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INTERNATIONAL NEWS

Hope amid uncertainty: On IMF's World Economic Outlook

The IMF's latest World Economic Outlook sums up the challenges ahead in the report's title: 'A long and difficult ascent'. With COVID-19 having already extracted a toll of over a million lives, accompanied by an evisceration of livelihoods and output in economies, prognosticating the economic future even as the pandemic rages on is an unenviable task.

The Fund's economists have gamely sought to make forecasts for world output through 2020, 2021 and into the medium term. While the global economy is projected to shrink 4.4% this year, reflecting a less severe contraction than the 5.2% drop estimated in June, output is seen rebounding at a marginally slower 5.2% pace in 2021.

The IMF has based its revision on "better-than-anticipated second-quarter GDP out-turns, mostly in advanced economies" where activity improved after lockdowns were eased, as well as signs of a stronger recovery in the July-September quarter.

But the IMF has been prudent in pointing out that even as the world economy ascends out of the depths it plunged to in April, following the worldwide lockdown, there remains the danger of a resurgence in infections that is prompting countries in Europe to reimpose at least partial closures. And the risks associated with predicting the pandemic's progression, the unevenness of public health responses, and the extent to which domestic activity can be disrupted, magnify the uncertainty.

Pointing out that the pandemic is set to leave scars well into the medium term 'as labour markets take time to heal, investment is held back by uncertainty and balance sheet problems, and lost schooling impairs human capital', IMF Chief Economist Gita Gopinath contends that global growth will gradually slow to about 3.5% in the medium term.

With the cumulative loss in output relative to the pre-pandemic projected path estimated to more than double to $28 trillion over 2020–25, efforts to improve average living standards are certain to be severely set back. Observing that the pandemic is set to widen inequality between economies and within nations, the Fund has urged greater international cooperation.

It is imperative for all countries to work closely to ensure that new treatments and vaccines are made available to all since wider and faster availability of medical solutions could boost global income by almost $9 trillion by end-2025, reducing income divergence, she says.

With no visibility yet on vaccine availability, the IMF has also stressed the need for policymakers to persist with direct income support for the most vulnerable and regulatory forbearance for stressed but viable firms. The message is clear. In a world as interconnected as it is today, the cost of economic insularity would only be more protracted pain for all.

Source: thehindu.com– Oct 17, 2020

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The Next China? India Must First Beat Bangladesh

India's Covid-19 economic gloom turned into despair this week, on news that its per capita gross domestic product may be lower for 2020 than in neighboring Bangladesh.

"Any emerging economy doing well is good news," Kaushik Basu, a former World Bank chief economist, tweeted after the International Monetary Fund updated its World Economic Outlook. "But it's shocking that India, which had a lead of 25% five years ago, is now trailing."

Ever since it began opening up the economy in the 1990s, India's dream has been to emulate China's rapid expansion. After three decades of persevering with that campaign, slipping behind Bangladesh hurts its global image. The West wants a meaningful counterweight to China, but that partnership will be predicated on India not getting stuck in a lower-middle-income trap.

The relative underperformance may also dent self-confidence. If a country with large-power ambitions is beaten in its own backyard — by a smaller nation it helped liberate in 1971 by going to war with Pakistan — its influence in South Asia and the Indian Ocean could wane.

Where have things gone wrong? The coronavirus pandemic is definitely to blame. Bangladesh's new infections peaked in mid-June, while India's daily case numbers are starting to taper only now, after hitting a record high for any country. With 165 million people, Bangladesh has recorded fewer than

5,600 Covid-19 deaths. While India has eight times the population, it has 20 times the fatalities. What's worse, the severe economic lockdown India imposed to stop the spread of the disease is set to wipe out 10.3% of real output, according to the IMF. That's nearly 2.5 times the loss the global economy is expected to suffer.

Fiscal squeamishness, an undercapitalized financial system and a multiyear investment funk would all delay India's post-Covid demand recovery. Worse, even without the pandemic, India might have eventually lost the race to Bangladesh. The reason is nested in a new paper by economist Shoumitro Chatterjee of Pennsylvania State University and Arvind Subramanian, formerly India's chief economic adviser, titled "India's Export-Led Growth: Exemplar and Exception."

Consider first the exceptionalism of India's growth. Bangladesh is doing well because it's following the path of previous Asian tigers. Its slice of low-skilled goods exports is in line with its share of poor-country working-age population. Vietnam is punching slightly above its weight. But basically, both are taking a leaf out of China's playbook. The People's Republic held on to high GDP growth for decades by carving out for itself a far bigger dominance of low-skilled goods manufacturing than warranted by the size of its labor pool.

India, however, has gone the other way, choosing not to produce the things that could have absorbed its working-age population of 1 billion into factory jobs. "India's missing production in the key low-skill textiles and clothing sector amounts to $140 billion, which is about 5% of India's GDP," the authors say.

If half of India's computer software exports in 2019 ceased to exist, there would be a furor. But that $60 billion loss would have been the same as the foregone exports annually from low-skill production. It's real, and yet nobody wants to talk about it. Policymakers don't want to acknowledge that the shoes and apparel factories that were never born — or were forced to close down — could also have earned dollars and created mass employment.

They would have provided a pathway for permanent rural-to-urban migration in a way that jobs that require higher levels of education and training never can. Bangladesh has two out of five women of working age in the labor force, double India's 21% participation rate.

