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INTERNATIONAL NEWS

US amends rules under Textile Fiber Product Identification Act

The US Federal Trade Commission (FTC) amended the rules and regulations under the Textile Fiber Products Identification Act to incorporate the most recent ISO 2076 standard for generic fiber names. The rules become effective on November 5, 2020.

The Textile Fiber Products Identification Act (16 CFR 303) requires that certain textiles sold in the United States disclose the generic names and percentages by weight of the constituent fibers in the product, the manufacturer or marketer name, and the country where the product was processed or manufactured.

The recent amendments incorporated the latest version of the relevant ISO standard, ISO 2076:2013(E), “Textiles – Man-made fibers – Generic names”. The aim of the amendments is to reduce compliance costs, increase flexibility for disclosing fiber information to consumers and to help manufacturers develop labeling that satisfies the requirements of multiple countries.

The updated ISO 2076:2013 standard added seven generic fiber names that were not defined in the 2010 standard and are now incorporated in the amendment of the Textile Rules.

Source: fashionatingworld.com– Oct 20, 2020
US, Brazil update agreement on trade, economic cooperation

The United States and Brazil yesterday signed a new protocol relating to trade rules and transparency that updated the 2011 Agreement on Trade and Economic Cooperation (ATEC) with three new annexes consisting of state-of-the-art provisions on customs administration and trade facilitation, good regulatory practices and fighting corruption.

“From their first meetings, President Trump and President Bolsonaro have shared a vision for a prosperity partnership between the United States and Brazil and a desire for new trade initiatives.

Today’s protocol uses the existing ATEC to establish common standards for the two countries on efficient customs procedures, transparent regulatory development, and robust anti-corruption policies that will create a strong foundation for closer economic ties between our two countries,” said US trade representative Robert Lighthizer.

The ATEC allows engagement on a wide range of issues related to trade and investment. Both sides will also continue to explore ways to increase trade in goods and services and encourage further investment, an official US statement said.

US goods and services trade with Brazil totaled an estimated $105.1 billion in 2019. Exports were $67.4 billion; imports were $37.6 billion. The US goods and services trade surplus with Brazil was $29.8 billion in 2019.

Brazil is currently the 14th largest goods trading partner of the United States with $73.7 billion in total (two way) goods trade during 2019. Goods exports totaled $42.9 billion; goods imports totaled $30.8 billion. The US goods trade surplus with Brazil was $12.0 billion in 2019.

Source: fibre2fashion.com– Oct 20, 2020
Italy clears stimulus package to help pandemic-hit economy

Italy has approved a new stimulus package in its 2021 budget to foster an economic rebound from the recession resulting from the COVID-19 pandemic, the government said in a recent statement. Expansionary measures next year will total more than €39 billion ($45.70 billion), including some €15 billion of grants from the European Union’s Recovery Fund, economy minister Roberto Gualtieri wrote on Facebook.

Among the measures, a €4-billion fund has been set up to compensate companies worst hit by lockdowns and a moratorium on repayments for loans to small and medium businesses has been extended until January, a global newswire reported.

The budget also extends temporary lay-off schemes for companies with workers on furlough at a cost of €5 billion. Almost €6 billion are marked for offering tax breaks to support employment in the poor south of the country, Gualtieri said.

Italy has forecast a 9 per cent economic contraction for 2020 and a budget deficit equating to 10.8 per cent of the gross domestic product.

Source: fibre2fashion.com– Oct 20, 2020

Sri Lanka increases US apparel exports by 4% in August

In August ’20, Sri Lanka upped its apparel exports to the US by 4 per cent in volume terms and shipped 34.90 million SME of garments as compared to 33.56 million SME garments in the same month of 2019, reports Apparel Resources.

However, the values of shipment fell by 3.50 per cent to $143.08 million from August ’19 that indicates the prices are reducing in orders placed by the US buyers in 2020. Unit prices were $4.41 per SME in August ’19 which sharply declined to US $ 4.10 per SME in this year August.

