies doing business with India. Trade between the two countries amounts to $100 billion.

Source: fashionatingworld.com– Dec 07, 2020

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