A bigger danger is that instead of taking corrective action, politicians may double down on past mistakes and seek salvation in autarky: “Poorer than Bangladesh? Never mind. We can erect barriers to imports and make stuff for the domestic economy. Let’s create jobs that way.” Suddenly, the 1960s and ’70s slogan of self-reliance is making a return in economic policy.

It’s in dispelling this pessimism that the Chatterjee-Subramanian study comes in handy again: Contrary to popular belief, India has been an exemplar of export-led growth, doing better than all countries except China and Vietnam. The glass is more than half full.

Trade has worked for the country. It’s the composition that’s wrong, because of an unusual “comparative advantage–defying specialization,” the researchers show. India exports a lot of high-skilled manufacturing goods and services, such as computer software. But as the world’s factory, China is now ceding room to others at the lower end of the spectrum. That is where India’s opportunity — and the competitive advantage of its cheap and not particularly healthy or well-educated labor — really lies.

Source: washingtonpost.com– Oct 16, 2020

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USA: Apparel and Accessories Led September’s 1.9% US Retail Sales Uptick

Consumers surprised retailers and economists Friday as their proclivity to spend sent U.S. retail sales up 1.9 percent in September, representing the fourth month of gains.

Apparel and accessories stores led the advance, rising a seasonally adjusted 11 percent from August. That represented a sizable jump since August sales were up just 1.4 percent from July. Even sales at department stores saw strength, up 9.7 percent in September from August, which had slipped 2.2 percent from the July levels.

However, September’s data also represented a seasonally adjusted 12.5 percent decline year-over-year for apparel and accessories specialty stores. Sales at department stores also fell year-over-year, declining 7.3, seasonally adjusted.

In other categories, sales of sporting goods, music and books rose 5.7 percent, while electronics and appliances fell 1.6 percent in September, according to data from the U.S. Census Bureau.

And while retailers have touted online sales gains during the coronavirus outbreak, and expectations of continued digital strength, nonstore retailers for the month of September saw just a seasonally adjusted 0.5 percent increase from August. It was the year-over-year metric with a 23.8 percent jump that illustrates the notable consumer shift to digital once Covid-19 struck.

Monthly U.S. retail sales have been steadily ticking up since June, following the record monthly drops this spring during widespread store shutdowns.

“Retail sales are continuing to build on the momentum we’ve seen through the summer and have been boosted by an improving labor market, a rebound in consumer confidence and elevated savings,” Jack Kleinhenz, NRF’s chief economist, said. “A significant number of people remain unemployed, but more are going back to work and that makes them confident about spending.

September retail sales reflect the support of government measures and elevated savings that is being spent now that consumers are shopping again. With less spending on personal services such as travel and entertainment outside the home, some of that money is shifting to retail cash registers. All in all, these numbers and other economic data show the nation’s economy remains on its recovery path.”

Economists were expecting just a 0.7 percent September increase, a hair of an uptick from the 0.6 percent gain in August. September’s rise came a welcome surprise given that the extra $600 in weekly federal benefits for unemployed Americans ended on July 31, which some believed contributed to the low increase in U.S. retail sales for August.

September’s data gives retailers a bit of hope that the trend will continue and give Holiday 2020 sales a boost to help them capture a bit of what they lost when Covid arrived into town.

“Consumers continue to prove their resilience and strength through this pandemic. Retailers and consumers are adapting to the current environment, embracing shopping in different ways and focusing on specific categories,” Matthew Shay, president and CEO of the retail industry

trade group National Retail Federation, said. “We’re optimistic about the prospects for a strong holiday season, as people want something to look forward to and bring joy to their lives.”

Kearney’s Alex Fitzgerald says the retail sales numbers are “encouraging,” given the broad-based gains beyond electronics and appliances stores.

“The numbers also show the strongest August to September gains for clothing retail and department stores, which will be heartening for these retailers despite the figures still being significantly down versus Sept 2019,” Fitzgerald added. “The release of these numbers is especially relevant as retailers are in the midst of scenario planning for Holiday 2020 and many third-party consumer surveys are suggesting that consumers plan to spend less. This provides another, more optimistic data point for the retailers to triangulate against.”

Coresight Research founder Deborah Weinswig said that though “[a]pparel still struggles,” fashion might “be poised to rebound in Festival and Holiday season.”

She pointed to Coresight surveys suggesting that clothing sales stand to benefit from the return of the festival-themed shopping events around the year-end holiday season.

“Festivals draw big crowds: 40.6 percent of respondents planned to either browse or purchase during our 10.10 event, while 73.1 percent expected to either browse or purchase during Prime Day,” she added. “Festivals inspire people to make apparel and accessory purchases: Clothing and footwear were the top categories respondents planned to browse or purchase; 48.8 percent of respondents said they would browse or buy apparel or footwear during the shopping festivals.”

However, Fitzgerald cautioned against too much optimism solely based on one month’s data. “In terms of consumer spending, a great deal of uncertainty exists, with the overall financial security of the consumer as well as the virus itself,” Fitzgerald said, adding that Prime Day‘s unofficial kickoff to the holidays ushered in an “extended deal season” in which “retailers offering multiple sales can test the market and learn from them iteratively.”

“Retailers will have a lot to iron out in the coming months with returns, curbside pickup, and other Covid-related consumer demands,” Fitzgerald said.

