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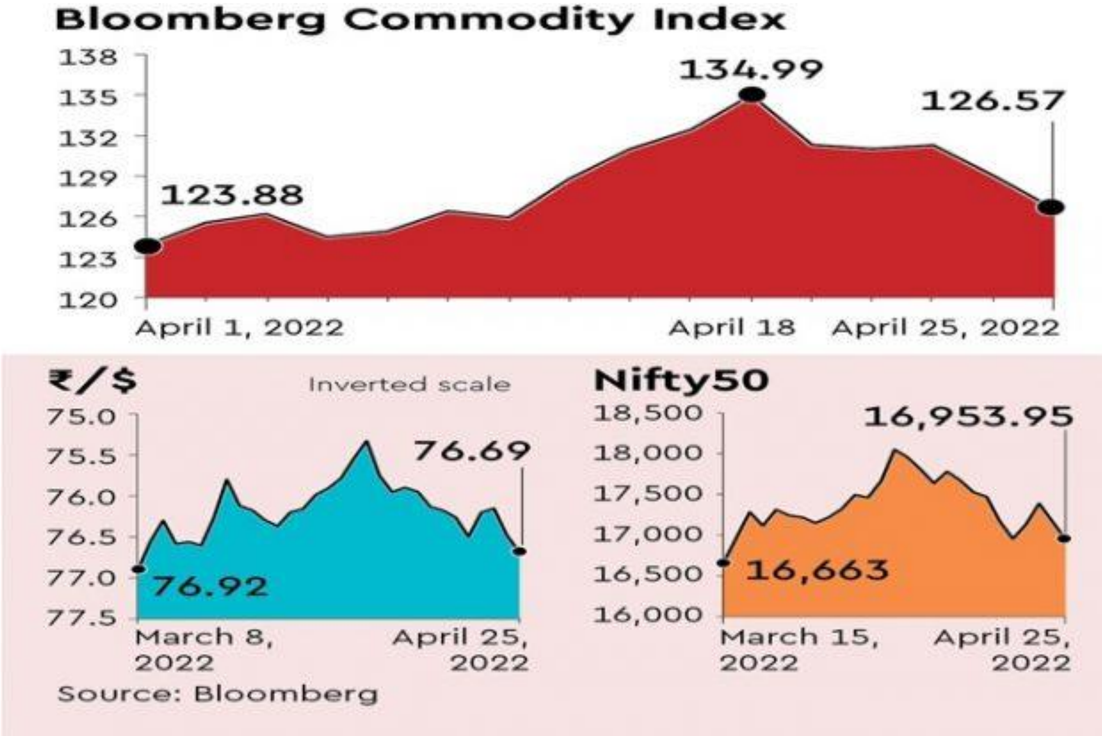
INTERNATIONAL NEWS

China: Slowdown fears: Key commodities prices witness a sharp fall

Apprehensions of a slowdown in the global economy, led by a deceleration in the US and China, has led to a fall in the prices of several commodities over the past week or so.

There are concerns the Chinese economy would lose momentum in the wake of lockdowns to fight Covid and the US economy will decelerate as interest rates rise.



Oil prices fell nearly 5% on Monday, hitting their lowest levels in a fortnight. The price of metals like palladium have tumbled in the spot market, while copper has fallen 7% in five sessions.

Silver prices have come off by close to 9% over the same period; gold prices are down about 4%. Analysts said the broader commodities sell-off is a result of fears that demand will fall off as major economies slow.

Source: financialexpress.com– Apr 26, 2022

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China to step up export tax rebates to support foreign trade

The Chinese government will further leverage export tax rebates to offer stronger support for foreign trade enterprises, according to a circular jointly released by the state taxation administration and other government organs. The circular outlines measures to improve export tax rebate policies and streamline procedures for applications.

Efforts will be made to strengthen the linkage of export credit insurance and export tax rebate policies, and improve rebate policies for processing trade firms, according to the circular.

The Asian giant will step up efforts to enhance data sharing and smooth the connections among customs, tax and other departments to further streamline export tax rebate procedures, it said.