Even in cumulative period January-August ’20, Sri Lanka’s unit prices have shrunk to $4.15 per SME from US $ 4.49 per SME a year earlier in the corresponding period.
It’s worth mentioning here that Sri Lanka shipped $945.47 million worth of garments to USA in first 8-month period of 2020, noting 22.91 per cent decline from a year earlier.

The share of MMF apparels was $522.16 million (down 14.53 per cent) in the total shipped values, while cotton apparel products contributed US $ 395.36 million (down 32.23 per cent) in January-August ’20 period.

Source: fashionatingworld.com– Oct 20, 2020

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Turkey’s exports have risen by 34.5% relative to the previous year

Turkey’s September export estimates this year have been all-time high – $16.01 billion – revealed recently by the Turkish Trade Minister Ruhsar Pekcan. She said that exports grew in September by 4.8 percent per year and by 28.5 percent weekly.

In the third quarter of this year, Turkey’s exports have risen by 34.5% relative to the previous year. These export statistics indicate that Turkey’s pandemic recovery and normalization continue effectively, underlined Pekcan. In the meantime, imports totaled $20.89 billion in September, with an incredible 89.3% made up of raw and capital products.

In the first nine months of this year, Turkey’s exports totaled $118.35 billion and import $156.24 billion, the trade minister added. In September, the export/import covering ratio — excluding gold imports — was around 90.9%, and it was 84.4% in the first nine months, she noted.

“The purchase and sale of gold should be evaluated differently from goods trade. “Through gold imports, gold — which has a capital value — is brought to the country in exchange for foreign currency,” she stressed. In September, the gold imports were $3.4 billion, she added.

Apparel exports posted a 15% rise to reach $1.6 billion in September, while textile rose by 12.8% to $1.1 billion, chemicals by 19.4% to $1.1 billion and machinery by 4.8% to $2.1 billion, she said. The minister also noted that the automotive sector posted an increase for the first time during the pandemic period by 0.5% to $2.2 billion. The country’s exports to France rose by
12.8%, while Germany (10.6%), the UK (3.2%), and Spain (2.3%) followed it in September, the minister stressed. Italy and the Netherlands posted drops by 7.2% and 5.9%, respectively, she added. Exports to the EU increased by 5.6%, to America by 22%, to Asia by 6.8%, and to Africa by 1.7% in September, she said.

Pekcan said Turkey has achieved substantial export outcomes due to a pandemic that has reduced the global economy at an alarming pace and reduced demand in critical markets such as the EU. Touching on Turkey’s supports for exporters, she said the country’s Eximbank in the first nine months raised its supports by 7% to $30.4 billion. She also said the country organized 24 trade delegations, covering 40 countries this year and made 4,200 business meetings. Pekcan highlighted that the number of Turkish exporters increased by 6.8% year-on-year in September.

Source: textilefocus.com– Oct 20, 2020

China’s polyester demand to stay strong on feedstock cost, rising export orders

China’s polyester demand is expected to remain healthy till the end of October amid rising feedstock cost and improving export demand.

Polyester demand showed significant improvement after China’s week-long holiday amid restocking activities from downstream converters.

However, the textile industry is a labor-intensive industry, and once the textile factories in India resume production, China will face falling export orders as India’s textile industry has an advantage due to the lower labour cost.

“I think the stronger polyester demand may only last till end of this month as year-end period is usually the lull season for textile industry,” a polyester producer said.

“The export orders in the textile industry increased sharply in October as some customers moved their orders to the China market from the India market after some textile factories in India closed due to the coronavirus in the country,” a separate major Chinese polyester producer said.
“Our polyester inventories are dropping a lot this month,” the producer said.

China’s polyester sales-to-output ratio jumped to 135-160% in the week ended 16 October, up from 85-125% seen at the end of September, according to ICIS.

The polyester staple fibre (PSF) inventories have fallen to -3 to 5 days from 4 to 12 days at the end of September, ICIS data showed.

“As some PSF producers even have negative inventories, and have pre-sold all their stocks already,” a major PSF producer said.

As a result, spot discussions for PSF 1.4 denier (D) increased further to $0.80-0.83/kg FOB NE Asia this week compared with $0.75-0.78/kg recorded on 13 October.