Source: sourcingjournal.com– Oct 16, 2020

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Australian cotton industry upset with China's export shift

Cotton Australia and Australian Cotton Shippers Association, have announced that Australian cotton industry is working to understand apparent changes for cotton export conditions to China. It has become clear to the industry that National Development Reform Commission in China has been discouraging their spinning mills using Australian cotton.

"Our industry is working with the Australian Government, including the trade and agriculture ministers' offices, to investigate the situation and fully understand what is going on," Adam Kay, CEO at Cotton Australia and Michael O'Rielley, chair at Australian Cotton Shippers Association, gave joint statement in a press release.

"The Australian cotton industry has earned a reputation as a reliable international supplier of cotton with fast shipping times to export destinations and reliable delivery. Our crop is in strong demand internationally and can attract a price premium due to its high quality, excellent sustainability credentials, reliability and a proven track record in meeting manufacturer and consumer needs, including in China."

"Our industry's relationship with China is of importance to us and is a relationship we have long valued and respected. To now learn of these changes for Australian cotton exports to China is disappointing, particularly after we have enjoyed such a mutually beneficial relationship with the country over many years. Despite these changes to our industry's export conditions, we know Australian cotton will find a home in the international market," the joint statement said.

The Australian cotton industry has long enjoyed positive relationships with the many other countries it exports to, and the industry looks forward to continuing and developing those other relationships further.

"The Australian cotton industry will continue having meaningful conversations with stakeholders to fully understand this situation, and we will continue working with the Australian government to respectfully and

meaningfully engage with China to find a resolution," statement said in the release.

Source: fibre2fashion.com– Oct 16, 2020

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Australia says it's ready to talk to China about their trade dispute

Australia wants dialogue with China to resolve their trade dispute and clear up any misunderstandings with its largest trading partner, Australian agriculture minister David Littleproud told CNBC Friday.

Two Australian cotton industry groups said China has started discouraging its spinning mills from using cotton imported from Down Under.

"It has become clear to our industry that the National Development Reform Commission in China has recently been discouraging their country's spinning mills from using Australian cotton," Adam Kay, CEO of Cotton Australia, and Michael O'Rielley, chair of Australian Cotton Shippers Association, said in a statement.

ittleproud told CNBC's Will Koulouris that he will be writing to his counterpart in China to get clarity on the situation.
"I think it's important we get clarification before we jump the gun on this. That's why we are working with the industry and Beijing to make sure we get some answers," he said.

Two years ago, China added about 800,000 tons in additional cotton import quotas subject to a sliding duty to meet the demands of its textile industry, according to a U.S. Department of Agriculture report.

Under Beijing's commitments to the World Trade Organization, that means China is obligated to annually allocate 894,000 tons of cotton imports that are subjected to a 1% import tariff, the U.S. report from 2018 said. Any imports above that quota would incur a 40% duty and is not commercially viable for exporters given market prices.

"What we're concerned is there are reports that Chinese officials are telling millers not to give Australian cotton the opportunity to participate in that

initial quota," Littleproud told CNBC, adding the industry was working to ensure there are alternate markets available.

"So, Indonesia, Vietnam, and India all take significant portions of our cotton crop," he said, referring to a free trade agreement with Indonesia that was ratified months earlier.

Souring trade relations

Cotton is the latest agricultural product caught in the middle of the trade dispute between the two countries, after Australia earlier this year supported a growing call for an international inquiry into China's handling of the coronavirus pandemic.

China took a number of measures against Australian exporters this year. They include anti-dumping and anti-subsidy duties on Australian barley, an import ban on four Australian red meat abattoirs and reportedly giving state-owned utilities and steel mills verbal notice to stop importing Australian coal. Beijing has also launched investigations into imports of Australian wine.

China is Australia's largest trading partner in goods and services and accounts for about 27.4% of Australia's trade with the world, according to the Australian government. In 2019, trade between the two countries reached a record 252 billion Australian dollars ($178.5 billion), up 17.3% on-year. Australia and China signed a free trade agreement that went into effect on Dec. 20, 2015.

Littleproud ruled out short-term subsidy for farmers but said the Australian government was working to ensure they have the opportunity to spread out their risk. "We have said to our exporters whether they'd be caught in wine, barley, we provided up to 14 free trade agreements around the world and give you the opportunity to spread that risk. It is a commercial decision for our exporters in every industry to make that determination," he said.

"So obviously, they will make assessments around the risks of trading into China, as that obviously is another simple business principle, the greater the risk, the greater rewards you seek," Littleproud added.

Source: cnbc.com– Oct 16, 2020

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PRC yarn company Texhong shifts production line to Vietnam

Chinese yarn company Texhong is shifting its production line to Vietnam, partly due to the US boycott of cotton items originating in China's Xinjiang province. It recently started recruiting labourers in the Quang Ninh province for its latest $214-million project, Texhong Knitting Vietnam Ltd, part of its $500 million investment plan in Vietnam this year.

The first phase will get operational in late 2021, and the second phase will be constructed 20 months after that.

The Quang Ninh Economic Zones Management Authority granted investment certificates in May to the company, which will have an estimated annual production capacity of 82,500 tonnes.

According to Texhong Vietnam Industrial Zone (IZ), the company simultaneously went ahead with land clearance, infrastructure development and investment, a Vietnamese media outlet reported.

In Xinjiang, the yarn producer has been running a subsidiary named Xinjiang Texhong Foundation Textile Co., Ltd. Moreover, most of Texhong's Chinese cotton supplies are reportedly sourced from Xinjiang. Hence, under the US ban, cancelled orders for Texhong are a strong probability.

