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INTERNATIONAL NEWS

Cotton Highlights from December WASDE Report

The December 2020 World Agricultural Supply and Demand Estimates (WASDE) report has been released by USDA. Here's this month's cotton summary:

This month's outlook for U.S. cotton includes lower production, higher exports and lower ending stocks. Production is lowered 1.1 million bales, mainly due to a 900,000-bale reduction in Texas.

Domestic mill use is unchanged, but exports are raised 400,000 bales to 15.0 million as world consumption and U.S. export sales rise. Ending stocks are 1.5 million bales lower, at 5.7 million or 33% of use. This stocks-to-use ratio would be 8 percentage points lower than in 2019/20, and the second highest since 2007/08.

Upland cotton's projected 2020/21 season-average price is 65.0 cents per pound, 1 cent higher than last month and 5.4 cents above 2019/20. Projected world 2020/21 ending stocks are 3.9 million bales lower this month, reflecting lower production and higher consumption. A 2.2-million-bale decline in global production is led by lower U.S. output and includes 500,000-bale reductions in both India and Pakistan in addition to other smaller adjustments.

Consumption is projected 1.6 million bales higher and, at 115.6 million bales, is expected to be 13% above 2019/20's depressed level. Compared to last month, 2020/21 consumption forecasts are 1.0 million bales higher for India and 500,000 bales higher for China, with smaller changes for Pakistan and Thailand.

World trade in 2020/21 is projected more than 300,000 bales higher this month, with increased imports for China and Pakistan more than offsetting lower forecasts for Bangladesh, Thailand and Indonesia. World ending stocks are now forecast at 97.5 million bales – 1.9 million lower than in 2019/20.

Source: cottongrower.com– Dec 10, 2020

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China's factory prices fall at slower pace in November, consumer prices decline

China's factory gate prices fell at a slower pace in November, adding to signs that the economy continues to recover from the COVID-19 pandemic, but consumer prices declined for the first time in over a decade on falling food prices.

The producer price index (PPI) fell 1.5% from a year earlier, the National Bureau of Statistics said in a statement on Tuesday. The index was expected to ease 1.8%, according to the median forecast in a Reuters poll, after a 2.1% drop in October.

The consumer price index (CPI) unexpectedly fell 0.5% in November from a year earlier, the first decline since October 2009, after rising 0.5% in October.

Analysts in a Reuters poll forecast no change in consumer prices, and the 0.5% fall was lower than any individual forecast in the poll.

The fall in year-on-year CPI was mostly driven by volatile food prices, which dropped 2% from a year ago in November. Core inflation - which excludes food and energy costs - remained benign last month at 0.5%, unchanged from October.

China has seen a steady recovery since it was hard hit by the pandemic in the first quarter of 2020, when authorities imposed lockdowns and travel restrictions to contain the virus.

Recent data showed China's exports grew at the fastest pace in almost three years in November while manufacturing activity also expanded at its quickest rate in more than three years that month.

But some analysts say the recovery has been uneven, with certain sectors struggling with the appreciation of the yuan or with still tepid global demand.

Source: economictimes.com– Dec 09, 2020

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USA: Retail Apparel Prices Rose in November, Breaking Two-Month Slide

Retail apparel prices rose a seasonally adjusted 0.9 percent in November after declining the previous two months, the U.S. Bureau of Labor Statistics (BLS) reported Thursday in its Consumer Price Index (CPI).

The increase was seen in all sectors except women's apparel, which posted a 0.6 percent decline for the month. Within women's, prices for dresses were up 3.1 percent and increased 1.2 percent for the underwear, nightwear, swimwear and accessories group, while outerwear cost 1.8 percent less and suits and separates prices declined 2.7 percent.

Men's wear prices rose 2.1 percent, with increases of 3.7 percent in shirts and sweaters; 1.2 percent in suits, sport coats and outerwear, and 1.9 percent in pants and shorts. Bucking the trend was the underwear, nightwear, swimwear and accessories group, which saw prices drop 2.4 percent.

Girls' apparel prices rose 2.7 percent in November, boy's clothing cost 1.3 percent more, and infants' and toddlers' apparel increased 3.5 percent.

Footwear prices also rose in the month, up 1.4 percent on increases of 5.5 percent in boys' and girls' shoes, and 0.8 percent in women's wear, tempered by a 1.1 percent dip in men's apparel.

The pricing power demonstrated in the month could be attributed to a strengthening of demand–the National Retail Federation's calculation of core retail sales showed October was up 0.2 percent seasonally adjusted from September–and solidifying raw materials costs.

Spot prices for U.S. cotton averaged 67.56 cents per pound for the week ended Dec. 3, according to the Department of Agriculture. The weekly average was down from 68.19 cents per pound the prior week, but up from 60.04 cents a year earlier. The producer price index for finished fabrics ticked up 0.1 percent in October from the previous month and were up 1.2 percent compared to October 2019, according to BLS.

The overall CPI increased 0.2 percent in November on a seasonally adjusted basis after going unchanged in October. Over the past 12 months, the CPI rose an unadjusted 1.2 percent.

The core index, excluding food and energy, also rose 0.2 percent in November. The energy index, important for company operations and transportation, rose for the sixth month in a row in November, increasing 0.4 percent.

Source: sourcingjournal.com– Dec 10, 2020

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Ocean Freight Sees Five-Day Delays Amid Strengthening Q3 Global Trade

While freight rates on major East-to-West ocean shipping routes have climbed higher through the second and third quarters, carrier service levels and on-time arrivals of container ships have plummeted amid increasing demand to close the holiday season. Through the end of the third quarter, on-time carrier reliability was below 50 percent on shipments from Asia to the U.S. East and West Coasts and down 69 percent for Asia to Northern Europe, according to data from Sea-Intelligence Maritime Analysis.

