## NEWS CLIPPINGS

### INTERNATIONAL NEWS

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INTERNATIONAL NEWS

UK manufacturing exports hit record low in second quarter of 2020

The speed of decline was the fastest since data collection began in 1996, driven by the impact of coronavirus on both international supply chains and falling overseas demand for British goods and services.

The Index hit a new low of 34.6 for new manufacturing exports between April and June 2020, representing a dramatic decline from 46.8 in Q1 2020. The previous historic low of 38.8 was recorded in 2009 amid the global financial crisis. A reading below 50 signals a reduction in new export orders, while a reading above 50 indicates growth.

Of those manufacturers that reported a downturn in overseas orders, the vast majority attributed it to the impact of coronavirus, blaming the pandemic for shrinking demand, widespread business closures, and delays to export projects.

Basic metals and automotive exports were hit hardest, reflecting a fall in global demand for manufacturing components and the shutdown of car production in Europe.

Exports of chemicals and plastics, including pharmaceuticals and healthcare products, fell at a slower rate than other manufacturing goods. This was in part due to forward purchasing by overseas buyers in expectation of delivery delays.

The end of the second quarter of 2020 saw early signs of international demand returning with June showing an increase in appetite for British consumer goods.

In June, UK clothing and textiles and other manufacturing goods (which includes sports and leisure equipment), furniture, and luxury items such as jewellery manufacturing exports grew.

UK services exports fall to historic lows

Meanwhile, UK services firms saw the sharpest drop in new overseas work since the inception of the Services New Export Business Index in 2014,
measuring 29.2 in Q2, down from 42.7 in Q1. The fall was mainly due to international travel restrictions, with business-to-business, transport and communication and technology services all severely affected.

**Challenging climate for UK exporters**

Sharp economic contraction in the majority of UK export markets, including the European Union and North America was also recorded, driving a trade-weighted measure of global demand for British goods and services to a record low of 35.2 in Q2 2020.

China, after posting a reading of 42 in Q1 2020, was the only UK export market to see an increase in Q2, as the country’s lockdown measures eased.

Gwynne Master, managing director and global head of trade for Lloyds Bank Global Transaction Banking, said: “The results demonstrate the full impact of the pandemic as swathes of the global trade markets shut down amid efforts to help contain the spread of the virus.

“Export measures hit an all-time low in Q2 although we see small signs of recovery as early as May and into June. While it is too early to talk about the trajectory of recovery, it is encouraging to see enhanced external demand, signs that China’s economy is stabilising, and some UK consumer goods’ export growth in June.

“Government schemes and finance options continue to be made readily available, which will help UK exporters continue to trade, to position for a return to normality to international trade, and to prepare now for potential future disruption.”

Source: bmmagazine.co.uk – Jul 24, 2020
USA: Ugly Export Numbers Finally Catch Up With Cotton Prices

The series of big, ugly weekly export sales reports finally caught up with cotton prices, as the week ended with a triple digit selloff – down 182 points on Friday (July 24) alone – and settling the week at 60.10 cents. While prices had climbed to a four month high to near 65 cents, they have now given back some five cents in just over a week.

We had noted the miserable weekly export sales reports last week, and another was reported this week. Additionally, while there was some positive news regarding consumer purchases of cotton, the fact remains that consumer cotton purchases are lagging.

The market should be expected to continue in the 57.50 to 65 cent range. However, the potential for a “bigger and better” crop will keep significant pressure on prices. However, I am not one that is expecting a bigger crop. It is getting smaller. But, you are cautioned, it may not be wise to bet against the seed breeder.

The weekly export sales and shipments report showed a negative net sales figure for the second consecutive week. Sale cancellations exceeded new sales again this week, as net cotton sales were a negative 13,500 bales.

That is not truly the bearish news. The bearish news is that once again the U.S. made sales to only six countries this week. Even at that, the largest buyer – Vietnam – purchased only 2,500 bales.

Four of the six countries purchased 600 bales or less. In reality, nothing. These sales were made when futures prices were some three to five cents higher than current prices. Thus, mills were demonstrating that even with what little business they were considering, they were willing to wait for lower prices.

While sales are seasonally slow this time of year, current sales are historically low. Yet, it was somewhat unusual for “next marketing year” sales to be as seasonally low as was reported. That is, net sales of only 10,900 bales were recorded for the 2020-21 marketing year. Of course, all of this can be traced directly to the coronavirus and the devastation it has reaped on the world cotton economy.
Consumption news also spooked the cotton market this week in the form of a consumer spending survey reported in the Sourcing News. The survey revealed that while consumer spending for back to school apparel would increase, the amount spent on cotton and cotton/rich goods was decreasing. Thus, the world cotton industry’s challenge to change consumer tastes and preferences back to cotton is ongoing as the industry struggles to maintain its denim base.

Many will speak of the saber rattling between China and the U.S. or between China and “pick any country one wishes.” There is some truth to that, especially in the financial markets, but not so much directly related to cotton. Yet, I would be remiss not to point out that empirically, some 60-80% of the variation in cotton prices can be traced to actions by China. Yet, China is on track to become the largest buyer of U.S. cotton in the world. The coronavirus, world consumption and world production stand at the headwaters of the current price activity in world cotton prices.

Production in the U.S., and around the globe, has received mostly good news the past two weeks. The world crop looks very good in most countries. However, as we know looks can be deceiving. The Southeast and Mid-South crops look “very good” and have an excellent fruit load. Many are reporting some four to five bale equivalents of fruit on the plants. The U.S. seed breeders have become the real heroes of the U.S. cotton industry.

Yet, this “good looking” crop in the Mid-South and Southeast has a questionable fruit system. While genetics have vastly improved, typically a poor root system produces a poor yield. Thus, if the U.S. crop is to climb above 17 million bales, both regions will need very timely rains. Irrigation is very helpful, but the crops have been heavy users of water the past two weeks. Without very timely water – again, VERY timely – the root system will not be able to support the plant’s fruit.

Thus, a 16.0-16.5 million bale crop is on the horizon in the U.S. Such a crop, or smaller, will support prices in the current trading range.

Growers are encouraged to use put options when and if December futures return to the 63-cent level. Expect the market to continue within its 57.50 to 65 cent range.

Source: cottongrower.com – Jul 24, 2020
Can Mexico lure investment from Asia, as USMCA North American trade deal takes effect?

As global trade is shaken by the coronavirus pandemic and US-China trade war, Mexico has expressed its desire to lure investment from international companies based in Asia.

This follows the implementation of the US-Mexico-Canada trade agreement, known as USMCA, which took effect on July 1. It is an updated version of the nearly 25-year-old North American Free Trade Agreement (Nafta), featuring tougher content rules for the automobile, steel and aluminium industries.