The rising feedstock cost also lent support to polyester market as major producers had to raise prices to recoup margins. Co-feedstock monoethylene glycol (MEG) prices surged by nearly 9% compared with the pre-holiday level, with prices closing at $486-490/tonne CFR China Main Ports (CMP) on 19 October, according to ICIS.

Source: icis.com – Oct 20, 2020

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**Vietnamese exports to India likely to rise by US$633 million**

Vietnamese businesses could increase exports to India by US$633 million annually, the Standard Chartered Trade Opportunity Report has revealed.

The study also found that Indian exporters could boost trade with Vietnam by an estimated US$475 million, bringing the bilateral trade opportunity to US$1.1 billion.

The ASEAN markets in the study (Indonesia, Malaysia, Singapore, Thailand and Vietnam) have a combined opportunity of US$10.7 billion to increase exports to India.

The research tracks high potential exports, defined as goods or services where businesses have added value with the borders of their home market.
As markets look to recover from the impact of COVID-19, the study champions global trade as a key lever of prosperity, highlighting the sectors with the greatest opportunities for growth.

Vietnam’s wholesale and retail trade services sector has the most to gain, with an US$87 million opportunity.

India is now one of Vietnam’s top 10 trading partners, and Vietnam ranks India’s fourth-largest ASEAN trading partner. With the shifts in supply chains post COVID-19, the India-Vietnam trade route could become increasingly important for international businesses.

Other Vietnamese sectors with significant opportunities in India are transportation and storage services; cotton (including sewing thread, yarn and fabric); office admin and other business support services and knitted clothing.

Nirukt Sapru, Chief Executive Officer, Vietnam and ASEAN & South Asia Cluster Markets, Standard Chartered, said Vietnamese and Indian efforts to grow trade between the two markets have clearly been working, with bilateral trade growing at the steepest rate ever recorded.

"As Vietnam plays an increasingly important role in global supply chains, its relationship with India is likely to strengthen further – especially with India investing close to US$2 billion in over 200 projects in Vietnam. As this study shows, India presents many opportunities for Vietnamese companies seeking new and fruitful avenues for growth,” he said.

The study estimates that India could increase high-potential exports to Vietnam by US$475 million annually, or 12%.

The Standard Chartered Trade Opportunity Report identifies opportunities at a sectoral level, across both goods and services, between India and 10 of its key trading partners. The study contrasts actual export values with potential export values – calculated by an economic model – to uncover medium-term opportunities, looking to a post-COVID-19 world as economies begin to reopen.

Overall, the study reveals opportunities totalling an estimated US$38 billion annually: a US$21 billion opportunity for the 10 markets to increase exports to India, and a US$17 billion opportunity for India to increase exports in the other direction.
Pakistan: Value-added Textile Products Boost Sector Exports by 3%

Exports of textile products in Pakistan witnessed a year-on-year growth by 3% in July-September, 2020. Textile exports were valued at US$ 3.4 billion in the 3rd quarter of 2020, according to Pakistan’s trade data shared by the Pakistan Business Council.

Pakistan is the 4th largest cotton producer in the world, accounting for about 7% of the world’s cotton production. The textile industry, being one of the largest industrial sectors in Pakistan, accounts for one-fourth of the industrial value-added.

Textile products accounted for more than 63% of Pakistan’s total exports during the July-September quarter in 2020.

Although the textile value chain consists of several segments, the garments segment has the highest value addition and is the main revenue earner amongst textile products.

The garments segment consists of knitwear and woven products. During July-September 2020, knitwear exports were the highest amounting to US$860 million, followed by readymade garments valued at US$701 million. Knitwear and readymade garments witnessed a year-on-year increase of 10.5% and 5.2% respectively.

On the other hand, exports revenue for cotton yarn decreased by about 42% as compared to their exports in the same quarter last year.

It is also interesting to note that the knitwear category accounted for around 23% of the total textile exports, while readymade garment made up about 20% of the textile exports in July-September, 2020.