A report from CBX Software cited Sea-Intelligence Maritime Analysis in revealing that container ships were on average five days late in September and have continued to reduce capacity through the Covid-19 pandemic, which has kept prices high but left importers frustrated.

Importers are also dealing with port congestion, particularly in highly trafficked areas such as the Port of Los Angeles, on top of unpredictability in inventory forecasting and replenishment. Based on limited capacity, container shipping rates and service are unlikely to improve until well into 2021, the report says.

The Q4 2020 Retail Sourcing Report Forecast said that although it appears the supply chain is on the road to recovery through the fourth quarter and into the year ahead, companies still face a rocky road getting there.

Global trade in the third quarter dropped 5 percent year over year, and while this is a big improvement from the second quarter's 19 percent year-over-year drop, overall world trade for the full year is still expected to contract by 7 to 9 percent relative to 2019, according to data from United Nations Conference on Trade and Development (UNCTAD).

China carries Asia-Pacific region in economic, trade growth

The silver lining is that these numbers reflect a better-than-expected outcome, with manufacturing in Asia recovering more quickly than expected and demand for goods continuing to strengthen in North America and Europe. The International Monetary Fund (IMF) forecasts a 2.2 percent economic contraction for Asia in 2020, with China keeping the region afloat with 1.9 percent growth.

After the market's exports plummeted in the first quarter, they have since picked up in the remainder of the year, with UNCTAD projecting overall year-on-year growth of around 10 percent.

Chinese imports also grew strongly through the third quarter, reaching 13 percent growth in September. China also carries a Purchasing Manager's Index (PMI) of 53.0 in the month (higher than all East Asian markets, with a reading above 50 indicating growth), with new manufacturing business growing at the fastest rate since 2011.

On the other hand, both South and West Asia saw imports drop by 23 percent and exports declined by 29 percent during the month. Vietnam, which saw PMI jump from 45.7 in August to 52.2 in September, remains the only other Asian country seeing economic growth. In the third quarter, the nation's GDP rose by 2.62 percent, with exports increasing 11 percent.

Garment producing countries such as Bangladesh and Cambodia continue to be hard hit by cancelled orders and factory shutdowns, which have resulted in mass unemployment, growing hunger concerns and social unrest. Meanwhile, the economies of the Philippines (8.3 percent), Thailand (7.8 percent) and Pakistan are all set to contract in 2020, according to the IMF.

But apparel-related inspections plunge 15 percent

While sourcing and global trade picked up dramatically through the third quarter to meet demand, inspection and audit trends suggest that the recovery scramble has meant a sacrifice on sustainability and social compliance, according to data from quality inspection provider Qima cited in the forecast.

Demand for inspections in China grew at the rate of 11 percent in the quarter year over year, driven heavily from U.S. and European buyers in the electrical and electronics sectors.

However, there was significantly lower demand for inspections—actually decreasing 15 percent—in the Chinese textile and apparel sector, as apparel production continues to shift to lower-cost countries such as Bangladesh, Vietnam and others.

Overall, Southeast Asia saw a pickup in demand for inspections of 10 percent year over year, with growth in Myanmar, Indonesia, the Philippines and Vietnam, all of which took business from China. South Asia also saw growing demand for inspections and audits, led by Bangladesh where inspections grew 86 percent in September.

When it comes to inspecting products, it appears that apparel and textiles are the most examined merchandise worldwide, according to the Qima data. As a percentage of total inspections, adult garments were the top products inspected in China, Vietnam, the Philippines, Bangladesh, Pakistan, Turkey, India, Egypt, Peru, Nicaragua and Mexico.

While China's adult garments only comprise 12 percent of total products inspected due to the country's range of manufacturing capabilities, countries such as Egypt (90 percent), Peru (88 percent), Nicaragua (79 percent) and Mexico (70 percent) see the overwhelming majority of their inspections come in that category.

Cotton production dips in October, but prices see stable increase

The CBX Software report also cited Cotton Inc. data to touch on the decline in global cotton production, which has dipped slightly from 117.2 million bales in September to 116.3 million bales in October. While the big four of India, China, the U.S. and Brazil largely held firm in their production, Pakistan saw production slip from 6.2 million bales to 5.8 million bales. The rest of the world saw a month-over-month decrease in output from 24.7 million bales to 24.2 million bales.

The declining global cotton production coincides with an increase in global mill-use (1.5 million bales to 114.2 million) throughout the third and fourth quarter of 2020. This has led to a 2.7 million bale reduction for 2020/2021 forecasts, which still leaves cotton stockpiles as one of the highest on record.

Prices have increased steadily since pandemic-induced lows in early April and have held steady partly due to Hurricane Delta, which impacted the U.S. cotton belt. The New York Nearby, which represents contracts for future cotton deliveries, tabbed cotton at 67.6 cents per pound as of Oct. 9, a significant increase over the 62.6 cent per pound average in the 12 months prior. Similarly, the A Index, which is the derived as an average of the five cheapest prices among commonly traded cotton varieties, saw cents-per-pound increase from 71.2 to 73 as of Oct. 9.

While indicators are that cotton prices should continue to rise into 2021, volatility could arise from the transition to the Biden administration, ongoing U.S.-China (and U.S.-Vietnam) trade tensions and the length of recovery from Covid-19, the report concluded.

As prices for cotton continue to rise, synthetic fibers such as nylon and polyester fell dramatically throughout the third quarter on lower oil prices, currency devaluations and lower demand for finished goods from Asia, Europe and the U.S. Synthetic fiber prices in Asia fell by more than 20 percent year over year, with polyester most responsible for the loss.