But can Mexico match the conditions offered by Asian economies? Some observers say China and other Asian nations should brace for greater competition from Latin America, especially when it comes to the steel, automobile and textile industries.

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Click here for more details

Source: scmp.com– Jul 24, 2020
China's empire of cotton

I wish I could say that I was surprised to learn that one fifth of the world's cotton garments are made from material sourced to Xinjiang in China, the misleadingly named "autonomous region" in which the country's Uighur Muslim minority are subject to forced labor. I also wish that I could nod along with the coalition of human rights groups and labor unions demanding that companies from Adidas to L.L. Bean stop relying upon slavery.

Instead, I groaned. This is not because I am indifferent to the plight of the Uighurs and to millions of workers exploited by the global fashion industry around the globe, but because the most recent calls for American companies to divest from Xinjiang are painfully naive. Like most such campaigns, this one is most likely to accomplish one thing: making those who read about it feel better.

The truth is that even if all of the brands named in this press release agreed to do exactly what is being asked of them — namely, close their factories in Xinjiang, demand that raw materials from the region not be used in their products manufactured elsewhere — it would make very little difference. For one thing, very few companies have any meaningful control over where their products are manufactured, much less where the materials used in their products are sourced from.

The vast majority of global textile manufacturing is handled through layer upon layer of subcontractors. Orders are placed in the hope of being filled as rapidly as possible. (This is why it is called "fast fashion," after all.) In order to meet corporate demands, a company handling a contract for H&M or Abercrombie will farm out the actual production to another firm or group of firms, who in turn divide the work between any number of other operations. By the time an order for a hundred thousand pairs of stretch cotton chinos reaches the sub-sub-subcontractors, the chain of accountability isn't weak: it's nonexistent.

Hence the reason that I would not be surprised to read in the coming weeks that many of the brands criticized by End Uyghur Forced Labor and other groups have agreed to take the steps that are asked of them. Ralph Lauren might insist to a firm it has contracted to fill orders for its discount line that no Xinjiang cotton be used, but even if the company were actually interested in enforcing these terms, it would be unable to do so. This is why for major
corporations these lofty-sounding ethical initiatives are always a no-brainer.

Ethical consumption fantasies are not going to save the victims of globalized capitalism. So what might be done instead? We could shore up American cotton production and impose tariffs on textile imports from Asia and invest in the revival of our all-but-extinct domestic clothing industry. This would be a good thing in itself, especially if it meant unionization for the workers thus employed (unlike in recent decades, when American textile production was heavily concentrated in the "right-to-work" South).

It would also be a very tough sell to the American people, who have gotten used to the idea that a garment is an essentially disposable, and therefore inexpensive, consumer good rather than an investment in something meant to last years.

But even this would only go so far. Never mind the fact that it would require sweeping government action of a kind to which neither of our two major political parties is committed and nothing short of a revolution in American consumption habits and corporate logistics.

A wholesale revival of the American textile industry would not meaningfully alter the demand for fast fashion in Europe, Japan, India, and, indeed, China, which is itself the destination for perhaps as much as 50 percent of its textile manufacturing. A hundred thousand Americans could start earning $30 an hour sewing Levi's on these shores tomorrow, and it would not meaningfully undercut the demand for garments sourced to Xinjiang.

Does this mean it is not with pursuing? Absolutely not. It does not follow from the fact that a given evil is ineradicable that we are not obligated to do everything that is within our power to avoid cooperation, however remote, with it. But we should not have any illusions about the power of our humane feelings — expressed as consumer choices — to save the world's most vulnerable people either.

Source: theweek.com – Jul 24, 2020
UK apparel, footwear retail chain REI to lay off 400

Kent-based apparel and footwear retail chain REI will reduce staff at its stores across the United Kingdom by about 400. Nearly all 162 stores in 39 states operated by the retailer reopened as of July 6, according to a company spokesperson. Those stores had closed in March because of COVID-19 and 90 per cent of the employees were placed on unpaid furlough, but received fully funded benefits, if eligible.

“Nearly all REI stores are open in some capacity with a focus on health and safety standards for employees and customers, and we’ve been able to bring the majority of those employees back from furlough,” a company spokesperson was quoted as saying by British media reports.

REI employs about 13,000 at its retail stores.

In April, the company laid off about 300 employees at its headquarters because of the impact of pandemic. The company employs about 1,000 in Kent.

REI plans to move its headquarters to Bellevue from Kent later this year. The company announced the move in 2016 because it had outgrown its space in Kent and wanted to build a campus in Bellevue that will serve as a gathering place that fosters creativity and connects thousands of increasingly mobile employees.

REI opened its headquarters in Kent in 1988. The company was founded in 1938 in Seattle.

Source: fibre2fashion.com– Jul 24, 2020

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Italian textile machinery orders intake drops in Q2

The index of orders intake for Italian textile machinery, as compiled by ACIMIT (the Association of Italian Textile Machinery Manufacturers), fell by 47 per cent for the period April-June 2020, compared to the same period in 2019, with orders falling both abroad and in Italy, mainly due to lockdown of production units, particularly in the month of April.
A 44 per cent decrease in orders was recorded on foreign markets, whereas the domestic market showed a 62 per cent drop compared to the second quarter of the previous year. “The lockdown of production units in April heavily influenced the orders intake, and a deep concern remains for the upcoming months,” said ACIMIT president Alessandro Zucchi. “On reopening, our manufacturers worked to process orders collected prior to the lockdown.”

ACIMIT noted that the current total extent of assured work amounts to just two and a half months. “Our sector will have to face an equally difficult period.

The restart has been slow due to a marked slowdown in apparel consumption in Europe and the United States; a situation that does not lead to new investments from our customers. What’s more, the unknown factor of a possible resurgence of the virus in next Autumn is further curbing the purchase of new machinery," said Zucchi.

Focusing on digitalisation and internationalisation is fundamental for relaunching the sector, according to ACIMIT. “We must take advantage of this moment of forced calm to increase the competitiveness of our businesses,” said Zucchi.

“In partnership with the Politecnico University of Milan, we’ve launched an ambitious project that aims to create a digital label for Italian textile machinery. This will allow our machinery to present itself on global markets with a cutting-edge technological offer.

As far as our efforts geared towards internationalisation are concerned, the support that the Italian Trade Agency is lending to our sector with remote activities is certainly commendable, in making up for the void created by the cancellation of numerous promotional initiatives that had been planned for 2020. Now it’s up to our manufacturers to take advantage of these new tools.”