Texhong is also operating a garment company named Texhong Thai Binh Garment Co Ltd, whose current production capacity is 35 per cent of that seen last year. In September, the company manufactured about 400,000 items, far less than the previous average of 900,000. Since the health crisis broke out, its earnings have dropped by 30 per cent compared to previous years.

The establishment of Texhong's new garment manufacturing hub in Vietnam could aim to solve the origin issue of its garment products, for easier export to other markets.

Source: fibre2fashion.com– Oct 16, 2020

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Sri Lanka: Major expectations drop for manufacturing and services sectors on COVID-19 worries: PMI

Both manufacturing and services sectors expanded in September, the latest Purchasing Managers Index (PMI) issued by the Central Bank showed yesterday, but overall expectations for the fourth quarter declined significantly due to COVID-19 emergence concerns.

Manufacturing activities expanded at a higher rate in September 2020, compared to August 2020, the report said.

This expansion in manufacturing PMI was mainly attributable to the increase in production and new orders, especially in manufacturing of food and beverages, and textiles and wearing apparel, sectors.

"The sub-index of overall expectations for manufacturing activities for the next three months declined significantly due to the prevailing situation of the COVID-19 virus in the country, particularly entering some manufacturing zones."

Some respondents in the manufacturing of food and beverages, and textiles and wearing apparel sectors, highlighted that their factories operated at full capacity, receiving more new orders with the normalisation of business activities.

Further, the employment sub-index increased in line with these developments. Further, the stock of purchases sub-index increased at a slower pace in September. The suppliers' delivery time sub-index continued to lengthen at a higher pace, due to issues in logistics such as shortage of direct shipping services.

Some respondents highlighted that the restrictions imposed on importation of some categories of goods continued to affect the smooth functioning of manufacturing activities.

The services sector continued to expand for the fourth consecutive month with PMI recording 54.3 in September, compared to the previous month. This was underpinned by the expansions observed in new businesses, business activities and expectations for activity compared to August, indicating a further recovery of services sector activities.

New businesses, particularly in financial services and insurance sub-sectors, improved in September with the gradual normalisation in economic activities. Business activities also expanded in September, yet at a slower pace. The financial services sub-sector was the main contributor to this expansion with increased financial facilities provided to support businesses negatively affected by the pandemic.

Further, respondents in cargo handling services cited that they were able to handle more transhipments in September. Moreover, business activities related to the insurance and professional services sub-sectors also expanded during the month.

The employment sub-index almost reached the 50-threshold level in September after a continuous decline in employment for seven months.

Backlogs of work continued to remain in the negative territory, indicating that any increase in demand can be met with the existing capacity.

Meanwhile, expectations on future business activities increased further in September, with the positive sentiments prevailing on the recovery of economy in the second half of the year. Nevertheless, some respondents expressed concerns on realisation of their expectations due to the re-emergence of the COVID-19 virus in the country.

Source: ft.lk– Oct 15, 2020

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Fair and sustainable trade essential for Euratex strategy

Euratex has responded to EU consultation on trade policy review, offering 60 specific points, which will help develop an open but sustainable trade system, guaranteeing level playing field in Europe. The EU should invest in an ambitious regional agenda, focusing on partners such as Euromed and US, and in multilateral efforts, in particular within WTO.

In this rapidly changing and multi-polar world, facing an unprecedented health and economic crisis, European businesses need a stable and transparent global framework. Euratex therefore welcomed the review of the EU's trade policy. It is an opportunity to shape a modern strategy which supports Euratex's companies in prospering at global level.

Euratex stated in a release that the European textiles and clothing (T&C) industry is globalised, with complex value chains and inter-dependencies with many other sectors. T&C companies annual exports exceed €60 bn and imports well over €100 bn. And 38 per cent of the industry's turnover is sold on global markets, whereby SMEs are particularly active (covering more than 50 per cent of those global sales).

On that basis, Euratex emphasised the following points: it needs open and efficient markets, but combined with effective controls where necessary, thus ensuring level playing field for European companies; it needs complementarity between the EU's Trade and Industrial strategy, leading to increased resilience, eg through better access to raw materials and stockpiling of strategic goods; it needs an ambitious regional agenda, focusing on important partners such as US, Turkey, Switzerland and the Euromed region, but also open to new partnerships in Africa; it needs to invest in multilateral efforts, thus supporting WTO efforts to work on subsidies, public procurement, IPR, etc; it needs to act beyond the conclusion of an FTA: ratification must be faster, and implementation of an agreement must come with information efforts and support to European SMEs, as part of a genuine European Economic Diplomacy strategy; it needs a more sustainable and fair trading system, based on rules, global environmental and social standards, which are effectively respected by all; and it needs a modern trade policy, setting rules for new forms of trade such as e-commerce, and embracing the digital opportunities.

Source: fibre2fashion.com– Oct 16, 2020

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Pakistan: Cotton prices touch at 10-year high of Rs10200

The local cotton market remained stable on Friday. Market sources told that due to increase in the rate of cotton the buyers were not taking interest. The rate of cotton reached at ten years high of Rs 10,200 per maund.

Cotton Analyst Naseem Usman told that supply of Phutti is 19% less than previous year. The rate of cotton is increasing due to the non availability of quality Phutti in the market. Naseem also said that due to the high prices ginners in Lower Sindh were closing the mills adding that instead of making cotton ginners were involved in trading of Phutti.