Efforts will also be made to support cross-border e-commerce firms by encouraging qualified enterprises to actively claim export tax rebates, official Chinese media reported citing the circular.

A State Council executive meeting earlier this month decided to increase export tax rebates to promote foreign trade development. Enterprises with better credit records will enjoy greater customs clearance and tax refund facilitation.

Source: fibre2fashion.com– Apr 26, 2022

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Why Fashion Must Prepare for 'Deglobalized' World

Experts are scrambling to make sense of a volatile geopolitical climate and the stark economic realities ahead for companies still struggling with strained supply chains.

Deglobalizing supply chains

Dana Peterson, chief economist at The Conference Board, believes many companies will start to walk back decades of deglobalization, at least to some degree. Chasing cheaper parts and labor around the globe isn't nearly as compelling when goods are stranded in locked-down Chinese production hubs far from store shelves.

Governments are likely to "encourage or force businesses to localize their supply chains, diversify their supply chains or even bring production home," she said earlier this month. "And as [any] economist will tell you, that results in slower growth and higher inflation—and those two things are not a good combination."

Some nations are already picking sides, with allies lining up behind either the U.S. or China.

Not only economies but also "multinationals" will have to decide "who they're going to side with," she added. "Certainly, that's going to affect not only where businesses operate, but where they source their products and what customers they are going to be trying to attract."

The pandemic reminded companies why diversification matters, according to AlixPartners CEO Simon Freakley.

"Coming out of Covid, what we learned was that we had to have a just-in-case strategy as well as a just-in-time strategy, and that regional supply chains as well as local supply chains are going to be absolutely essential for companies because they weren't able to rely on global supply chains in what is rapidly becoming a deglobalized world," he said in a webinar last month.

Retail and brand impact

Russia's war in Ukraine has become a "polarizing issue" for some, Freakley said.

He added that business leaders must "get right on the front foot" and state exactly what they do stand for and their corporate the values are." So far, most have taken a strong stance against the invasion with roughly 300 major corporations pulling out of Russia and just a "few dozen major corporations" still continuing with business as usual, said Freakley, adding "there will be consequences" for companies that fail to act quickly against the attacks.

Prada Group, Hermès, Chanel, LVMH, Kering, Burberry, Valentino, Versace and Hugo Boss have all tapped the brakes on their operations in Russia.

Though sources say Russia's luxury sales reached $8 billion to $9 billion last year, fashion gets a smaller share of sales from the market, minimizing its fallout despite the temporary store closures.

For Prada, Russia accounts for just 1.5 percent to 2 percent of sales, which reached 2.93 billion euros ($3.21 billion) for retail last year and grew 61 percent when looking at the online business. Prada chairman Paolo Zannoni said Russia "remains potentially an important market and we would like to be able to keep it open if the situation allows us to," even if the country doesn't drive huge numbers.

The executive went on to cite a declining geopolitical and macroeconomic outlook and increasing volatility. "We cannot foresee at this stage the impact of current events on the luxury goods industry, but we are closely monitoring our business environment, ready to react swiftly to unexpected developments," Zannoni said.

Russia last week launched a "new phase" of its war in eastern Ukraine.

Retail analyst Walter Loeb of Loeb Associates believes Zannoni's comments could indicate that stores closed during the invasion might not reopen when the war ends. Neighboring NATO nations jumping into the fray without Russia directly attacking them could unleash a whole new set of concerns, the former retail executive said.

Companies like the owner of Marshalls are already backing away from Russia. The TJ Maxx parent quickly announced plans to sell its 25 percent minority stake in the 400-door Russian off-price retailer Familia, though it's losing money in the process as the ruble's decline means the $225 million TJX originally paid was worth just $186 million as of January, Loeb said. TJX executives Doug Mizzi and Scott Goldenberg resigned their Familia board roles.

Shein reportedly scrapped IPO plans though it never confirmed its intent to go public and is now talking with private equity firms instead. IPO tracking firm Renaissance Capital blamed the Russia-Ukraine war for chilling the previously red-hot IPO boom.

New world order?