Source: fibre2fashion.com– Jul 24, 2020

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Uniqlo enjoys strong sales in June despite of pandemic

Japanese casual apparel retailer Uniqlo is expected to post solid June same-store sales, taking the pressure off a profit decline for owner Fast Retailing Co due to stock closures and low demand in the coronavirus pandemic.

For June, JP Morgan analyst Dairo Murata predicted a 20 percent–30 percent rise in the same-store domestic sales of the brand, driven by demand for the company’s face masks of Airism, which quickly sell out after going on sale that month. Japan started late May with the lifting of pandemic lockdown measures.

This growth will be the biggest indication of the company’s turnaround, at least in its own market, after declines from 57 percent in April and 18 percent in May. Stores have also reopened in China, which is a major growth area, and people are shopping again.

While strong June sales may also highlight the relative strength of the company among global fast-fashion peers, helped by its emphasis on functional apparel and dominance in Asian markets, it might be too early to claim the worst is past.

Source: textilefocus.com – Jul 24, 2020

“Global Polyester Staple Fiber Market to rise at a steady growth rate of 4.1% CAGR” : Transparency Market Research

The world market for polyester staple fiber market presently houses market vendors that compete with each other even without the entry of any external market players. Product quality, credit terms, and price comprise the main parameters with which the market players compete. The market participants are making prolific efforts so as to ensure better position in the market. Substantial consumer base and customer loyal are important standpoints for the participants of this market.

In an effort to retain both of these perks, the market participants are making an introduction of novel strategies like technical support post sales. In the years to come, the entry of new market players is anticipated to be restricted by the requirement for prolonged gestation periods and high capital. The
market participants are projected to keep engaging in the core research and
development work so as to devise novel services and products. The ability to
convince the customers and keep them loyal to the company would play a
crucial role in deciding the success of the various companies.

A market research report by Transparency Market Research (TMR)
forecasts the growth trajectory of the market over the period that extends
from the year 2017 to the year 2025. The said market is anticipated to rise
at a steady growth rate of 4.1% CAGR over the period of forecast. The market
valuation of the said market stood at around US$ 23.167 bn in the year 2016
and is likely attain a figure of around US$ 34.546 bn by the end of the year
2025.

A few of the key end-use segments in the world market for polyester staple
fiber are personal care and hygiene, home furnishing, apparel, filtration,
avtomotive, personal care and hygiene, construction amongst many others.
Amongst them, the segment of apparel accounts for most of the demand.
The said segment is estimated to have consumed 3365 kilo tons in the year
2016 and going forward it is anticipated to be the main factor that is driving
the demand and raising the growth rate of 4.2% CAGR from the year 2017
to the year 2025.

Apart from apparel, the segment of automotive and home furnishings is
another key end-use segment in the world market for polyester staple fiber.
On account of their durability and cost effectiveness, polyester staple fiber
is finding another extensive application as car fabrics. They assist in keeping
the cost of the automobile low also. Taking volume into consideration, the
market share of the automotive is forecasted to remain 14% in the years to
come.

Polyester staple fiber is also witnessing major uptake from home
furnishings. They are put to use as a filling material in soft toys, sofas, and
pillows. They provide resilience and firmness. The category of home
furnishing is anticipated to hold on to its share of around 14.5% in the years
to come.

Asia Pacific to Clasp Towering Share with Handsome CAGR

From a geographical point of view, the region of Asia Pacific leads the said
market with a dominant share. The regional growth is primarily backed by
the commercial construction activities, increasing residential, increasing
spending capacity of the people, and rapid urbanization, in Asia Pacific to
hold substantial 41.4% of the market share in the world market for polyester staple fiber in the year 2016.

A few of the prominent market players are W. Barnet GmbH & Co. KG, Indorama Ventures Public Company Limited, Alpek S.A.B. de C.V., China Petroleum & Chemical Corporation, Reliance Industries Limited, and Toray Industries Inc.

Source: textilefocus.com – Jul 24, 2020

Asia's garment industry should drive post-COVID economic recovery

After the COVID-19 pandemic reached Southeast Asia, more than 250 garment factories in Cambodia suspended operations, imperiling the livelihoods of more than 130,000 workers. Without effective support, many of these closures could become permanent.

In Bangladesh, the world's second-largest apparel exporter after China, about 1 million garment workers have seen Western fashion brands and retailers cancel more than $2.6 billion worth of orders this year so far.

What awaits these garment workers and their families are not the unemployment benefits and state support typically seen in developed countries but hunger, poverty and even humanitarian disaster.

As governments around the world plan their post-COVID-19 economic recovery strategies, then, it will mean little in some developing Asian countries unless the recovery is based on the local garment sector, a leading contributor to job creation, gender equality and social development. Western and advanced Asian economies now have a vital role to play in Asia, which accounts for 60% of this $500 billion industry.

Data from the World Trade Organization show that as much as 84% of Bangladesh's merchandise exports were apparel items in 2018. Likewise, the export-oriented garment industry is one of the very few job creators in Cambodia, directly providing jobs to nearly 930,000 workers in 2016, almost 79% of whom were female.
Thanks to the highly integrated regional supply chain, clothing labeled "Made in Vietnam" often includes synthetic fibers produced in Japan, yarn spun in South Korea, fabrics woven in China and accessories supplied by Taiwan.

Making textiles requires substantial capital investment and technology, unlike the labor-intensive garment cutting and sewing process, which is why apparel factories in most developing Asian countries still rely heavily on imported yarns and fabrics, more than 80% of which are sourced from more advanced Asian economies.

COVID-19 has imposed unprecedented challenges on "Factory Asia," resulting in substantial order cancellations, factory closures and job losses in the garment sector. However, the outlook for industry in the post-COVID era remains promising, for three reasons.

First, Western fashion brands and retailers still treat Asia as their single largest apparel sourcing base, with no alternative suppliers in prospect. For example, from January to May 2020 more than 80% of U.S. apparel imports, measured by both value and quantity, came from Asia. Fashion retailers have diversified sourcing away from China, but their orders have largely been fulfilled by other Asian countries -- mainly to the benefit of Bangladesh, Vietnam and elsewhere in ASEAN.

Second, thanks to years of continuous investment in automation technologies, research and development, product innovation and infrastructure, apparel made by Factory Asia is becoming ever more competitive in the world marketplace.

Western fashion brands and retailers treat Asia as a preferred sourcing destination not only because garment factories there can offer a highly competitive price, but also because Factory Asia provides other value-added benefits such as speed to market, reliability and flexibility. This is a unique but critical competitive edge that is hard to replicate for suppliers in other parts of the world.