Source: sourcingjournal.com– Dec 10, 2020

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Global trade a COVID-19 casualty: UNCTAD

The value of global merchandise trade is predicted to fall by 5.6 per cent in 2020 compared with last year, according to UNCTAD's latest nowcasts. This would be the biggest fall in merchandise trade since 2009, when trade fell by 22 per cent. This is a significantly more optimistic nowcast than only a few weeks ago when UNCTAD nowcasts were estimating a fall of 9 per cent.

The nowcasts – data-led projections for the immediate future – have been published on as part of UNCTAD’s comprehensive annual Handbook of Statistics for 2020, which presents the statistical landscape for 2019 with nowcasts for 2020.

However, the predicted decline in services trade is much greater, with services likely to fall by 15.4 per cent in 2020 compared with 2019. This would be the biggest decline in services trade since 1990, when this series began. In 2009, following the global financial crisis, services trade fell by 9.5 per cent. UNCTAD’s quarterly International Trade in Services Bulletin, which contains the latest detailed information, shows that this plunge has been driven by a considerable decline in travel, transport and tourism activity.

The handbook usually presents a wide variety of statistics relevant to international trade and development for the preceding year and has recently included nowcasts to anticipate the figures for the year of publication.

The coronavirus pandemic however transformed business as usual in 2020, increasing demand for up-to-date figures on the economic impacts while also impacting statistical modelling.

"Unlike previous years however, the models that nowcast international trade and GDP had to grapple with some of the most unusual circumstances in living memory," said UNCTAD's chief statistician Steve MacFeely. "So much so, the existing models broke down under the strain and had to be redesigned and rebuilt during the year."

The nowcast figures are telling however and paint a picture of the schism that happened in trade in both goods and services as a result of the coronavirus pandemic, with the figures still trending downwards at time of publication.

"While the handbook maps and presents the situation for global trade in merchandise and services, maritime, population, and other economic trends in 2019, there is a more pressing need to nowcast for the economic impacts of the pandemic," said MacFeely.

Source: fibre2fashion.com– Dec 10, 2020

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Britain signs free trade deal with Singapore

Britain signed a free trade deal with Singapore on Thursday, the latest in a series of agreements Britain is trying to broker around the globe as it prepares to end its transition out of the European Union on Dec. 31.

Britain's secretary of state of international trade Liz Truss and Singapore's trade minister Chan Chun Sing signed the deal at a ceremony in the Southeast Asian city-state.

Singapore deal comes as British Prime Minister Boris Johnson and the European Union's chief executive gave themselves until the end of the weekend to seal a new trade pact after failing to overcome persistent rifts.

Britain formally left the European Union at the end of January and has spent the year negotiating its future relationship with Brussels and striking trade agreements with major economies such as Japan and Canada.

The deal with Singapore largely mirrors a standing agreement the Southeast Asian nation has with the European Union. But it is an important deal for Singapore, which counts Britain among its top trading partners for goods and services globally and its top investment destination in Europe.

Source: financialexpress.com– Dec 10, 2020

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Finished home textiles in great demand, enterprises expand production capacity

In the era of large home furnishings, relying on the advantages of a complete textile industry chain, Keqiao Home Textiles has also transformed from the initial sale of curtain fabrics to finished products and branding. From finished curtains to pillows, blankets, tablecloths, wall coverings, etc., the categories are becoming more and more abundant. The added value continues to increase, and the industrial competitiveness continues to increase.

Affected by the epidemic this year, foreign trade exports have encountered challenges. Recently, the reporter found during a visit that home textile companies that produce finished curtains, blankets, and pillows have surged in orders, and at the same time new problems of shortage of personnel have emerged. To this end, finished home textile companies are stepping recruiting to expand production capacity, while focusing on product development to enhance bargaining power, and are also embarking on intelligent transformation to accelerate transformation and upgrading, and strive to sprint exports in the fourth quarter.

Recently, at the door of Youmeng Home Textile Co., Ltd. in Keqiao District, there are cars coming and going every day. In order to catch up with production, the company accelerated the pace of production. Originally, only one cart of fabrics were sent in a day, but now it has increased to three or four carts. After finished products, about 30,000 curtains are sent to the United States, Europe and other places in a container every day.

Affected by the epidemic, foreign lifestyles and consumption habits have changed. With the increase in living time at home and the increase in online shopping, orders for finished curtains of “Youmeng Home Textiles” have surged since July this year, and the export value is expected to increase this year. An increase of 30 million yuan. “At present, our production capacity is 400,000 to 500,000 pieces per month, and the actual production capacity requires 800,000 pieces a month,” said Xie Xinwei, general manager, but due to the shortage of personnel, the production capacity cannot keep up.

This situation also happened in Shaoxing Qixi Import and Export Co., Ltd. “Qixi Import and Export” mainly deals in household products such as blankets, pillows, cushions, and cushions, which are exported to Europe, the United States, and South America. “This year the company has 20% fewer employees, but the number of orders has increased by 30%-40% compared to last year.” Hu Bin, the company’s chairman, said that due to the epidemic, it is difficult to recruit employees this year. After the increase in orders, the company wants to expand production capacity, but suffers Staff shortage.
Enlarge recruitment to expand production capacity, “machine substitution” to increase efficiency.

In order to ensure that these hard-won orders are delivered on time, recently, “Youmeng Home Textiles” has not only extended working hours, but also advertised recruitment information and added a new workshop to expand production capacity. Xie Xinwei and the company’s management are soaking in the workshop every day, working overtime with employees, keeping an eye on production efficiency and product quality.

Facing the shortage of personnel, Shaoxing Qixi Import and Export Co., Ltd. plans to implement "machine substitution" ahead of schedule. Hu Bin told reporters that the company plans to invest 8 million yuan to purchase two intelligent assembly lines next year, and has already negotiated with equipment suppliers many times. In his view, for the company to develop for a long time, intelligent transformation is the general trend.