In addition to this, Bed linen, table linen, toilet linen and kitchen linen (HS Code 6302) is also a large exporting commodity in Pakistan. These segments cater to both international and domestic demand.
Exports for bed wear items witnessed a year-on-year increase of 8.4%, amounting to about US$651 million in July-September 2020. Moreover, towel exports also rose by 13.3% as compared to its exports in the same quarter last year. Pakistan exported towels worth US$204 million in July-September 2020.

While the textile sector accounts for more than half of Pakistan’s export, there is a growing need to invest more in value-added textile products to boost the sector’s export potential.

Source: brecorder.com – Oct 20, 2020

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**Bangladesh: Not much gain for Bangla RMG exporters from PRC decision**

Despite China offering duty-free market access to 97 per cent of Bangladeshi products, the step is not helping much readymade garment (RMG) exports to the Chinese market as more than a third of Bangladesh’s total apparel exports to that country is still out of duty-free benefit coverage.

According to Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Rubana Huq, Bangladesh’s total garment exports to China in fiscal 2018-19 was $507 million, of which $308.4 million worth such items enjoyed duty-free benefits, which implies, $198 million worth apparel exports was levied duty.

Garment products worth $20 million out of that $198 million would be included in the latest duty-free scheme, she was quoted as saying by Bangla media reports.

In June, the Tariff Commission of the Chinese State Council issued a notice on granting zero treatment to 97 per cent of tariff products of Bangladesh to its market effective from July 1.

China then included additional 5,161 Bangladeshi products to enjoy zero-tariff treatment in its market. Prior to that, 3,095 Bangladeshi products were eligible for duty-free access to the market under the Asia-Pacific Trade Agreement.
"Almost $178 million RMG exports are still excluded from the duty-free access, which is 33 to 38 per cent of our total RMG export to China," Huq said, adding that these exportable Bangladeshi RMG faced 6-12 per cent duty there.

The BGMEA leader also expressed concern over the revised rules of origin for 40 per cent value addition set by China to avail duty-free access to the market.

Bangladesh would have to add 40 per cent value to get duty free benefit in China, she said, adding that it would be challenging for the exporters to comply with the new rules of origin. Earlier, the threshold for value addition was 30 per cent for the China market.

Bangladesh's RMG export to China declined by 34.35 per cent to $72.21 million in the first quarter of fiscal 2020-21. It was $109.99 million during July-September period of the last fiscal, according to official data.

Source: fibre2fashion.com– Oct 21, 2020

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Bangladesh The primary textile sector comes out RMGs shadow

The primary textile sector is being hailed as the next big thing after readymade garments in Bangladesh. Though the sector had a dominating presence in the country’s manufacturing sector even earlier, its main role was relegated to meeting domestic demand under high protective tariffs and import quotas (pre-2000). As a result, products manufactured by this sector were not internationally competitive and exports were negligible or non-existent, reports Daily Star.

Entrepreneurial vision and new policies boost RMG

However, a confluence of entrepreneurial vision and evolution of contemporary policies changed all this in the 1990s. From a $624 million in FY 1990, RMG exports grew to $ 4.5 billion by FY 2000, registering a 600 percent rise in a decade. However, as RMG exports increased, intermediate inputs like yarn, fabrics and garment accessories had to be imported from countries like China, South Korea, India, and Pakistan. From $435 million
in FY 1990 these imports grew to $3.2 billion in FY 2000. This stirred local textile industries to a massive business opportunity that was going waste.

**Time benefits of local sourcing**

To prevent this, the new generation of textile entrepreneurs started looking for new opportunities for domestic sourcing of raw materials and rising demand for textiles. The end of 1974 Multi-Fibre Arrangement (MFA) in 2005 created larger market opportunities. However, it also increased competition from well-heeled apparel producers. Bangladesh apparel factories began sourcing yarn from local suppliers. Local sourcing enabled them to avail intermediate inputs on time which drastically reduced their lead times.

**Boost to backward industries spurs raw materials investments**

In the mid-1990s a new generation of textile entrepreneurs emerged in Bangladesh which was ready to seize the opportunity created by the RMG industry. These entrepreneurs gave a boost to their investments in export-oriented textile projects aimed at producing yarn and fabrics. Easy availability of funds from banks, supportive taxes and government subsidies gave a boost to these backward linked industries including production of accessories like packaging, buttons, zippers, and labels.