Third, steady economic growth and rising purchasing power among consumers have turned Asia into one of the world’s largest apparel consumption markets. "Made in Asia for Asia" has emerged as a critical trend benefiting garment producers in the region.
Nevertheless, if the garment sector is to be a sustainable growth engine for Asian economies in the post-COVID-19 world, all parties in the supply chain will need to put greater effort into corporate social responsibility.

We need a new normal for the garment industry which includes better treatment of workers. Garment workers in several leading Asian apparel-exporting countries currently are the poorest paid in the world, earning less than the local living wage. But the problem goes wider than earnings. It is seven years since the Rana Plaza tragedy, which killed more than 1,100 Bangladeshi garment workers, but building and fire safety is still not guaranteed for hundreds of thousands of Asian garment workers striving to make a living.

Broader concerns about human rights are also having an impact. In early 2020 the EU suspended Cambodia’s eligibility for its Everything But Arms trade preference program because of "growing concerns about Cambodia's human rights record." Many of the reported human rights problems apply to the apparel sector directly, including a crackdown on labor unions, a lack of accountability for poor working conditions, gender discrimination, long working hours, underpayment and noncompliance with international labor standards.

The responsibility for improving corporate social responsibility should not be placed on garment factories or apparel-producing countries alone. More critical than ever, Western fashion brands and retailers that source from Asia should honor their full commitment to corporate social responsibility and work together with their vendors during this difficult time.

It is troubling that some well-known fashion brands and retailers are doing the exact opposite. They have canceled substantial orders and used all excuses to delay or reject payment for orders already or nearly completed. Such irresponsible practices add to the financial pressures on many garment factories in Asia, leaving them with fewer resources to address social problems and take care of workers already in a vulnerable position.

What makes this sector a unique growth engine for Asian economies is its positive impact on so many workers. Now is not the time to let that falter.

Source: asia.nikkei.com – Jul 24, 2020
**Retail eyes global e-com strategies for growth, survival**

Global e-commerce has surged during the COVID-19 pandemic, with cross-border e-commerce retail sales rising 101 per cent year on year (YoY) from January 1 till mid-June, according to a report released recently by cross-border e-commerce solutions provider Global-e, why a diversified e-commerce approach is critical amid economic uncertainty.

The latest COVID-19 Cross-border E-commerce Trading Implications report analysed cross-border retail sales of apparel, accessory, cosmetics and footwear items worldwide from 300 of Global-e’s retail customers from January to June 2020.

At the height of the COVID-19 lockdowns, US consumers flocked to international retailers for online purchases, with April witnessing a 7 per cent YoY growth and May experiencing a 42 per cent YoY growth respectively, bringing total US cross-border e-commerce growth to 10.2 per cent from January to mid-June, the company said in a press release.

Meanwhile, luxury goods, which have been the most affected by the pandemic as international travel and high-touch in-store experiences have all but disappeared, have relied most heavily on global cross-border e-commerce strategies to boost sales, with a 39 per cent YoY growth in both April and May respectively.

E-commerce purchases steadily rise each month. Cross-border online purchases worldwide have increased by 21 per cent YoY (like for like, year-to-date until June 14). Despite slowdowns across some of the markets when the pandemic reached its peak, sales have quickly bounced back across most of the markets, with the second quarter sales alone soaring by over 53 per cent YoY. May sales rose by 42 per cent YoY, with June showing the same positive growth trend, the report said.

E-commerce in Western Europe has significantly rebounded since April. During the height of the pandemic, cross-border ecommerce sales dropped in February and March by 2 per cent YoY and 11 per cent YoY respectively, but in April and May the region saw a whopping 23 per cent YoY and 30 per cent YoY growth, resulting in an overall 9.5 per cent YoY increase as of mid-June.
The Gulf region has experienced skyrocketing growth. While most of the world experienced a dip or flattening of their cross-border e-commerce growth in March, the Gulf region’s (including United Arab Emirates, Saudi Arabia, Qatar and Kuwait) growth skyrocketed throughout 2020. Ahead of Ramadan in April, YoY growth jumped from 48 per cent in January to 115 per cent in March, then surged to 575 per cent YoY in April.

All regions have witnessed steady e-commerce growth since April. Global-e’s data shows similar trends across all markets, with sales rebounding and even exceeding pre-pandemic figures within six to eight weeks from initial lockdowns.

Source: fibre2fashion.com – Jul 24, 2020

Volume of total bilateral trade between Pakistan and Bangladesh

ISLAMABAD, Pakistan: The National Assembly was told on Friday that Bangladesh is one of the top destinations for exports of Pakistan, and the bilateral trade between them has always been in favour of Pakistan.

In a written reply to a question by the Muttahida Majlis-i-Amal Pakistan’s (MMAP) lawmaker James Iqbal, the Minister for Commerce told the House that Bangladesh is the second top export destination of Pakistan in Asia after China and Afghanistan.

The House was told that Pakistan’s major exports to Bangladesh include woven cotton fabrics, cotton yarn, raw sugar, raw cotton, tanned leather, machinery, and its parts and synthetic fabrics including silk and woollen.

Whereas Pakistan’s main items of imports from Bangladesh are raw jute, tea, and mate, yarn & thread of synthetic fibers and tobacco. The Minister for Commerce apprised that Pakistan exports to Bangladesh increased from US$ 618 million in 2017 to the level of US$ 752.67 million in 2018-19.

The minister told that even though the Pakistan-Bangladesh bilateral trade remained in surplus in 2020 too, the overall trade including both exports and imports decreased in wake of the COVID-19 pandemic, the economic
fallouts of which remained palpable throughout the World since February 2020.

The following table shows Pakistan-Bangladesh bilateral trade figures for the last six years:

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<td>2017-18</td>
<td>736.41</td>
<td>68.59</td>
<td>805.00</td>
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<td>2018-19</td>
<td>752.67</td>
<td>54.08</td>
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<td>2019-20</td>
<td>654.79</td>
<td>45.60</td>
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Source: Pakistan Bureau of Statistics

Source: dnd.com.pk— Jul 24, 2020

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**Pakistan must retain same level of market access with UK after BREXIT: FPCCI**

Pakistan must have same level of market access with UK after BREXIT which Pakistan is enjoying with EU, this was stated by Sheikh Sultan Rehman Vice President of the Federation of Pakistan Chamber of Commerce and Industry (FPCCI).

He was speaking to a webinar on “Impact of BREXIT on Trade and Economy of Pakistan” organised by FPCCI Head Office Karachi, Regional Office Lahore and Capital Office Islamabad via Zoom Video Conference.