He also told that the Federal Board of Revenue will not charge additional custom s duty (ADC) and regulatory duty on the import of various items of textile sector. The regulatory duty would not be applicable on the import of woven fabrics of artificial filament yarn, woven fabrics of artificial staple fiber, and few other items.

All Pakistan Textile Mills Association and Pakistan Ready Made Garments Manufacturers and Exporters Association Wednesday rejected the frequent increase in the prices of gas and electricity, as the move, they say, continues to make Pakistan's products uncompetitive in the international market.

Naseem said that this year Afghanistan has a record crop of cotton and the quality is also said to be very good. Cotton is being exported to Pakistan which is estimated to be around 200,000 bales. Yesterday Afghani cotton trade deals ranging from Rs 10,150 to Rs 10,200 were recorded.

He also said that government should allow the import of quality cotton seeds as they had allowed the import of cotton from abroad.

Naseem further said that as per synthetic and Rayon Exports Promotion Council (SRTEPC), Pakistan's textile profits fell by 62 per cent Y-o-Y in FY20 due to a dismal Q4 FY'20 performance. Its textile exports dropped by 6 per cent Y-o-Y to $12.5 billion due to lower quantity exported. In the first eight months of FY20, Pakistan's textile exports increased by 8 per cent Y-o-Y. They dropped by 29 per cent Y-o-Y in last four months due to either postponement or cancellation of orders amidst COVID-19.

Textile revenues declined 21 per cent Y-o-Y due to the closure of retail shops during the lockdown period. As a result, overall revenues declined by 3 per cent Y-o-Y in FY20. Gross margins too declined by 2.2 per cent Y-o-Y. This was largely due to weak economies of scale due to the pandemic, higher cotton prices as local production declined further, and higher energy costs.

Cotton prices jumped by 5per cent Y-o-Y to Rs8,984/mound during 2QFY20, the main cotton procurement period, over the news of cotton shortage. Meanwhile Australian cotton growers could be the latest victims of increasingly bitter trade tensions with China.

Chinese spinning mills have been told to stop buying Australian cotton and the industry could soon face tariffs of up to 40 per cent. Cotton millers in China are given an import quota each year and have been told they might not receive the allowance if they buy from Australia.

Australia sells about $800 million worth of cotton to China each year and industry groups are disappointed by the deterioration in export conditions. Cotton Australia and the Cotton Shippers Association are working with the federal government to investigate what is going on.

"The Australian cotton industry will continue having meaningful conversations with stakeholders to fully understand this situation," they said in a joint statement on Friday.

"We will continue working with the Australian government to respectfully and meaningfully engage with China to find a resolution." Trade Minister Simon Birmingham is seeking clarity from Chinese officials.

"Our cotton exporters have worked hard to win contracts and establish themselves as reliable suppliers of high quality cotton in the Chinese market, which is an important input for many Chinese businesses," he told AAP.

"China should rule out any use of discriminatory actions against Australian cotton producers. "Impeding the ability of producers to compete on a level playing field could constitute a potential breach of China's international undertakings, which would be taken very seriously by Australia."

China has targeted Australian beef, barley and wine in recent months and has reportedly enforced a go-slow on importing coking and thermal coal. Home Affairs Minister Peter Dutton said the government was working closely with the cotton industry to ensure exports could make it to market.

ICE cotton futures were little changed on Thursday as market participants were in a wait-and-watch mode ahead of the weekly exports sales report by the US Department of Agriculture.

Cotton contract for December was steady at 68.96 cents per lb by 1:36 pm.

"The export sales data is tomorrow and investors are expecting to see more sales to Pakistan and Vietnam rather than China. The yarn business is going well in those two countries and they are fond on the US cotton," said Jordan Lea, senior trader at DECA Global.

"Technically, cotton will target the price of 70 cents on the upside, while support could be around 66 cents," Lea added.

Naseem told that 200 bales of Tando Adam were sold at Rs 9400, 2000 bales of Kotri were sold at Rs 10,000, 200 bales of Ahmedpur East, 600 bales of Faqeerwali, 600 bales of Fort Abbas, 1000 bales of Haroonabad, 200 bales of Kichi Wala were sold at Rs 10,200, 2000 bales of Sadiqabad were sold at Rs 10,100, 1200 bales of Khanewal were sold at Rs 10,000, 400 bales of Yazman Mandi were sold at Rs 10,000 to Rs 10,100, 600 bales of Pul Bagar, 200 bales of Alipur and 200 bales of Layyah were sold at Rs 9800.

He told that rate of cotton in Sindh was in between Rs 9000 to Rs 10,000. The rate of cotton in Punjab is in between Rs 9000 to Rs 10,200. He also told that Phutti of Sindh was sold in between Rs 4700 to Rs 5300 per 40 kg. The rate of Phutti in Punjab is in between Rs 4800 to Rs 5400 per 40 kg.

The rate of Banola in Sindh was in between Rs 1900 to Rs 2100 while the price of Banola in Punjab was in between Rs 2000 to Rs 2200. The rate of cotton in Balochistan is in between Rs 9200 to Rs 9300 while the rate of Phutti is in between Rs 5200 to Rs 5600. The Spot Rate remained unchanged at Rs 9900. The polyester fiber was available at Rs 153 per kg.