Over the past three decades, the supply of intermediate inputs to RMG exporters has grown into a large industry in Bangladesh. The second major development after RMG, it is another popular way to describe the country’s industrial development.

As per BKMEA knitwear exporters source almost 80 per cent of their yarn requirement from local textile producers. Moreover the number of yarn manufacturing mills has doubled from 200 in 2000 to 433 in 2019 while spindle capacity has tripled to 13.5 billion kg of yarn. This growth is mainly attributed to the rapid expansion of knitwear exports from $1.5 billion in FY 2001 to $16.9 billion in FY 2019.

Production of denim fabrics in Bangladesh is an entirely export-oriented activity with 60 per cent of the annual denim requirement of 840 million yards supplied by 32 denim mills that have cropped up in the past 20 years. Other cotton-based fabrics and man-made fibre (MMF) production is also catching up to meet 40-45 per cent of demand coming from garment exporters, says BGMEA.
No longer a supporting industry

In the past 25 years, that Bangladesh textiles segment generated $21-plus billion industry that can no longer be relegated to just a sideshow to the $34 billion RMG. This is a result of introduction of new policies promoting backward linkage, says BTMA. This deemed export sector rolls everything including import substitution, export expansion, and export diversification into a single policy. These modern textiles are laser-focused on substituting massive amounts of imported yarn and fabrics. They are the embedded components of the final knit or woven garments that are deemed for exports.

With the rise of RMG, embedment of principal inputs into non-RMG exports has also increased grown. The primary textile sector has become a predominant part of the textile industry. It can no longer be dismissed as non-competitive domestic industry.

Source: fashionatingworld.com– Oct 21, 2020

Bangladesh: Second wave may deal a severe blow to garment sector: exporters

Bangladesh garment factory owner Shahidullah Azim laid off 20 per cent of his workers in the wake of the first wave of the coronavirus pandemic. Now watching the second wave build in Europe and the United States, Azim is staring at "an unprecedented crisis".

He's not alone. Bangladesh is the world's second-largest apparel producer after China, but its industry leaders say international retailers are either refraining from placing orders, delaying buying decisions or demanding steep price cuts.

"This is a disaster. We are taking orders just to survive," said Siddiquur Rahman, a garment supplier to international retailers including H&M and GAP Inc.

"We anticipated orders could look up before the Christmas but that didn't happen."
Rahman said customers were demanding price cuts of as much as 15 per cent, making the recovery that much harder. In the financial year that ended in June, Bangladesh’s garment exports totaled $27.94 billion, down 18 per cent from the previous year.

There was a rebound of less than 1 per cent in the July-September quarter, thanks to a surge in demand for knitwear items, which account for half of Bangladesh’s total garment exports.

But nearly half of factories producing knitwear products like t-shirts and sweaters are finding it difficult to remain open, said Selim Osman, president of the Bangladesh Knitwear Manufacturers and Exporters Association.

"A second wave could further delay the recovery," Osman said.

Low wages have helped Bangladesh build its garment industry, with some 4,000 factories employing 4 million workers. Readymade garments are a mainstay of the economy, contributing almost 16 per cent of country's GDP, according to the central bank.

Factory owner Azim, who supplies European and North American retailers, says he has been forced to cut one-in-five jobs. "That's the case for most of the factories," he said. "Now the second wave has started. We don't know what future holds for us."

Experts fear Bangladesh might itself face another surge in infections during the winter, having so far confirmed 390,206 cases, including 5,681 deaths.

About a third of the one million workers who were either furloughed or laid off have been rehired since July, according to union leaders. But many workers are struggling without overtime pay, which often accounts for 20 per cent of their monthly income.

"Without overtime, it is too difficult to meet expenses," said Banesa Begum, a worker in Gazipur, on the outskirt of the capital city Dhaka.

"I just pray that my factory gets more orders so that we can survive."