In recent years, Keqiao District has actively implemented the requirements of the three-year action plan for the intelligent transformation of key enterprises in Shaoxing City, and implemented the entire chain of transformation and upgrading in the fields of spinning, weaving, and clothing processing. Following the completion of the intelligent transformation of the first batch of 65 key enterprises last year, another 83 key enterprises are implementing intelligent transformation this year.

In order to retain customers for a long time, in Hu Bin's view, the core competitiveness is still the product. "In the international competition, our development and design capabilities are most valued by major European and American customers." In the company's showroom, Hu Bin took out a recycled flannel waist pillow, which looked like an ordinary small waist pillow. But there are great things inside. "Its raw material is not polyester yarn, it is a renewable fiber made from recycled Coke bottles and mineral water bottles."

Coke bottles and ordinary polyester filaments are all extracted from petroleum. In order to reduce plastic pollution, current international brands are promoting the use of renewable materials. The Global Recycling Standard (GRS) certification label on the waist pillow is proof. In recent years, the company has hired foreign designers to use renewable fibers to develop a series of products such as recycled flannel blankets, recycled coral fleece blankets, and recycled soft cotton velvet cushions, which have won the favor of European and American customers.

Global textiles is mainly in China, and Chinese textiles are in Keqiao. In recent years, the home textile industry has become a backbone of the development of Keqiao textile industry. In the era of large home furnishings, relying on the advantages of a complete textile industry chain, Keqiao Home Textiles has also transformed from the initial sale of curtain fabrics to finished products and branding. From finished curtains to pillows, blankets, tablecloths, wall coverings, etc., the categories are becoming more and more abundant. The added value continues to increase, and the industrial competitiveness continues to increase.

Source: digitaljournal.com– Dec 09, 2020

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Industry hails granting of GSP benefits to Sri Lanka

Government officials, investors and textile union representatives hope that the Generalized System of Preferences (GSP) granted to Cambodia by the UK will help counteract the partial withdrawal of the Everything But Arms (EBA) deal with the EU.

They expect the granting of GSP status to give exports from the Kingdom duty and quota-free access to UK markets starting from 2021.

Oknha Lim Heng, Vice-President, Cambodia Chamber of Commerce said the GSP represents an opportunity to refresh investor outlooks in the UK towards the Kingdom, particularly with regard to Cambodia's main exports, namely textiles, footwear and milled rice.

Sok Sopheak, Secretary of State, Ministry of Commerce, said that Cambodia officials and business people will engage their UK counterparts in discussions on the import and export process, both during and after the pandemic.

Kaing Monika, Deputy Secretary-General, Garment Manufacturers Association in Cambodia also applauded the move, noting that the GSP is set to deliver a much-needed boost to the textile industry, one of the main exports from the Kingdom to the UK.

Source: fashionatingworld.com– Dec 10, 2020

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Uganda: Cotton Exports Recover From Months of Slump

Cotton exports in both value and volume recovered from a slump, surging in the period ended October, according to data from Bank of Uganda.

Bank of Uganda data indicate that cotton earnings, which is one of Uganda's traditional exports, in October surged to $5.9m (Shs21.8b) recovering from a slump of $0.13m (Shs481m) in May, the worst performance since October 2016 when the country fetched only $0.12m (Shs444m).

During the period, the report indicates, Uganda exported 25,289 bales up from 519 bales in May.

Ms Damalie Lubwama, the Cotton Development Authority principal monitoring and information manager, told Daily Monitor, cotton demand was low during March, April and May, noting the cotton calendar tends to be more active towards the end of the year.

"The current rise in volume and value is because we are entering a 2021 marketing season," she said, noting there has been increased demand by apparel manufacturers, especially in Asia and Europe.
Cotton is one of Uganda's traditional cash crops, earning the country both export income and boosting the country's local textile and apparel industry.

It is estimated that the cotton value chain employs about 2.5 million people, working mainly in the production and marketing of primary products, such as textiles and garments and by-products, such as soap, edible oil and animal feed.

However, the industry, which had for years been a beacon of Uganda's rising export market, has gone through headwinds and is being worsened by Covid-19 that has largely affected global markets. Ms Lubwama said the industry is experiencing a reduction in demand as apparel manufacturers see a fall in demand for finished products such as clothes.

"People are buying less clothing because of the loss of jobs and closure of shops," she said.

According to a survey conducted among 700 companies worldwide by the International Textile Manufacturers Federation, all regions of the world have suffered significant cancellations and or postponements of orders.

The survey indicates that companies expect their turnover to be significantly lower than in 2019.

Challenges

The cotton industry, according Ms Lubwama, has also been affected by climate change, noting that whereas this was a marketing period, rains in other parts of the country have affected production. "Right now, we have entered the marketing season but in some areas, it's still raining and this in a way affects the quality of the cotton," She shared.

Ms Lubwama also noted that fluctuation in prices continues to impact the industry. Currently, a kilogramme of cotton at farm gate costs Shs1,500 down from Shs2,000. Uganda average production capacity stands at 200,000 bales annually.

Source: allafrica.com – Dec 10, 2020

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Pakistan: Setting up of textile city proposed

The textile sector serves as the backbone of Pakistan's industrial base as it has about 60% share in total foreign exchange earnings and 40% of the workforce is employed by it, said Pakistan-China Joint Chamber of Commerce and Industry (PCJCCI) President SM Naveed. Speaking to the media on Wednesday, he proposed the establishment of Pakistan Textile City to attract local and foreign investment.

He also requested the government to focus on the project as it would not only help stabilise the economy but would also pave the way for the development of other industries related to textile.

On the occasion, PCJCCI Senior Vice President Daud Ahmed said Pakistan Textile City would be a public-private joint venture to be governed by the government in order to develop an industrial zone near the seaport dedicated for the value-added textile sector.