Companies should brace for "long lasting" fallout from the war, according to Dr. Lori Esposito Murray, president of the Committee for Economic Development at The Public Policy Center of The Conference Board.

"This is not just about Russia and Ukraine," she said. "It is really about the changing world order." Even if the war ends up being relatively brief, the "impact will be long lasting," she added.

Ilaria Maselli, who serves as The Conference Board's chief economist in Europe, pointed to "signals that the manufacturing sector is clearly losing momentum" even as sentiment around employment is also taking a nosedive.

"European countries entered into this crisis with a very strong labor market [and] now we know that inflation is increasing and it's accelerating," Maselli said. "And as a consequence of that, I think a major conversation that will happen in companies between employers and workers in 2022 and '23 will be around wage growth."

Higher inflation will inevitably erode household purchasing power when wages don't stretch as far, she added.

Meanwhile, Moody's Investors Service expects retailers will face mounting profit pressure as higher input and freight costs exacerbate elevated operating expenses and test consumers' tolerance for higher prices. The credit ratings firm's analysts believe "smaller companies with higher leverage have less scope to absorb higher costs and less clout to negotiate with vendors and secure product in a disrupted supply-chain environment.” In contrast, large retailers such as Walmart will “use their financial clout to absorb and juggle rising costs by leveraging strong vendor relationships.”

Mid-price retailers catering to lower- and middle-income consumers, particularly in discretionary categories, are at greatest risk if consumers start shifting their dollars to value-oriented buys—putting Macy’s and Kohl’s in the line of fire while mass, dollar and off-price stores are poised to win.

Source: sourcingjournal.com– Apr 25, 2022

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Taiwan Textile Federation to reveal green manufacturing technology

To assist Taiwan's textile industry further its efforts on expanding their green products to the global market, with the support of the Bureau of Foreign Trade, the Taiwan Textile Federation will reveal cutting-edge green manufacturing textile technology on April 29. Over the years, Taiwan has become the top choice of many leading brands in going green.

The federation will highlight the latest concepts of circular fashion developed by leading textile manufacturers and how it transforms consumer's purchase and consumption habits.

"As textile industry faces increasing global pressure to make changes, it is worth noting that Taiwan's textile industry has strong knowledge and expertise on material innovations which designs and creates sustainable fabrics using natural and recyclable materials with eco-friendly energy.

Apparel production makes up 10 per cent of the carbon emissions. At this pace, the fashion industry's greenhouse gas emissions will surge more than 50 per cent by 2030," Taiwan Textile Federation said in a press release.

The online streaming event will be held via TTF's Textile Export Promotion Project official Facebook and YouTube.

Source: fibre2fashion.com– Apr 25, 2022

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Euro area international trade in goods deficit €7.6 bn in Feb 2022

The first estimate for euro area export of goods to the rest of the world in February 2022 was €215.8 billion, an increase of 17 per cent compared with February 2021 (€184.5 billion). Imports from the rest of the world stood at €223.4 billion, a rise of 38.8 per cent compared with February 2021 (€161.0 billion), driven again, in particular, by a further increase in energy imports.

As a result, the euro area recorded a €7.6 billion deficit in trade in goods with the rest of the world in February 2022, compared with a surplus of €23.6 billion in February 2021. Intra-euro area trade rose to €202.5 billion in February 2022, up by 25.6 per cent compared with February 2021, according to a press release from Eurostat, the European Union's (EU) statistics agency.

In January to February 2022, euro area exports of goods to the rest of the world rose to €416.6 billion—an increase of 18.3 per cent compared with January-February 2021—and imports rose to €451.5 billion—an increase of 41.9 per cent compared with January-February 2021.

As a result the euro area recorded a deficit of €34.9 billion, compared with a surplus of €34.2 billion in January-February 2021. Intra-euro area trade rose to €399.4 billion in January-February 2022, up by 26.4 per cent compared with January-February 2021.

The first estimate for extra-EU exports of goods in February 2022 was €191.9 billion, up by 16.4 per cent compared with February 2021 (€164.8 billion). Imports from the rest of the world stood at €207.7 billion, up by 44.7 per cent compared with February 2021 (€143.5 billion).