Source: thedailystar.net – Oct 21, 2020
NATIONAL NEWS

FDI inflow rises 13% to $36 b

India’s Foreign Direct Investment (FDI) inflow increased 13 per cent to $35.73 billion in April-August 2020 (year-on-year), as per government data. FDI equity inflow received during the first five months of the ongoing fiscal, at $27.10 billion, was 16 per cent higher than equity inflows in the comparable period of last fiscal.

The inflows are the highest-ever for first five months of a financial year in both cases, as per a press statement circulated by the Ministry of Commerce & Industry on Tuesday.

Over the last six years, total FDI inflow grew by 55 per cent, from $231.37 billion in 2008-14, to $358.29 billion in 2014-20.

Total FDI inflow grew by 55 per cent from $231.37 billion in 2008-14 to $358.29 billion in 2014-20. FDI equity inflow increased by 57 per cent from $160.46 billion during 2008-14 to $252.42 billion in 2014-20, the release added.

“Measures taken by the government on the fronts of FDI policy reforms, investment facilitation and ease of doing business have resulted in increased FDI inflows into the country.

The following trends in India’s FDI are an endorsement of its status as a preferred investment destination amongst global investors,” the release stated.

Source: thehindubusinessline.com— Oct 20, 2020

HOME

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Policy Relook: Put SEZs back on track

The recently introduced farm reforms have triggered countrywide protests. However, the SEZ ‘reforms’, which ended income tax breaks for SEZ units earlier this year, and for SEZ developers in 2017, have gone almost unnoticed. It is not surprising, considering the fact that barrels of ink have been spilt criticising SEZs as an exploitative, unjust and non-performing policy tool. As a matter of fact, SEZs have never been allowed to flourish in India. They had fallen out of favour soon after the Act came into effect in 2006 and sparked fierce protests. Rather than adopting an analytical approach to understand policy biases and an innovative approach to find solutions, the government adopted a muddled approach, affecting SEZs’ economic outcomes.

The government’s flip-flop approach took its toll on manufacturing SEZs that could never meaningfully take off. As of September 30, 2018, the actual employment in manufacturing SEZs was 84% short of the proposed numbers. However, the IT industry proved to be resilient and continued to hold the baton. By September 2018, the IT zones had generated more than 14.6 lakh jobs, significantly more than what they had proposed, and contributed 54% of the total SEZ exports. This achievement is not trivial considering the fact that IT /outsourcing hubs (in particular, SEZs) that enjoy generous fiscal incentives have emerged in several countries in East Europe, North Africa and other parts of Asia.

Currently, globalisation is in transition. Industrial policies are back on the scene with a bang, even in advanced countries. There is a growing recognition of the importance of proactive government policies to diversify and upgrade economies beyond simply freeing up markets. Global business dynamics are changing due to the emergence of Covid-19, escalation of the trade war between China and the US, and emerging geopolitical tensions. It is expected that the multinational companies will diversify their supplier base by establishing shorter value chains and relocate from China.

Governments of the emerging economies have launched an aggressive drive to promote their SEZs with attractive business conditions and massive investment incentives with the objective of attracting these investors to support their respective industrial policies. Indonesia, for example, is offering tax breaks for up to 24 years in its SEZs (KEKs). The UNCTAD World Investment Report 2019 reveals that out of 5,400 SEZs worldwide, more than 1,000 of were established in the last five years, and at least 500
more zones are in the pipeline with fiscal incentives being a critical element. In contrast, the government of India (GoI) is abandoning its direct role in economic policy. In industry, for instance, despite the calls of Make in India and Atmanirbhar Bharat, there is no strategic blueprint as to how to promote industry.

The focus has been on creating conducive business conditions in the whole country with a single-minded pursuit of improving ‘Ease of Doing Business’ (EoBD) ranking. Indeed, India has jumped several ranks from 142 in 2014 to 63 in 2020. But, to what end? It could not evoke confidence among private investors.