Source: tribune.com.pk– Dec 10, 2020

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NATIONAL NEWS

India's container trade severely impacted on low supply, demand this year: Maersk

Indian containerised trade has been severely impacted this year owing to the staggered supply and demand shocks across geographies along with challenging economic indicators, global container logistics major Maersk said on Thursday.

The overall recovery in imports and exports is expected in the first half of the next year, it added. Maersk also said that while the exports witnessed a strong rebound on the back of rising demand for textiles and apparel, the imports remain subdued, with signs of slow recovery coming in towards the end of the year.

COVID-19 pandemic put the world through unprecedented challenges, leading businesses to reimagine their operations. The pandemic also highlighted the significance of global trade and the inter-dependence of nations, bringing to fore the importance of the logistics sector as essential for the continued delivery of critical supplies in times of crisis, and for enabling economic recovery, Maersk said in a release.

Owing to the staggered supply and demand shocks across geographies, combined with challenging economic indicators in the second and third quarter of 2020, Indian containerized trade has been severely impacted, it said.

As trade continues to navigate foggy conditions, the most recent trends indicate that an overall recovery of import-export trade in India will begin in the first half of 2021, Maersk said.

During Q3 of 2020 (July to September), the Indian containerised trade contracted by about eight per cent as compared to the same period last year. However, compared to Q2, there has been a 31 per cent increase in volumes, indicating that trade is on a path of recovery, the release stated.

Exports grew 14 per cent over Q3 of last year but were 47 per cent higher than Q2 of 2020, it said. Imports are, however, 28 per cent lower than Q3 of 2019, but have recovered by more than 30 per cent from Q2 2020, IT ADDED.

"Changing patterns in retail behaviours are reshaping the supply chain trends to an extraordinary extent, leading to a growing focus on risk mitigation and resilience-building, while dealing with threats of growing trade protectionism.

"China + 1′ sourcing strategies are benefitting South East Asian countries, and there is much potential for India to take advantage of this shift," Steve Felder, Managing Director, Maersk South Asia, said.

Key factors favouring this development are the government's initiatives to attract investments, focus on developing port and landside infrastructure, technology adoption and automation, lower labour costs and availability of raw materials, he added.

The rising demand for Indian textiles and apparels, especially to the North American markets, has driven tremendous growth in exports in the September quarter, the company said.

Apparel and textiles contribute a quarter of exports to North America, and these volumes delivered a growth of 10 per cent over the same quarter last year, it said, adding the exports of these two to the Mediterranean markets also grew by 10 per cent.

Other commodities that witnessed growth in exports include tile, stone and glass to the North European region, and seeds, beans, cereal and flour to the Middle East and Mediterranean countries, Maersk said.

The third quarter of 2020 was yet another quarter when imports were lower than the same period in 2019, however, there is some growth compared to Q2 of 2020, as per the release.

Imports of commodities such as paper, metal, appliances and kitchenware have increased since the last quarter, though they are far below the levels in the same period last year, it added.

Source: financialexpress.com – Dec 10, 2020

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Fall in imports leads to container shortage

Soaring freight rates to get empty boxes seen impacting shipments

A sharp drop in import volumes compared to exports has led to a shortage of containers for exporters from India resulting in soaring rates for 'empties' in the last three months.

According to TS Ahluwalia, President, North India Shipper Association (NISA), "Now, shipping lines have to specially bring empty containers to India from various parts of the world and that freight cost has to be paid by exporters." Exporters are thus seeing a sharp surge in freight rates, he added.

Export viability hit

In fact, for produce with lower margins — like rice — higher shipping charges can reverse export feasibility, said Ahluwalia. Import of low-cost products from China, that used to occupy a large number of containers, has dropped or is getting stuck (due to delays in Custom clearance), which is adding to shortage of empty boxes.

Exporters, wherever possible, are resorting to sending their cargo to ports from where they can be stuffed into containers, instead of getting containers to their factory in the hinterland and filling them.

"Earlier, for exports to three major trading hubs for India —Dubai, Hong Kong and Singapore — the containers could be had at freight rates of $10-100 per twenty foot equivalent unit sized box.

However, due to the imbalance, freight rates to get containers also have soared exponentially," Ahluwalia, who is also Convenor, Port and Logistics Committee, Federation of Indian Export Organisations (FIEO), told BusinessLine.

Demand forecast issue

A large port on the West coast is receiving approximately 70,000 empty containers a month especially to meet the demand from exporters since September. Totally, shipping lines plan to bring in about four lakh empty containers per month to India.

In fact, another challenge is exporters are unable to provide an advanced demand forecast to shipping lines about the number of containers they require, said Ahluwalia.

Importers — who get two weeks of free time to empty cargo from their containers — are not in a hurry to free up the containers early as the demurrage charges for the first week after the two-week free period is low. Moreover, the faceless Customs approval process — the online approval — which was put in place recently has not yet been streamlined and is taking more time, said Ahluwalia.

Source: thehindubusinessline.com – Dec 10, 2020

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View: There's no hurry for India to sign the RCEP, given its unresolved issues with FTAs

The signing of the Regional Comprehensive Economic Partnership (RCEP) by 15 countries, including Australia, New Zealand, Japan, China, South Korea, Vietnam and Thailand, on November 15 has triggered a wave of angst. Has India missed the bus? Will we be out of the global value chain?

It's worthwhile to pause and recall the statement issued in November 2019 when India opted out of the partnership: 'India has significant outstanding issues which remain unresolved.' While GoI has not spelt out the details of the 'unresolved' issues, it is evident that these issues emerged out of the experience New Delhi had from the 16 free trade agreements (FTAs) entered in the past.