Sheikh Sultan Rehman stated that there was a historical referendum in UK in 2016 wherein the people of UK voted against remaining in EU which created a wave of shock and caused loss of US$ 2 trillion in a day.
He added that UK plays a key role in economic and social development of Pakistan. At present, the balance of trade between Pakistan and UK is in favor of Pakistan. Pakistan’s exports to UK stood at US$ 1.7 billion and Pakistan is mainly exporting textiles cotton fabrics, knitwear, readymade garments, bed wear and rice to UK.

He stated that currently the trade between Pakistan and UK is going on under EU GSP Plus scheme which will end for UK from January 01, 2021. He also urged Pakistani Government to sign Bilateral Investment Treaty with UK.

TDAP GSP Plus Advisor Kamal Shahryar stated that the negotiation between Pakistan and UK is continuing for getting the similar facility which Pakistan is enjoying under EU GSP Plus. He stated that UK has not shared conditionality’s of new trade agreement but in principle agreed for similar level of facilities. He added that after BREXIT the border trade with EU will not take place for moving goods in EU member countries. UK has started revision of its MFN tariff for all countries which will also benefit Pakistan.

Zakaria Usman, Former President FPCCI emphasized to finalize the agreement with UK as Pakistani exporters have made huge investment in textile sector in accordance to EU GSP plus requirements which should not be affected with BREXIT.

Asim Yousuf, Vice President Pakistan UK Chamber of Commerce and Industry added that there are huge opportunities for Pakistan’s export in agriculture, textile and food items to UK. In this context, there is a need of early formulation of Pakistan’s trade delegation to UK for getting new orders from UK. Moreover, Pakistani community in UK also plays a crucial role in Pak-UK Trade and at present, 80% of our trade with UK is conducted by Pakistani companies.

Sheikh Muhammad Tariq, Chairman Pakistan UK Business Council of FPCCI informed about the registration of his company for filing of custom declaration service from January 2021. After completion of BREXIT transition period, additional more than 250 million custom declarations will be filed and processed.

He also urged Pakistan to comply with standards and SPS measures as UK is importing 1.2 million ton of meat. He also underlined the need of developing Pakistani business center in UK as UK is establishing business hub wherein all the countries are establishing their offices.
Shariq Vohra underscored the need of research for enhancing exports to potentials market as our Pakistan export is stagnant for 10 years.

Qaisra Sheikh Coordination Women Enterpreneurs emphasized on the development of mechanism for transformation of informal trade into formal trade as most of the women are exporting to UK informally. She also suggested expanding the list of product mix for enhancement of exports.

The participants also stated that SBP should sign agreement with central bank of England for trading in property of UK on collateral basis as like India has signed. This agreement will also facilitate transfer of remittances from UK to Pakistan. Moreover UK should also follow REX system after BREXIT which is convenient to Pakistani exporters.

NATIONAL NEWS

India, UK to work on enhanced trade partnership leading to FTA

India and the UK will work on an ‘enhanced trade partnership’ which could lead to a future Free Trade Agreement (FTA), according to a decision taken at a meeting of the Joint Economic and Trade Committee on Friday.

The UK’s International Trade Secretary Liz Truss and Commerce & Industry Minister Piyush Goyal, who attended the JETCO meeting, agreed to explore opportunities for expanding and deepening our trade relationship, an official release of the British High Commission, New Delhi, stated.

“This will include an ‘enhanced trade partnership’ as the first step on a wider roadmap for a deeper trade partnership, and subject to progress could lead to a future FTA,” the release said.

The proposal for working on a limited trade pact or a preferential trade agreement had initially been made by India as a full-fledged FTA takes a long time to fructify.

In fact, the proposed Broad-based Trade and Investment agreement between India and the EU (of which the UK was a part before its decision to quit the bloc) is still nowhere near completion despite 13 years of intermittent negotiations.

Bilateral trade

Trade between the UK and India was worth £24 billion last year alone, and India is now the second largest investor in the UK economy. The UK’s International Trade Minister Ranil Jayawardena also raised the ambition to remove barriers for businesses across a range of sectors including food and drink, healthcare and life sciences, IT and data, chemicals and services, the release said.

The UK’s new Global Tariff UKGT schedule serves as a ‘building block’ towards an increasingly open trade partnership and could boost trade flows by reducing tariffs on Indian exports by up to £40 million per year, the release said.
“Alongside this, UK companies have secured recognition and registration of polyhalite, a multi-nutrient fertiliser mined in the UK, which will enable UK exports and help Indian farmers to increase crop yields while supporting a cleaner, greener and sustainable environment. Increasing investment in each other’s markets is more important than ever as both economies seek to recover from the impact of Covid-19,” it added.

Source: thehindubusinessline.com– Jul 24, 2020

Shipping Ministry waives inland waterways charges for 3 years

Move aimed at encouraging use of waterways for cargo movement, which is abysmally low now

To draw more cargo to waterways, Ministry of Shipping has waived waterway usage charges for three years with immediate effect, said an official statement. The move comes in the backdrop of cargo moved on waterways stagnating in fiscal 2020 against the previous fiscal, according to official data.

Water usage charge was applicable on vessels using the national waterways. It was a hindrance in administration of traffic movement and collection of traffic data.

Waterways charge

Presently, Inland Waterways Authority of India (IWAI) levies the waterway usage charges at a rate of ₹0.02 per gross registered tonnage (GRT) per kilometer for inland cargo vessels and ₹0.05 per GRT for cruise vessels, according to a statement.

The decision is estimated to increase the inland waterway traffic movement to 110 million tonnes in 2022-23 from 72 mt in 2019-20, added the statement.

The cargo loaded fiscal 2018-19 was a tad over 72 mt, according to official data.
Low usage

Union Minister of State for Shipping Mansukh Mandaviya said that currently only two per cent of total cargo traffic moves through waterways. Decision of waiving waterway charges will attract the industries to use the national waterways for their logistical needs.

As the mode of transport is eco-friendly and cheaper, it will not only reduce the burden on other transport modes but also promote the ease of doing business the Minister added.

Source: thehindubusinessline.com– Jul 24, 2020

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Indian missions worldwide roped in to propel exports: MEA

Indian missions the world over are being harnessed in the cause of channelling a coordinated push for exports — and for import substitution through domestic production.

As part of the effort, the Indian missions have been directed to flag non-tariff barriers in their countries of operation, and also identify new items that can be exported from India and imports that can be substituted through domestic production, a senior government official said.

The Ministry of External Affairs is also working to open up universal membership of the international solar alliance, which is currently restricted to countries within the two tropics, said Rahul Chhabra, Secretary (ER), MEA, during an interactive video conference on the role of India’s economic diplomacy in making India self-reliant, organised by the PHDCCI on Friday.