Private gross fixed investment, as a percentage of GDP, has declined from 27% in 2011 to 22% in 2018. This signals a lack of institutional trust, an outcome of policy uncertainties, bureaucratic controls, political interferences, the politics of vendetta, caste and religion, a continuous cycle of elections, and deep penetration of politics in every aspect of social life. It must be understood that the logic of SEZs is precisely to overcome the constrained effectiveness of EoDB reforms in the wider economy. However, India has almost written them off. The Baba Kalyani Committee submitted its report in 2018. But follow-up actions are still awaited. This is an opportune time to leverage the advantages of SEZs to revive the fragile economy. Some of the recommendations are as follows:

1 Systematically discuss the recommendations of the Baba Kalyani Committee report and develop appropriate follow up action to implement them. Break the recommendations down into two-time frames—short-term actions that are incremental and do not require extensive debate; and medium-term strategic changes that require consensus building before they can be implemented.

2 Build consensus for strategic changes in the SEZs to keep them relevant in the wake of WTO compliances. As proposed by the committee, reorient the objective of the SEZs from promoting exports to economic activity and employment generation, and focus on attracting large, foreign companies. Several developing countries are now following this strategy in their SEZs.

3 Offer employment/production linked incentives in reoriented SEZs. In Poland, a country running a successful SEZ programme, tax breaks are offered only if the companies meet the employment generation targets.
4 Allow all those benefits to SEZ units/developers that are offered in the wider economy. Complement them with additional benefits. Thailand offers massive merit-based incentives to priority industries, yet makes sure to offer additional benefits in the SEZs. There is strong evidence that if SEZs are successful, they become an instrument of revenue generation.

5 Ensure effective single-window clearances, stability in rules and regulations, and efficient administrative services. Several recommendations have been made in the Committee Report for this. A lesson can be learned from the Philippines, where the SEZ authority (PEZA) offers 24×7 one-stop services to investors. Even Ethiopia can offer a lesson in how to succeed in overcoming administrative hassles in SEZs to reap their benefits.

6 Promote logistics zones to contribute to a significant reduction in logistics costs by offering effective solutions. All manufacturing SEZs, ports and airports should be integrated with logistics parks. As per the GoI report of July 2019, India has only eight free trade warehousing zone; Indonesia has 91, Malaysia 22, and the US around 262.

7 Finally, bridge the trust gap by being committed to industrial growth, open to international experiences and congruent between words and actions.

Source: financialexpress.com – Oct 20, 2020

India should fortify PPE QC, produce critical gear: report

India should strengthen quality control (QC) and step up research and development (R&D) efforts to exploit its potential of turning a global manufacturing hub for personal protective equipment (PPE) kits, according to a report by the Gurugram-based Institute for Competitiveness, which recently said despite achieving self-sufficiency in domestic manufacturing of such kits, PPE fabric and seam tapes, the country still relied on imports for procuring a critical component like seam sealing equipment.

India needs to indigenise the production of critical equipment and machineries for essential medical supplies 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.
The Institute for Competitiveness is the Indian knot in the global network of Institute for Strategy and Competitiveness at the Harvard Business School.

"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.

“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 of the institute, told a news agency.

By July, India indigenous supply of PPE kits had exceeded the domestic demand and it exported 23,00,000 PPEs to the United States, the United Kingdom, Senegal, Slovenia, and the United Arab Emirates, the report said.

Source: fibre2fashion.com– Oct 19, 2020

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Indian exports to US, China on rise in 2020

A significant increase in India's exports to United States and China, coupled with a dip in imports from the two countries has been witnessed this year, owing to Prime Minister Narendra Modi government's push.

As per data received from the Centre, India's exports to USA in September 2020 stood at USD 5.1 billion, which is 15.5 per cent more than the figures of the corresponding month (USD 4.4 billion) in 2019.

Further, the imports from USA decreased a significant 34.3 percent to USD 1.8 billion in September 2020, when compared to the figure of USD 2.8 billion in September 2019.

Similarly, imports from China, which is one of the biggest manufacturers of commodities across sectors, dipped to USD 27.4 billion in the period between April to September this year. The imports, therefore, have shrunk 24.5 percent from the USD 36.3 billion figure for the same period from last year.
Indian exports to China have, meanwhile, increased by 26.3 per cent to reach USD 10.6 billion in the aforementioned period, which is a significant increase from the figures of USD 8.4 billion for the period between April-September 2019.