The India-Asean (Association of Southeast Asian Nations) FTA, India's biggest, witnessed a trade deficit that rose from $5 billion in 2011to $22 billion in 2019. In the same period, the India-Japan FTA saw the deficit increase from $4 billion to $8 billion, and the agreement with South Korea from $8 billion to $12 billion.

As the NITI Aayog paper, 'A Note on Free Trade Agreements and Their Costs' , points out, India's exports to FTA countries have not outperformed overall export growth, or exports to the rest of the world. Only about 22% of exports are to FTA partner countries. So, while undoubtedly exports are essential and necessary, FTAs have not entirely served that purpose.

On the contrary, nearly 30-35% of all imports are from FTA partners, with a corresponding cost in terms of revenue impact being about Rs 65,000 crore for 2019-20. This, apart from the damage that imports at preferential rates of duty have caused to the domestic industry.

India has FTAs with 13 of the 15 RCEP countries — including China. The Asia-Pacific Trade Agreement (Apta), a grouping of seven countries, has China as a member. The average margin of preference — the difference between the tariff applied across countries and the preferential rate applied for partner free trade countries — in Apta is 33.45%.

So, China, with whom we have a trade deficit in excess of $55 billion, has access at preferential rates for more than 2,000 product lines. Negotiations with Australia and New Zealand for finalising an FTA are going on. Thus, not joining RCEP has not shut out FTAs. We can continue to take advantage of the FTA route and, more importantly, renegotiate to iron out issues.

The fear of not being part of the global value chain is also misplaced. Apart from the 16 operational FTAs, India has dramatically relaxed warehousing provisions. Regulations are in place that now permit duty-free import of goods for in-bond manufacture and export or domestic clearance. Several multinationals have moved in under this scheme.

Special economic zones (SEZs) and export-oriented units (EOUs) that similarly permit duty-free imports for exports are still in existence. Further, India is signatory to the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA). These are commitments given to ensure speedy clearance of imported goods, and to simplify processes. They aim at positive integration between countries. The grim consequences painted of not joining RCEP are, therefore, grossly exaggerated.

The share of manufacturing in India's GDP has remained stagnant at around 16% of GDP (having fallen from 19%). A vibrant domestic manufacturing sector is essential for a country to grow. In an ideal situation, it should be in excess of 26% of GDP. As per the World Economic Forum's (WEF) Global Competitive Index (GCI) for 2019-20, India figures 68th out of 141countries. Of the 15 members in RCEP, 12 are ahead of India in this ranking.

India needs to make its exports competitive by creating the necessary comparative advantage. While its domestic industry needs protection, protectionism is not the answer. It would make eminent policy sense to identify the industries that need protection. A clear road map should be placed in the public domain of the tariff protection, and the time period up to which this protection will be available.

Industry-specific, calibrated response with unambiguous sunset clauses should be the way forward. India should be acutely aware that RCEP is China-driven. And it should not forget that in an extraordinary gesture, the RCEP countries have issued a statement keeping the door open for accession by India. Geopolitical considerations may have prompted this. Australia and Japan would very much like India to act as a counter to China.

So, if unresolved issues remained and India's experience with FTAs was not satisfactory, it made sense not to rush into a monster trade agreement. It should wait and watch how RCEP pans out. When India's concerns are addressed, it can consider joining it. Not before that.

Source: economictimes.com– Dec 10, 2020

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India has huge potential, it's a destination for a good investment: Gadkari

Union Minister for Minister of Micro, Small and Medium Enterprises (MSME) Nitin Gadkari on Thursday said that India was a destination with huge potential for attractive investments and urged people to invest in MSMEs in the country.

While speaking at the virtual Pravasi Bharatiya Divas Conference, Gadkari added that with the world moving production away from dealings in China, India was the next best alternative.

"I request all of you to please invest in MSMEs doing an excellent job. You will get good returns. With huge potential, India is a destination for a good investment. We know that the whole world is not very interested in dealing with China at the moment, so the next alternative available is India. We have the availability of huge raw materials, talent and young manpower," he said.

He also elaborated on what he called the four most important sectors for industry development - water, power, transport, communication.

"India has a lot of surplus power and are working towards more sustainable means like solar energy. Water is also available. Communication is doing very well and the country is moving towards 5G. Network connectivity has reached the village level. The road sector is also moving very fast. We are making 30 kms of roads per day," he said.

He further extended his greetings to those attending the Conference, saying that this was a golden opportunity for them.

"We can create associations and joint ventures. We are ready to support all types of initiatives, and you can all expect good cooperation from the side of my ministry. Together with the help of all stakeholders, we can make India the number one economy in the world," Gadkari said.

"I am confident that we will soon achieve Prime Minister Narendra Modi's mission of Atma Nirbhar Bharat," the minister said.

Source: business-standard.com– Dec 10, 2020

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Odisha government allots land to 28 MSME projects

The Odisha government on Thursday allotted land to 28 projects, having a total investment layout of around Rs 588 crore with a direct employment potential of 3,245 people, officials said.

The high-level land allotment committee sanctioned land for different units, mostly in the micro, small and medium enterprises (MSME) sector, they said.

“The projects requiring land allotment are mostly MSME units from varied sectors like seafood processing, IT and ITES, automobiles, agro-food processing, tourism, light engineering, warehousing, seed processing and manufacturing, Industrial Development Corporation of Odisha CMD SK Singh said.

These projects have been recommended by the State Level Single Window Clearance Authority (SLSWCA), the District Level Single Window Clearance Authority (DLSWCA) and different nodal agencies, he said.

While giving the nod for allotment of land to the units, Chief Secretary AK Tripathy directed the entrepreneurs to complete their construction works within the scheduled timeline.

He also directed departments concerned to extend facilitating support for early grounding and commissioning of the projects.