Elaborating on how Indian missions were responding to the Covid-19 pandemic, Chhabra said that all missions had been empowered to help promote India’s trade, which had dipped considerably due to the lockdown in the country and a fall in global demand.

“Missions have been asked to identify non-trade barriers and new products that can be exported. They are also looking at goods that are being imported from there (the countries where the missions are located) into India and analyse if domestic manufacturers can step in,” he said.
Missions are also playing an important role in presenting India as an alternative and low-cost manufacturing industry. They are in touch with export promotion councils and are helping to set up B2B meetings or B2C meetings, Chhabra added.

The Secretary encouraged exporters to reach out to the missions with their proposals, and pointed out that there were adequate resources in the form of market expansion activities budget, trade promotion budget and State facilitation fund.

He emphasised that the objective of ‘Atmanirbhar Bharat Abhiyan’ was not to turn inwards, but to make India the nerve centre of the global supply chain.

India’s energy security was one of the main focus areas for the MEA, and a lot of work was happening in the area even during the pandemic, Chhabra said.

Particular attention was being given to India’s engagement with the international solar alliance, and efforts were on to universalise it, the Secretary said. “So far, the solar alliance has been restricted to mostly countries within the tropics.

We want to universalise it. We have been working on it for the last few weeks and we have managed to get the requisite number of approvals. Very soon it will be open for universal membership,” he said. The international solar alliance, which was launched at India’s initiative, has 121 member countries.

Efforts are also on to upgrade India’s status at the International Energy Agency, a Paris-based body for energy dialogue, Chhabra said. India is, at present, an associate member of the body.

Source: thehindubusinessline.com– Jul 24, 2020
India must try for Quadrilateral FTA after closing US trade deal, suggests USISPF

A key cross-national industry body has pitched for an economic partnership deal between India, the United States, Japan and Australia – an informal security forum commonly known as the Quad, for Quadrilateral Security Dialogue.

New Delhi should look at closing a small trade deal with the United States before the US Presidential elections in November – which would build confidence between the two countries – followed by a Free Trade Agreement and then a larger trade deal, said Mukesh Aghi, president of the US-India Strategic Partnership Forum (USISPF).

“We have a quad...which is geopolitically aligned...we should look at beyond a trade agreement or FTA between India and the US; we should look at an FTA between the Quad,” Aghi told ET.

Aghi said American companies were evincing keen interest in investing in India as a manufacturing alternative to China, but said roadblocks such as policy unpredictability, lack of infrastructure and unwarranted litigation should be removed to ensure ease of doing business while managing global supply chains in a federal environment.

“As the stress deepens between US and China, US companies are under a lot of pressure to look at their investment strategy. The interest (for India) is very strong...the momentum with India is still building up,” Aghi said.

Earlier this week, the United States asked China to shut its consulate in Texas. In retaliation, Beijing asked Washington to close its consulate in Chengdu, in fresh tensions between the two countries.

Source: economictimes.com– Jul 25, 2020
US-China conflict to impair global trade which is vital for India's reopening: Raghuram Rajan

As the US presidential election draws near, the conflict between America and China will escalate, impairing global trade which is “extremely important” for emerging markets like India and Brazil that are re-opening amid COVID-19 pandemic, former RBI Governor Raghuram Rajan has said.

Cautioning that there will be “deeply damaged firms” in the economy, Rajan said the post-pandemic recovery has to be accompanied by a process of repair. “There’s going to be enormous bankruptcies in the United States certainly and quite possibly in Europe also as we repair the economy, reallocate resources, restructure capital structures,” he said on Thursday at the PanIIT USA virtual conference titled ‘The New Global Economic Norm: Post CoVID-19’.

“There is no doubt that as we get closer to the US election, the conflict between the US and China is going to increase and that impairs global trade, which is going to be extremely important going forward, especially for emerging markets like India, Brazil, Mexico, which are going to be significantly impaired by the virus and need some source of demand to pull them out as they start opening up again,” he said.

Former Chairperson of the State Bank of India and Salesforce India CEO Arundhati Bhattacharya also addressed the event. “Global trade is going to be an important factor if they can jump on to it, whether it’s trade in goods and services or trade in digital services, it’s going to be very important and our countries desperately need an open world,” Rajan said.

Rajan, an IIT Delhi graduate and the Katherine Dusak Miller Distinguished Service Professor of Finance at University of Chicago Booth School of Business, said that containment of the coronavirus in countries like the US and India has not happened despite lockdowns, while in some countries containment has been a 2-2.5 month process and virus cases have been brought down to the single digits leading to re-openings.

“There are countries, of course the United States being a prime example, but also India as well as Brazil, Mexico where the containment has not happened despite lockdowns, despite enormous costs. As a result, the cost of the virus is going to be significantly greater than for the countries that have been successful,” he said.
Rajan said that for countries like India and the US that are still battling the virus, the main issue right now is to contain the virus, even as he asserted that “unfortunately the spread has become significant enough that containment is going to be very difficult”.

“This creates an enormous amount of uncertainty because businesses don’t know whether there’ll be fresh lockdowns and how difficult they will be. Some states in the US are talking about fresh lockdowns, some states in India are talking about lockdowns and have actually sort of implemented some of those right now,” he said.

Rajan also spoke about some of the trends that may emerge post-pandemic. “There certainly seems to be greater value to working with minds than hands, especially as we go through the pandemic,” he said. He noted that in developed countries, 45-50 per cent of the population can work at home so that the countries can keep working even in the midst of lockdowns.

However, in poorer and developing countries and emerging markets, the number of people who can work at home is much lower, he said.

“As a result, lockdowns have been much more damaging to livelihoods, to economic progress and many in the lower middle class have slipped back into poverty in these countries. There’s a number of years that we’ve lost in terms of economic progress,” he said, adding that for going forward, there will be more emphasis on education and digital technology.

Rajan also underlined that there will be greater automation of work processes. “Many companies are figuring out how to do things more efficiently during this crisis and that will stay on going forward, which also means that we will have to redeploy workers, we will have to figure out how to do that more effectively and certainly re-training is part of the answer,” he said.

Rajan cautioned that corporations, households and governments will have enormous levels of debt as they move out of the pandemic and there will be a lot of focus on how to restructure and bring it down over time. “The bad debt problems of banks then and the bad debt problems that are likely to emerge for banks across the emerging world is going to be a multiple of what it was in the past and this implies that we need to spend far more time on creating restructuring processes so that firms get back to work and production.
"If we don’t focus on the problem of repairing the capital structures of these firms, we’re going to have much slower growth, much more problems down the line. So this is something that policymakers need to think about” he said. Customers are turning to more frugality and savings and there will be more pressure for universal good healthcare as a result of this crisis., Rajan said. “We’ve seen the consequences of having inadequate healthcare system, not just in the United States but also in places like India,” he said.