Source: brecorder.com– Oct 17, 2020

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NATIONAL NEWS

Comparison between Bangladesh, India per capital GDP is instructive

The International Monetary Fund's (IMF) latest World Economic Outlook underlines the extent of the dislocation in economic activities across the world due to the COVID-19 pandemic. At the aggregate level, the Fund expects the global economy to contract by 4.4 per cent in 2020, with sharp differences across countries.

For the Indian economy, the Fund's prognosis is grim. The IMF now expects the Indian economy to contract by 10.3 per cent this fiscal year, worse than its earlier forecast, and that of the RBI's. Of the major economies, only two others, Italy and Spain, are expected to contract in double digits.

The Fund's latest assessment comes at a time when the signals from the BJP-ruled Centre suggest a reversal of decades of trade liberalisation and a return to the failed policies of self-sufficiency or atmanirbharta. A comparison with Bangladesh in this regard is instructive.

According to the IMF's medium-term forecasts, Bangladesh's per capita GDP is expected to overtake India's this year, though as the Indian economy rebounds next year, the situation is likely to reverse. However, over the five-year period ending in 2025, Bangladesh's per capita GDP is expected to grow at a slightly higher pace, implying that in 2025, its per capita income would be $2,756, marginally higher than that of India's at $2,729.

In part, Bangladesh's recent economic performance, and differences between the two countries can be traced to the former's stellar export performance, especially in garments and apparel. In comparison, India's exports have remained sluggish, as export pessimism has taken hold.

In the current context, with three of the four drivers of growth struggling, exports could provide the much-needed fillip to India's economy. However, this would require India to reverse its recent stance on trade — lower rather than raise tariffs, embrace free trade agreements, and seek greater integration with global supply chains.

In an article in this paper, the former chief economic advisor, Arvind Subramanian, wrote that with wages in China rising, it has vacated about $140 billion in exports of unskilled labour intensive sectors, including apparel, clothing, leather and footwear.

While countries like Bangladesh are better placed to take advantage of this opportunity, post-COVID, as companies try to hedge their supply chain risks, and shifts away from China intensify, this will provide India yet another opportunity. However, this will require the government to pivot away from protectionism.

Source: indianexpress.com– Oct 16 2020

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Time to step up UK-India trade partnership

By co-creating and co-innovating, this 'unbeatable combination' has boundless opportunities for mutual growth

It is an exciting time to take up new positions, in business and in government, to grow the trade and investment relationship between India and the UK. Businesses on both sides have an ambitious, enthusiastic approach to the future of economic cooperation. While the shift in global circumstances have unveiled new and unexpected opportunities.

The UK-India partnership is already strong. In 2019, trade between the two countries hit £24 billion, up by almost 10 per cent in just one year. There is also a robust investment relationship, with British and Indian investments supporting over half-a-million jobs in each other's economies. The UK has been the second-fastest growing G20 investor in India over the last 10 years, driving investments of over £21.48 billion. Even before the coronavirus hit, the UK was India's second-largest research partner, and joint research will be worth £400 million by next year.

But there is the potential to do so much more. The benefits of this 'unbeatable combination' are clear: New jobs, economic growth and new avenues to co-create and co-innovate.

The steps for strengthening this partnership were discussed at the UK-India Joint Economic Trade Committee (JETCO) in July. Both countries agreed

to an Enhanced Trade Partnership with a roadmap to a potential free trade agreement (FTA). Now that a deeper trading relationship has been established, the immediate focus is to remove market access barriers and make it easier for both countries to do business with each other.

At JETCO, three business-led working groups covering the healthcare and life-sciences industry, digital and data services sector, and food and drinks sector submitted recommendations to remove market access barriers. Chemicals and services were also cited as areas of mutual interest from a trade perspective. These are priority areas and while considering recommendations represent some progress, the real work arguably starts now. Business-to-government dialogue must continue and both governments must deliver against the recommendations made.

Each sector is an important part of the trading relationship and will only become increasingly so: Medical and pharmaceutical trade contributed £506.24 million to the bilateral trade in 2019; digital and data services £980 million; and food and drinks £723.59 million.

Healthcare and life-sciences: The current pandemic has laid bare the need for all countries to have appropriate healthcare, as well as the importance of international collaboration to share expertise and generate better outcomes for the entire world. That means having the right infrastructure, medical equipment, and medicines to meet demands.

The joint venture between Oxford University, AstraZeneca and Serum Institute of India on a potential vaccine is an example of what the UK and India can achieve together. Likewise, the export of 2.8 million packets of paracetamol and 11 million facemasks from India to the UK underlines that importance of a strong partnership in overcoming challenging circumstances.

Looking to the future, enabling the UK and India to collaborate more effectively, through shared procurement portals, knowledge and training transfer, and standards alignment will certainly benefit both countries.

Digital and data services: We all have a new relationship with technology as a result of the virus. The flexibility that tech has given people to work and socialise in physical isolation has become more valuable than ever. Whether it is the delivery of higher education and advanced skills development, artificial intelligence and machine learning, or in healthcare, data and digital technology have so much potential to benefit both countries. That's

why the UK recently launched the Innovation Challenge Fund for the AI-Data cluster in Karnataka and the Future Mobility cluster in Maharashtra to support scientists in academia and industry to tackle today's most acute global challenges: Covid-19 and climate change.