Twelve investment projects were recommended by the SLSWCA and the nodal agencies, and sixteen projects recommended by DLSWCA were considered for land allotment, officials said.

The major units that received land include B-One Business House Pvt Ltd for a seafood processing unit and Falcon Marine Exports for a shrimp processing unit at Seafood Park in Deras, UBN Software Solutions Pvt Ltd in Infovalley-II, and World Skill Center in Mancheswar Industrial Estate.

Source: financialexpress.com– Dec 10, 2020

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FM lauds concerted efforts resulting in higher procurement and payment of over Rs 21000 crore to MSMEs upto November

Union Minister of Finance Smt Nirmala Sitharaman reviewed the situation about payment to the MSMEs and expressed satisfaction and appreciation on the excellent work done by the Ministry of MSME. As part of Prime Minister of India's vision the Finance Minister had announced Atma Nirbhar Bharat package in May, 2020, it was also stated that the MSME dues should be paid in 45 days.

Since the month of May 2020, regular follow-up and concerted efforts have been made by Government of India, particularly by the MSME Ministry for payment of these dues. Particular focus was placed on Central Public Sector Enterprises (CPSEs) and the Central Government Agencies for payment of dues to MSMEs. As a result, over Rs 21000 crore of MSME dues have been paid in past 7 Months since May 2020 by the Central Govt Agencies and CPSEs. The highest level of Procurement was achieved in October of over Rs 5100 crore and payment of over Rs 4100 crore. Going by the reports received in first 10 days for November 2020, this level of performance is expected to be surpassed as Procurement of about Rs 4700 crore and payment of about Rs 4000 crore have already been reported. Following table provides details in this regard:

Efforts made in respect of clearing MSME dues include several round of letters written to the GoI Ministries and CPSEs by the Secretary, MSME, followed by personal talks and persuasions. The efforts of the MSME Ministry found strong support from PMO and Cabinet Secretary, who wrote letters to the CPSEs and Government agencies. An on-line reporting system was developed by the Ministry for the CPSEs and Government of India Ministries to report details of total transactions, total payment as well as pending dues at the end of every month.

Report of seven months (May-November, 2020) indicates that:-

● Procurement by Central Government Agencies and CPSEs from MSMEs is on the rise and in fact, it has gone up by almost 2.5 times since May 2020;

● Payments to MSMEs have also gone up proportionately;

● The pendency of payment has gone down in terms of percentage against procurement value;

● The report for October had shown maximum transactions since May;

● However, reports in December show better trend in November as per just 10 days of reporting.

The Ministry of MSME has complimented the Government of India Ministries, Departments and the CPSEs for their support to the MSMEs. This support was important particularly in the months of September and October. Because with these cash flows, the MSMEs were supposed to produce goods and services which could be particularly sold during the festival time. MSME Ministry had requested the Corporate sector to help the MSMEs during the festival season because the earning during these festivals would sustain many MSMEs for the whole year. This support has also helped many MSMEs and Village Industries to do better business than even the previous year.

Source: pib.gov.in– Dec 10, 2020

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Poll: Nov retail inflation expected to stay above 7%, economists say

'Nov reading likely to be lower than Oct following some moderation in prices of vegetables and pulses'

India's retail inflation probably fell in November from October but remained above the Reserve Bank of India's target, amid high food and petrol prices, a Reuters poll of economists showed.

Retail inflation has stayed above the central bank's comfort zone of 2 per cent to 6 per cent for seven consecutive months, a streak not seen since August 2014.

The December 4-9 poll of 48 economists forecast a drop in inflation in November to 7.10 per cent from 7.61 per cent in October, which was the highest since May 2014.

If realised, November's rate would be above 7 per cent for the third consecutive month.

"Inflation for November is likely to be lower than October as there was some moderation in prices of vegetables in particular as well as pulses," said Madan Sabnavis, chief economist at CARE Ratings. "On the upside, petrol prices had increased which worked in the other direction."

At its December 2-4 meeting, the RBI kept its key repo rate at 4 per cent and the Monetary Policy Committee retained its accommodative stance while ensuring ample liquidity, playing a delicate balancing act of curbing high inflation and bolstering a nascent economic recovery.

The central bank also said inflation would remain elevated.

"There is still a lot of liquidity sloshing around in the system, which in combination with normalising economic activity might produce a dangerous inflationary cocktail," said Hugo Erken, head of international economics at Rabobank.

The Indian economy will suffer its worst contraction on record this fiscal year, and recent government stimulus does not go far enough to significantly boost activity depressed by the coronavirus pandemic, according to economists polled by Reuters.

Asia's third-largest economy contracted 7.5 per cent in the quarter ending in September after declining 23.9 per cent in the April-June quarter.

The poll predicted industrial output rose 1.1 per cent in October from a year earlier on strong manufacturing production ahead of the festive season. In September, industrial production was in positive territory for the first time since February 2020.

Infrastructure output, which accounts for about 40 per cent of total industrial production, contracted 2.5 per cent in October.

Source: thehindubusinessline.com– Dec 10, 2020

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Exim trade in Kochi seek more mainline ship service

Colombo has been hit by the fall-out of the pandemic and a strike called by port workers recently had escalated the logjam - The Hindu

The export-import (EXIM) trade in Cochin Port is pushing shipping lines to start main line services in the wake of the worsening congestion at Colombo Port through which India ships three-fourths of its transshipment cargo.

The demand for direct services from Cochin Port comes after feeder ship operators plying between Cochin and Colombo cut services by half.

Colombo, a regional transshipment hub, has been hit by the fall-out of the pandemic, and a strike called by port workers recently had escalated the logjam, further delaying the turnaround of mainline vessels for transshipment.