“There’s going to be much more of a need for capable governments. We’ve seen what government incompetence can do and that has been problematic. There is going to be much more support in public for more capable governments but also more support for regulation,” he said, adding that there is probably going to be more resistance to globalisation.

Source: financialexpress.com– Jul 24, 2020

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Commerce Ministry suggests model handbook for ports

There are several issues of inefficiency in logistics, including port documentation and processes, that are hurting EXIM trade, said Pawan Kumar Agarwal, Special Secretary, Logistics, Ministry of Commerce.

Referring to a recent study by Asian Development Bank, Agarwal said in JNPT and Vizag ports it was found that 80-145 documents are required and nearly 30 per cent of them are redundant and one-third are required more than once, he said at a webinar on EXIM Trade in New Normal organised by the Madras Chamber of Commerce of Industry.

He suggested a uniform port documentation model can be formed at the national level but can be customised by each port according to their local requirements.

On logistics cost, Agarwal said there are different numbers. For instance, a study in 2018 by a private agency said that it was around 13 per cent. However, a report by the National Council of Applied Economic Research last year pegged it at 8.1 per cent, which is nearly the global average.
“We should not give too much importance to the figures. Rather than focussing on the numbers, we should look at addressing inefficiencies in the system. There is a lot of scope to improve logistics cost,” he said. “Whatever be the logistics cost, our focus should be to reduce the logistics cost by five per cent,” he added.

Agarwal said that the National Logistics Portal would be ready in 6-8 months.

Source: thehindubusinessline.com– Jul 24, 2020

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Transit via Bangladesh ports for NE India to give impetus to BBIN construct

The first trial container ship from Kolkata to Agartala and Karimganj through Chittagong port has opened up huge opportunities not just for Indo-Bangladesh trade but also sub-regional cooperation that could give impetus to Bangladesh-Bhutan-India-Nepal or BBIN construct which is pathbreaking concept in sub-regionalism.

It was for the first time that Bangladesh has allowed its ports to be used as transit for cargo movement to India's north-eastern states. Access to Chittagong and Mongla seaports in Bangladesh are critical to opening shorter and alternative routes to connect the Northeast region with the rest of India. It drastically cuts short the distance between Kolkata and Agartala via Assam from about 1600km to just about 450 km.

The Standard Operating Procedure for use of Chittagong and Mongla ports for movement of goods to and from India were concluded in 2019 during the visit of Bangladesh Prime Minister Sheikh Hasina in October 2019.

This model can feed into BBIN and subsequently into Indo-Pacific construct. Following the signing of the second addendum to the protocol at Dhaka on May 20 this year, each country now has 11 ports of call and two extended ports of call. New ports of call include Jogighopa in Assam which will provide connectivity to Meghalaya and Bhutan as well.
Assam Cabinet has recently granted its approval to allotment of 200 bighas of Ashok Paper Mills for setting up of a Multimodal Logistics Hub at Jogighopa. The proposed multimodal hub will have connectivity through waterways, road and railways and will facilitate in-bound and outbound cargo movement between India and Bangladesh.

NE India’s access to seaports in Bangladesh is expected to give momentum to BBIN. The restoration of the access of the India's northeast to seaports can influence Bhutan to ratify the BBIN Motor Vehicles Agreement (MVA) that aims at enhanced regional connectivity through facilitation of regional cross-border road transport.

A joint project on multi-modal connectivity in the BBIN sub-region, is being implemented by CUTS International (from India), Bangladesh’s Unnayan Shamannay, Bhutan Media and Communications Institute and Nepal Economic Forum. Coinciding with trial run of container ship from Kolkata to Agartala and Karimganj through Chittagong port, these four entities held a brainstorming session on BBIN multi-modal connectivity.

In recent years Bangladesh, Bhutan, India and Nepal (BBIN sub-region) have realised that connectivity precedes trade, stated Bipul Chatterjee, Executive Director, CUTS International, a leading public-policy body. “It is also needed to ensure that the political momentum percolates down to grassroots levels in order to effectively balance the socio-economic and environmental costs and benefits. Considering the communities, private sector and local governments as essential pillars of connectivity can significantly help people on the ground not just to appreciate the larger political will but also understand the value of cooperation,” according to Chatterjee.

Addressing the session Swarnim Wagle, Chairman, Institute for Integrated Development Studies and Former Vice Chairman of the Planning Commission of Nepal, said, “in response to the aftermath of the COVID-19 pandemic, the emerging paradigms of trade and investment need to focus on normalising as well as further scaling up people-to-people linkages in a sustainable manner while addressing quality and efficiency challenges.”

“As a way to advance infrastructure connectivity and address developmental challenges including those resulting in from the COVID-19 pandemic, the G20 Principles for Quality Infrastructure Investment should be fundamental to regional or sub-regional response,” said Shohei Hara,
Director General, South Asia Department, Japan International Cooperation Agency.

Arun Roy, an Expert on River Engineering and Inland Waterways Transport, stressed upon the need to unleash the scope to optimise sub-regional linkages between waterways and industrial corridors.

“It is important to improve national and sub-national access as well as to maximise their linkages with the larger world in a cost-effective and environmental friendly manner. It is also important to focus on micro connectivity initiatives such as those by smaller boats between India and Bangladesh to boost people confidence,” he said.

According to Selima Ahmad, Member of Parliament of Bangladesh and President, Bangladesh Women Chambers of Commerce and Industry, “Connectivity is increasingly becoming one of the most important tools to reduce poverty and maintain stability in the sub-region. In doing so, we need to manage vested interests who pose challenges to the grassroots needs and the larger political will.”

Shakti Sinha, Director, Atal Bihari Vajpayee Institute of Policy Research and International Studies, MS University, Vadodara, who also participated in the session stated that “it is essential to adopt an incremental approach to figure out and address implementation challenges facing the sub-region. Other than improving project and process values, we have to do it amid varying political economy considerations of the countries involved.”

Rajeev Singh, Director General, Indian Chamber of Commerce, Kolkata, India, said that “it is an imperative to capture success stories of cooperation between and among the BBIN group of countries.” According to him, the intent is there at the government level but local trader bodies and other cross-border interest groups have been posing implementation challenges.