Businesses also propose, among other key recommendations, a data adequacy agreement that would allow the free flow of data between the UK and India, subject to protection standards. This could have huge benefits for knowledge and innovation in fields like healthcare and education, and to identify new opportunities.

Food and drink: Making it easier for farmers and businesses to sell their products in both markets is paramount, subject to appropriate standards and regulations like those outlined by the joint working groups. This can open new markets to sellers, increase supply and the variety of quality products available to consumers in both markets, and enable India to collaborate with the UK on technological innovation in cold-chain infrastructure and food processing.

Bringing these business-led recommendations to fruition will be central to boosting the Enhanced Trade Partnership, helping to build momentum for a potential FTA. The UK is establishing a new trading relationship with the world, and coupled with India's self-reliant mission, there are boundless opportunities for mutual growth and economic enhancement.

The objective is to bring our countries — and businesses — closer, using the unique technology, capability and expertise of both to bring about greater prosperity for all.

Source: thehindubusinessline.com– Oct 16, 2020

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Anti-dumping duties: DGTR takes 'elastic stand' on input for spandex fibre production

Technical specification-based exclusion of DMAC to be strictly limited to actual users

Responding to demands made by domestic yarn manufacturers for relief from anti-dumping duties on organic compound Dimethylacetamide (DMAC) — an important input for spandex fibre production that goes into stretchable clothing — on imports from China and Turkey, the Directorate General of Trade Remedies has recommended technical specification-based exclusion targeted at the user industry.

"The authority concludes that technical specification-based exclusion of the product under consideration is required to cater to the specific need of spandex fibre producers...

The product exclusion will be strictly limited to actual users only, exclusively for actual spandex yarn manufactures when imported for manufacturing...," as per the final findings of a mid-term review of the anti-dumping duties on DMAC notified by the DGTR this week.

Mid-term investigation

The government had notified anti-dumping duties ranging from $48 to $211 per MT on DMAC from Turkey and China in February 2018 after it was established that the item was being imported from the two countries below normal value and the domestic industry was suffering material injury due to this.

Following this, Indorama Industries Limited, a manufacturer of textiles, had filed an application before the DGTR for a limited mid-term review investigation concerning exclusion of DMAC of specific grade used in the manufacture of spandex yarn from the anti-dumping duties.

It had argued that the domestic producers of DMAC were not in a position to provide the required grade needed for manufacturing spandex yarn. The mid-term investigation was initiated by the DGTR in July 2019.

Final findings

In its final findings, the DGTR observed that despite repeated efforts by the applicant (Indorama) throughout the years (to procure the required item domestically), the domestic producers had not been able to supply the subject goods or even make a positive offer that could meet the specification required.

Evidence on record suggests that the domestic producer(s) do not have the capability to produce DMAC of the grade required for spandex yarn manufacturing, the DGTR observed.

It, therefore, noted that DMAC with technical specifications of minimum purity (99.9 per cent), maximum alkalinity level (0.003 per cent), maximum acidity level (0.005 per cent), maximum iron parts per million (0.05) and maximum water (0.01 per cent) should be excluded from the anti-dumping duties.

A final decision on the matter will be taken by the Ministry of Finance based on the recommendations made by the DGTR, which functions under the Commerce & Industry Ministry.

Source: thehindubusinessline.com– Oct 16, 2020

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GST gap: ₹2.16-lakh cr will be available to States unconditionally, says FM

₹1.1-lakh cr from special window plus their extra borrowing of 0.5% of GSDP : Sitharaman

On the heels of the Centre offering to borrow on their behalf to meet the GST compensation shortfall, Finance Minister Nirmala Sitharaman told States that as much as ₹2.16-lakh crore would be available to them, unconditionally.

"The amount of funds available to States collectively under Option 1 works out to ₹1,10,208 crore (special window) plus ₹1,06,830 crore (0.5 per cent of GSDP without condition)," she said in a letter to all the Chief Ministers. This adds up to ₹2.16-lakh crore.

"This more than covers the funds which would have been received during the current financial year, if total compensation were paid in full," the Minister wrote.

Under Option 1, 28 States and three Union Territories (Delhi, Puducherry and Jammu & Kashmir) were offered two funding streams: One, the Centre-arranged special window that will enable borrowing ₹1.10-lakh crore, the shortfall due to GST implementation issues. And, two, unconditional open market borrowing up to 0.5 per cent of GSDP over and above the 3.5 per cent permissible under the FRBM (Fiscal Responsibility and Budget Management) Act.

Upon 21 States and two UTs opting for Option 1, they were first allowed to tap the second funding source. Then, on Thursday, the Centre said it will borrow the ₹1.10-lakh crore and on-lend to the States, on the 'External Aided Project Funding Mechanism' model. "This will enable ease of coordination and simplicity in borrowing, apart from ensuring a favourable interest rate," Sitharaman said.

Compensation payment

She further explained that of the estimated shortfall of ₹2.35-lakh crore in the current financial year, ₹1.83-lakh crore would have been payable this year and the rest next year. "Under Option 1, the States will not face any cash shortfall relative to the hypothetical position of had they got the total compensation under the Act," she said. It may be noted that compensation is paid bi-monthly and the last instalment for a financial year is given the following year.

The Centre has reiterated that interest and principal payment for the borrowing through the special window will be met through the future proceeds of the compensation cess. "It is the accepted position of the Government of India that the entire arrears of compensation will eventually be paid to the States (subject to deduction of amount needed for servicing of borrowings)," she said.