Cochin Port Users Forum has asked shipping lines to connect their feeder service operating between India's East-West routes to Cochin Port and start direct service with transshipment cargo, thereby avoiding Colombo Port.

Prakash Iyer, Chairman of the Users Forum told BusinessLine that the trade is losing heavily because of the delay in Colombo, resulting in a surge in freight rate to $4,000 for 40-ft containers and $2,300 for 20-ft containers. The increase was almost 100 per cent compared to 2019 rates, he said.

To ease the situation, Iyer urged the authorities to make alternate arrangements for starting a common feeder service between Kochi and Singapore so that transshipment cargoes from these regions can be moved from Far Eastern ports. He also pointed out that the absence of empties has forced exporters to bring in boxes by road and move it to Chennai for sailing, incurring extra costs.

P Subramaniam, President, Coimbatore Custom House and Steamer Agents Association urged feeder vessel operators to ensure scheduled sailings between Kochi and Colombo and asked the terminal operator to give prioritised berthing for the time being.

He also requested the Cochin Port Trust authorities and the terminal operator to consider complete waiver of terminal ground rent as a temporary relief for the users.

"The port and DP World are in discussions with two major shipping lines for bringing direct mainline services. We are hopeful of getting those in the interim, ad hoc calls of mainline and feeders to continue, which will help the trade", a senior official in the port said.

An ad hoc feeder vessel is expected to call next week. Shipping lines are also evaluating various options for routing their containers, the official said adding, that the port is ready to facilitate in case of any support that the lines may require.

Kerala's seafood and coir exporters have also been hit ahead of the Christmas and New Year season. The situation has led to shortage of refrigerated containers, missed schedules and inventory holding has forced buyers to cancel orders, according to marine food product exporters.

Source: thehindubusinessline.com– Dec 10, 2020

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Walmart plans to increase exports from India to $10 billion by 2027

Global retail major Walmart on Thursday said it will triple its exports of goods from India to USD 10 billion each year by 2027. The expansion in sourcing will include helping develop new suppliers in categories such as food, pharmaceuticals, consumables, health and wellness, and general merchandise, along with apparel, homeware and other key Indian export categories, the company said in a statement.

The Bentonville-based firm said its new commitment to export “USD 10 billion of India-made goods each year by 2027” is expected to provide a significant boost to micro, small and medium-sized enterprises (MSMEs) in India, alongside ongoing efforts such as the Flipkart Samarth and Walmart Vriddhi supplier development programmes.

Announcing the commitment, Walmart Inc President and CEO Doug McMillon said as an international retailer that brings value to customers and communities worldwide, Walmart understands that local entrepreneurs and manufacturers are vital to the success of the global retail sector.

“And we see huge potential for Indian suppliers to grow their businesses by leveraging the unique scale and global distribution opportunity Walmart provides,” he added.

McMillon further said: “By significantly accelerating our annual India exports in the coming years, we are supporting the Make in India initiative and helping more local businesses reach international customers while creating jobs and prosperity at home in India.” It is also a way for Walmart to bring more high-quality, India-made goods to millions of customers all across the world, he added.

In order to accelerate exports from India, Walmart said it will strengthen the development of the supply chain ecosystem in the country, both by boosting existing exporters and by expanding the nation’s pool of export-ready businesses.

Stating that it has sourced goods from India for more than 20 years, Walmart said it brings global market intelligence and demand forecasts that help suppliers with strategic planning.

“This support has contributed to the global success of hundreds of companies, including Welspun, LT Foods and Aniket Metals, plus fast-growing export businesses like Global Green Company, and many more,” the company added.

Walmart said India is already one of its top sourcing markets with annual exports worth about USD 3 billion.

The company said India-made apparel, homeware, jewellery, hardlines and other popular products currently reach customers in 14 markets, including the US, Canada, Mexico, Central America, and the United Kingdom, via its Global Sourcing office in Bengaluru, which opened in 2002.

“As the sourcing hub ramps up over the next few years, the local team will be empowered to make an even greater impact for even more local businesses in a wider range of sectors,” it said.

Source: financialexpress.com– Dec 10, 2020

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Four more ICDs in Madhya Pradesh to strengthen logistics

Industrial Policy and Investment Promotion Minister Rajwardhan Singh Dattigaon discussed setting up depots in Satna, Katni, Jabalpur and Chhindwara to promote exports with Union minister.

Madhya Pradesh would be adding more inland container depots to strengthen its logistics infrastructure. Considering the fact that the concentration of container depots are in western and northern parts of state, new depots will be opened in the eastern and southern districts of the state.

Industrial Policy and Investment Promotion Minister Rajwardhan Singh Dattigaon said that setting up of inland container depot at four cities including Satna, Katni, Jabalpur, Chhindwara to promote exports from the state was discussed in a meeting with Union Minister of Commerce and Industry.

Dattigaon said that Madhya Pradesh is a landlocked state and the distance of ports is more. Considering convenience and demand of industrialists to promote exports, the need for inland container depots in the eastern and southern districts was being felt for quite long. Keeping this in view, it is proposed to establish inland container depot at the above four places from the centre.

There is a lot of export potential in the food processing and textile sectors in the eastern and southern part of the state. The establishment of inland container depot in these areas will not only increase the possibilities of new exports from the state, but will also expand the logistics capacity of the state.

Minister said that at present all the 7 inland container depots of the state are established in the northern and western parts. These include Pithampur, Mandideep, Malanpur, Ratlam, Pawarkheda, Dhannad and Tihi. But there is a lack of inland container depot in the eastern and southern part of the state.

Madhya Pradesh being a landlocked state has only option to strengthen its rail, road and air logistics. Inland container depot play important roles in such locations and specially considering central location of the state it gains more importance as a logistics and warehousing hub of the country.

Source: maritimegateway.com– Dec 10, 2020

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