Source: livemint.com– Oct 21, 2020

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**Delay in textile policy invites traders’ wrath**

Though the Union Government announced to frame a textile policy way back in 2016, its slow pace has started bothering local textile manufacturers and traders. The holy city was once compared to Manchester for its large scale production of textile.

Piara Lal Seth, General Secretary of the Shawl Club of India, said the delay was costing small textile units heavily, which were already battered by demonetisation, GST and the Covid-19 pandemic.

He said it was their long outstanding demand to the Central Government to frame a new textile policy. In a communique to the Union Government here on Monday, the Shawl Club of India demanded that the two components of the textile sector — organised and unorganised sector — be considered separately as the problems were very much different in each sector.

The unorganised sector mostly comes under the MSME category and the New National Textile Policy should be framed to meet its requirements and redressal.

The communique stated that the basic raw material for textile sector are polyester and woolen worsted yarn. Woolen yarn, which is also called greasy wool, is imported from Australia and other countries and polyester fiber yarn is monopolised by the Reliance.

It said if both the raw materials are made available at the international price and particularly at the rate prevalent in China Market, the export of textile sector can increase manifolds.
Free import of readymade textile, under SAARC from Bangladesh in particular, have crippled our domestic industry. So needed amendments are required, it stated.

Export promotion bodies should organise international seminars, conferences during winter in the holy city, which boasts of international airport and the best of road and rail connectivity.

Source: tribuneindia.com– Oct 19, 2020

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**Government moves to ease ship registration rules to tap ‘Make in India’ policy**

Overseas Corporate Indians and LLP will be allowed to register vessels apart from ships substantially owned by Indian entities. The government is weighing a plan to ease nationality norms for registration of ships by allowing vessels that are substantially owned by Indian entities and those owned by overseas corporate Indians (OCI) and Limited Liability Partnerships (LLPs) to register under the Indian flag.

Ships purchased through bare-boat-charter-cum-demise (BBCD) route will also be permitted to register in India before the end of the charter period. Currently, a BBCD ship is allowed be converted to an Indian flag ship only when the last instalment of the charter hire is paid to the overseas owner. Till then, it flies the flag of the jurisdiction where it is registered.

At present, only vessels wholly-owned by Indian entities’ are allowed to be registered under the Indian flag

“A ship shall not be deemed to be an Indian ship unless wholly-owned by persons to each of whom the following description applies – a citizen of India, a company or a body established under any state or central act having its principal place of business in India or a co-operative society registered or deemed to be registered under the Co-operative Societies Act or any other law relating to co-operative societies,” according to Section 21 of the Merchant Shipping Act.
The easing of ship registration rules will be affected by re-writing the Merchant Shipping Act and forms part of the Maritime India Vision 2030 to help raise Indian shipping tonnage (capacity).

**Drawing FDI**

India allows 100 per cent foreign direct investment (FDI) into the shipping industry, but foreign fleet owners have so far shied away from setting up shop in India citing unfavourable tax regime and operating conditions.

Some of these taxes and operational disadvantages have since been removed, raising hope that this would trigger a renewed interest among fleet owners with lesser risk-taking ability to register ships in India and grab a share of the business including India’s cabotage (domestic coastal).

The government is also looking to tap into the revised ‘Make in India’ policy for public procurement of services to boost shipping tonnage.

Under the revised rules, state-run firms and government departments are mandated to hire only ships owned by local firms where the transportation contract value is less than ₹200 crore.

**Enhancing capacity**

The Shipping Ministry estimates that the revised ‘Make in India’ policy will help double the number of Indian flag vessels employed on overseas trade to at least 900 ships and more over a three-year period.

The Indian controlled tonnage scheme will also be brought under the revamped Merchant Shipping Act.

The scheme allows ship owners based in India to acquire ships abroad and also flag them in the country of their convenience—typically tax-friendly jurisdictions to help access cheap source of funds—yet get fiscal and cargo benefits available in India.

Source: maritimegateway.com – Oct 21, 2020