The Minister explained that the Centre faces serious budget constraints and that its fiscal deficit this year will far exceed that budgeted. "We have attempted to structure the special window in the optimum manner to protect the long-term economic interests of the nation including public and private sector," she said.

Source: thehindubusinessline.com– Oct 16, 2020

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"India needs to firm up quality control, improve R&D to become global hub for PPE kits"

India needs to strengthen quality control and step up R&D efforts to realise its potential of becoming a global manufacturing hub for PPE kits, said a report released on Thursday.

"It will bring more consistency into the quality of the PPEs manufactured, reduce the testing and rejection overheads post-delivery and allow local manufacturers to scale up their production to reach not only domestic markets but also global markets," said the report by the Institute for Competitiveness.

It points out that even though India achieved self-sufficiency in terms of localised manufacturers and production of PPE body coveralls, PPE fabric and seam tapes, the country still relied on imports for procuring a critical component like seam sealing equipment.

India needs to indigenize the production of critical equipment and machineries for essential medical supplies in order to have complete control over the end-to-end manufacturing value chain and to become a fully capable manufacturer of highest quality PPE kits and other essential medical supplies, the report suggested.

"We need to shift our mindsets from focusing on cost to ensuring world-class quality, if we, as a nation want to be known as high-quality manufacturer with economical costing rather than a cheap quality nation with low costing," Amit Kapoor, Chair, Institute of Competitiveness said.

He said there is still more room for improvement in the quality of locally-manufactured PPE kits.

"Hence, India needs to step up the R&D efforts to improve the quality further. It will also enhance the competitiveness of the indigenous PPE industry in the global market in the near future," said Kapoor.

The Ministry of Textiles had launched “Operation PPE Coverall” in late March 2020 to scale up the initiative.

According to the report, a cluster-based approach was adopted to develop the local capabilities for manufacturing PPE kits.

The Ministry facilitated the development of PPE manufacturers in small and medium clusters across different parts of India to speed up the process, it said. By May, India had developed an indigenous network of PPE fabric and garment manufacturers having the necessary processes, capability and capacity of manufacturing 4.5 lakh pieces of body coveralls and N-95 masks per day.

By July, the country''s indigenous supply of PPE kits had exceeded the domestic demand and it exported 23,00,000 personal protection equipment (PPE) to the US, the UK, Senegal, Slovenia, and UAE, the report said. India was thus able to transform from an importer country to a self-sufficient one and later an exporter country in PPE kits.

The Institute for Competitiveness is the Indian knot in the global network of Institute for Strategy and Competitiveness at the Harvard Business School.

Source: outlookindia.com– Oct 15, 2020

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40% discount on Cargo movement between India and Chabahar Port, Iran extended for one year

The Ministry of Shipping has extended the current concessional rate of 40% discount for coastal movement of cargo and vessel related charges, for a period of further one year to clients for cargo being handled at Jawaharlal Nehru Port and Deendayal Port from/to Shahid Beheshti Port, Chabahar, Iran.

The levy of concessional Vessel Related Charges (VRC) is to be applied proportionately, subject to vessel loading at least 50 TEUs or 5000 MT cargo to Shahid Beheshti Port.

The ports in coordination with Indian Ports Global Limited will jointly evolve a Standard Operating Procedure (SOP) to ensure that discounts are given to cargo actually discharged or loaded at Shahid Beheshti Terminal of Chabahar Port.

The aim of the extension of discount period is to promote the trade through Shahid Beheshti Port of Chabahar, Iran. It would give a boost to coastal movement of cargo being handled at Jawaharlal Nehru Port and Deendayal Port from/to Shahid Beheshti Port.

Source: pib.gov.in– Oct 16, 2020

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Indian market eyes festive season as online sales and relaxations boost demand

Ratings agency Icra estimates Indian apparel exports will decline 20-25 per cent in 2020-21. Due to the COVID-19 pandemic, the agency expects domestic revenues to decline by 30-40 per cent. To recover from this downtrend, apparel players bank on the upcoming festive season as they witness an encouraging buildup in their order books.

Domestic sales to recover in Q3

The recovery curve for Indian apparel exporters has been better this festive season though they remain concerned about a second wave of the pandemic, says Jayanta Roy, Senior Vice President and Group Head, Icra. Economic and retail recovery has accelerated sales in the last few months with exporters diversifying across customers and geographies.

During the pandemic, value brands benefitted from increased downtrading in metros coupled with faster recovery in Tier II and III cities and rural markets.

However, domestic retailers suffered due to the lack of online presence, segments being catered to and their presence in Tier II and III cities and rural markets. These retailers are expected to recover sales in the third quarter of FY 21.

Government schemes to boost cash flows

Roy believes, extended online festive sales and further relaxations under Unlock 5.0 will support demand in H2 FY21. Rollback of previously announced pay cuts by some corporate entities and government's festive advance schemes will further improve cash flows and support discretionary spending, he adds.

Although revenue contraction in FY20-21 is likely to translate into at least 600 basis points (bps) correction for domestic retailers, the impact on operating profits will be lessened by companies' cost rationalization initiatives like renegotiation of rental agreements and transition to revenue-share arrangements, employee-base optimization, salary cuts.

As profit margins shrink and operating cycles stretch, domestic apparel retailers will increase their dependence on debts this year, further weakening their coverage metrics, says Icra.

Source: fashionatingworld.com– Oct 16, 2020

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