Talking about the post-COVID scenario in the BBIN sub-region Sandeep Raj Jain, Economic Affairs Officer, Transport Division, United Nations Economic and Social Commission for Asia and the Pacific, shed some lights on key lessons which, according to him, is about realising the importance of digitalisation.

Source: economictimes.com– Jul 24, 2020
Covid impact: Import curbs by WTO members covered goods worth $423 b

Countries implement 256 trade-related measures of which, 165 were restrictive

Members of the World Trade Organisation (WTO) implemented 256 trade and trade-related measures explicitly linked to the Covid-19 pandemic by mid-May with a little more than half the measures of a trade facilitative nature, while the rest were restrictions in the form of export bans, according to a recent report.

The new import restrictions covered traded merchandise worth an estimated $423.1 billion, the third-highest value since October 2012, the WTO’s mid-year report on trade related developments pointed out.

“The report makes clear that a substantial share of world trade continues to be affected by new and accumulated import-restrictive measures, which is cause for concern at a time when economies will need trade to rebuild from the effects of the Covid-19 crisis,” said Director-General Roberto Azevêdo, who presented the report to WTO members, on Friday.

New measures

Between mid-October 2019 and mid-May, WTO members implemented 363 new trade and trade-related measures, 198 of them trade-facilitating and 165 trade-restrictive. As many as 256 (about 71 per cent) were linked to the pandemic.

WTO members notified a higher volume of standards and technical (SPS and TBT) measures compared to the previous period to restrict trade, with developing countries at the helm. From February 1 to May 15, 2020, 19 members notified 29 SPS measures and 14 members reported 53 TBT notifications taken in response to the pandemic, per the report. “These covered a wide range of products including personal protective equipment, medical equipment, medical supplies, medicines and food,” the report said.

The Covid-19 related measures seemed to have been undertaken in two distinct waves. “In the early stages of the pandemic, several of the measures introduced restricted the free flow of trade but as of mid-May 2020, 57 per cent of all measures were of a trade-facilitating nature. In early May, some
members began to phase out export constraints, targeting products such as surgical masks, gloves, medicine and disinfectant,” the report said.

**Import measures**

Per WTO estimates for the second quarter of 2020, world trade was likely to drop 18 per cent compared to the same period the previous year. Members have also implemented trade-facilitating policies across sectors during the review period, with 51 new trade-facilitating measures not related to Covid-19 implemented.

These measures mainly included the elimination or reduction of import tariffs, the elimination of import taxes, the simplification of customs procedures and the reduction of export duties.

The trade coverage of non-Covid import-facilitating measures was estimated at $739.4 billion, which is significantly higher than $544.7 billion recorded in the previous report (from mid-May to mid-October 2019) and represented the second-highest figure since October 2012.

Emergency support measures introduced by members which include grants, monetary, fiscal and financial measures, measures targeting micro, small and medium-sized enterprises (MSMEs), loans, credit guarantees and stimulus packages are under review, the report observed.

Source: thehindubusinessline.com – Jul 24, 2020

**India needs further economic reforms to attract more investment, says IMF**

Concerted efforts by India to strengthen the business climate and encourage investment in trade have helped attract investment, but the country needs further economic reforms to ensure sustainable and more inclusive growth, the IMF said on Thursday.

The remarks by the International Monetary Fund’s Chief Spokesperson, Gerry Rice, came in response to a question on the recent FDI announcements made by companies like Facebook and Google in India.
In recent weeks, several international companies have pledged $20 billion FDI in India, and a whopping $40 billion this year so far.

Concerted efforts have been made in recent years, in India, to strengthen the business climate and encourage investment in trade, and these have helped to attract investment and improve the current account financing mix and also help to contain external vulnerabilities, Rice told reporters at a news conference here.

Relevant reforms have included the new bankruptcy code, the Goods and Services Tax. These have helped India move up rapidly in the World Bank’s Ease of Doing Business index, up to 63 in 2020, from 100 in 2018, significant progress there, indeed, Rice said.

“Nonetheless, further economic reforms, including labour, and additional infrastructure investment are necessary, in our view, to attract even more investment, and to ensure sustainable and more inclusive growth in India,” he said in response to the question.

Recently, the IMF in its update to the World Economic Outlook projected India’s growth rate at -4.5 per cent, and then 6 per cent recovery, for the fiscal year 2020-21 and fiscal year 2020-22, respectively, he said.

“Our projection for fiscal year ‘20-2021 was revised down, as was the case for most countries driven by the impact of the pandemic,” Rice added.

“On balance, I think we would say the risks to the economic outlook remain,” he said.
Despite gradual recovery in activities and a solid agricultural performance, the downside risks remain.

“The main downside risk is, of course, the continued spread of the pandemic”, he noted, referring to the coronavirus pandemic.

“Further outbreaks could require additional lockdows, and concerns about the virus could also dampen consumer confidence and delay the economic recovery. Again, this is the case not just in India, but in many countries,” Rice said.

Source: thehindubusinessline.com– Jul 24, 2020
No more cheating on online shopping; govt notifies e-commerce rules on cancellation charges, complaints, more

In a move to protect customers from being cheated on the e-commerce platforms, the government asked the e-commerce firms to ensure that their grievance officers acknowledge any consumer complaint within 48 hours and redresses it within one month.

The Ministry of Consumer Affairs, Food, and Public Distribution notified a new set of consumer protection e-commerce rules under which, it also restricted the e-commerce firms from imposing cancellation charges on consumers who cancel the purchased products or services unless similar charges are also borne by the e-commerce firm. The government further highlighted that it will be mandatory to show the country of origin so that the customers can make an informed decision during the pre-purchase stage.

The government also directed the e-commerce companies to provide clear information related to return, refund, exchange, warranty and guarantee, delivery and shipment, modes of payment, grievance redressal mechanism, and any other similar information which may be required by consumers to make informed decisions. In addition, the customer care number of the seller will also be mandatory.

Duties of e-commerce sellers

While listing out the duties of the sellers on the marketplace, the gazette notification underlined that no seller shall adopt any unfair trade practice and falsely represent itself as a consumer who posts reviews about goods or services and misrepresent the quality or the features. It also said that the no seller shall refuse to take back goods, discontinue services, or refuse to refund, if such goods or services are defective, deficient or if the same is not of the characteristics as advertised or as agreed to.

The sellers will now also have to show the total price of any good or service in a single figure, along with its breakup price including charges such as delivery charges, postage and handling charges, conveyance charges, etc. Meanwhile, the government said that in the exercise of the powers conferred by sub-clause (zg) of sub-section (1) of section 101 of the Consumer Protection Act, 2019, it has made the changes in consumer protection rules mentioned above.

Source: financialexpress.com– Jul 24, 2020