As a result, the EU recorded a €15.8 billion deficit in trade in goods with the rest of the world in February 2022, compared with a surplus of €21.4 billion in February 2021. Intra-EU trade rose to €315.1 billion in February 2022, up by 22.6 per cent compared with February 2021.

In January to February 2022, extra-EU exports of goods rose to €371.4 billion—an increase of 18.4 per cent compared with January-February 2021—and imports rose to €424.0 billion—an increase of 49.3 per cent compared with January-February 2021.

As a result, the EU recorded a deficit of €52.7 billion, compared with a surplus of €29.8 billion in January-February 2021.

Intra-EU trade rose to €620.8 billion in January-February 2022, up by 23.5 per cent compared with January-February 2021.

Source: fibre2fashion.com– Apr 25, 2022

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Smart Textiles: Mapping a complex value chain

SmartX Europe, the European Smart Textiles Accelerator, has launched a new manufacturing value chain map for the rapidly growing smart textiles industry.

The three-year acceleration platform for smart textile projects has been driven by a cluster of thirteen European partners from the textile and technology industries and is providing support to 25 individual projects with a total budget of €2.4 million.

Its primary objective was to build an engaged and connected community for the future of European smart textiles and to shape and establish the industrial value chains that are needed.

The smart textiles value chain comprises multiple actors from three distinctive industries – electronics, textiles and ICT (information and communications technology).

As a result there is a need for cross-sectoral partnerships because it is challenging to bring together competencies, energies and strategies based on three very different industries, viewpoints and mindsets.

The analytical map aims to provide a clear vision of the whole interactive pattern and to identify the current gaps that slow down or jeopardise the successful development of the European smart textiles industry.

Current challenges

There is no clear absence of any specific element, but rather a weakness in many of them that comes from little collaborative history between the three industries concerned, the SmartX consortiun says.

Furthermore, the still insufficient development of volume markets prevents most of the large businesses that predominantly supply equipment machinery, chemical and electronics components from dedicating much effort and investment to smart textiles production.

Technological breakthroughs are not what is primarily missing in order to allow the industry to shine in the global market. Ideas are there, researchers and patents as well, but the movement is led by start-ups and SMEs who have to cope with small series production and high costs. They serve a few lead customers in specific market niches, have to work with adapted equipment and very limited automation and modified chemical formulations, and need to add required new skills in the workforce.

Promising trends

There are however promising technological trends, such as the current development of low power flexible and organic electronics, as well as the more automated integration of conductive elements into conventional textiles through knitting, embroidery or printing, which will help to achieve lower cost levels and more reliable quality, as well as better functional properties.

To meet the existing challenges, several highly promising fields are opening up to the industry. The most important one is the development of flexible electronics, which allow for efficient connections between soft material substrates and hard metal components and the use of hybrid chip platforms – systems-on-chip with a low-power coprocessors – which translate into significantly better performances and user experience.

One major drawback the industry has to face is the insufficient integration of marketing in the broad sense, by developing unique selling propositions, identifying how and why the smart textile product is better than existing solutions. These are concerns to which smart textile businesses often give too little attention too late in the product development process.

Another key issue to solve as soon as possible is the lack of widespread and clear regulations and norms, be it in the design of products, services, or data management. International norms and trade rules are needed to ensure both user safety and a level playing field for industries worldwide.

Any smart textile development project must actively involve all relevant stakeholders going forward, the consortium concludes.

This includes designers, manufacturers, end users and experts on end-of-life treatment, as well as experts on service and application development.

Building a successful community – one of the goals accomplished by the SmartX programme – has been of crucial importance to ensure all talents, capacities and knowledge work in better synergy throughout the industry.

Source: innovationintextiles.com– Apr 25, 2022

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Turkiye's apparel exports surge by 14.71%

Turkiye's apparel exports increased by 14.71 per cent year-on-year in January-February 2022, according to the data from the Turkish Statistical Institute and the country's Ministry of Trade. During the first two months of the current year, Turkiye exported apparel worth $3.074 billion, compared to exports of $2.680 billion during the same period of 2021.

Exports of knitted and crocheted clothing and accessories (HS chapter 61) grew by 15,9 per cent to $1.738 billion in January-February 2022 as against $1.5 billion registered during the same months of the previous year.

Exports of non-knitted apparel and accessories (HS chapter 62) increased by 13.2 per cent to $1.335 billion compared to $1.179 billion exports made in January-February 2021.

Exports of old clothing and other textile articles and rags (HS chapter 63) also grew by 10.3 per cent year-on-year to $512.822 million during the period under discussion.

However, exports of carpets, mats matting and tapestries (HS chapter 57) fell by 6,2 per cent to $459.120 million during the two-month period.

Meanwhile, Turkiye's imports of cotton, cotton yarn and cotton textiles (HS chapter 52) increased by a sharp 110.4 per cent to $831.355 million, over $395.214 million in the first two months of 2021.

Likewise, man-made filament imports too shot up by 89.0 per cent year-on-year to $535.601 million, the data showed.

Source: fashionatingworld.com– Apr 25, 2022

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Vietnam may achieve growth of 6% in 2022, 7.2% in 2023: IMF

Policy support and an impressive vaccination rollout prompting a strategic shift towards living-with-COVID will help Vietnam achieve growth of 6 per cent in 2022 and 7.2 per cent in 2023, according to Era Dabla-Norris, who led an International Monetary Fund (IMF) team to hold discussions for the 2022 Article IV consultation with Vietnam during April 4-20.

Inflation is expected to edge up to 3.9 per cent by end-2022. Growth risks are tilted to the downside while inflation risks are tilted to the upside, she said.

“The recovery is projected to strengthen, supported by the recently-approved Programme for Recovery and Development (PRD)….The conflict in Ukraine is expected to have a moderate impact on the pace of the recovery and inflation,” she said.

The recovery has been uneven so far, with the service sector still lagging, while financial risks and inequality have likely risen, she said.

Policy priorities should be to entrench the recovery, preserve macroeconomic stability, and promote inclusive growth. The size and composition of policy support should be proactively adjusted to the pace of recovery and clearly communicated and implemented to reduce uncertainty, she said.

Decisive structural reforms are needed to address longstanding challenges related to the business environment, especially for small and medium enterprises, labour quality and skill mismatches, and governance, she said in a statement.

“The outlook is subject to significant risks. Growth risks are tilted to the downside while inflation risks are tilted to the upside. The most immediate risks include the intensification of geopolitical tensions and a slowdown in China. Other risks include a tightening of global financial conditions and developments in the domestic real estate and corporate bond markets,” she said.

“Revenue mobilization should be enhanced to finance a permanent strengthening of social security, build resilience to climate change and address pressures from population aging.

The team welcomes Vietnam’s pledge to reach net-zero emission by 2050. It will be essential to transform the authorities’ ambitious climate adaption and mitigation plans into action including via better integration with the budget,” she added.

Source: fibre2fashion.com– Apr 26, 2022

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GSP+ expiry to have disastrous effect on Pakistan’s textile industry: PRGMEA

The expiry of GSP+ facility in 2023 may have a disastrous effect on the Pakistan textile industry as international buyers will start searching for other regional suppliers for placing new orders, says Sheikh Lugman Aman, Regional Chairman, Pakistan Readymade Garment Manufacturers and Exporters Association (PRGMEA). Extension of had helped boost Pakistan’s textile exports, explains Ijaz Khokhar, Chief Coordinator. He has urged the government to push the EU countries for extension of GSP Plus facility to Pakistan for another 10 years.

Khokhar also urged enhanced interaction and communication with ambassadors of EU bloc and other European countries. He also emphasized on the need for direct advocacy and lobbying by visiting EU headquarters in Brussels.

The readymade garments sector in Pakistan urged the new government to initiate lobbying for continuity of Generalized Scheme of Preferences (GSP)-Plus, besides implementing new textile and apparel policy through revival of Pakistan Export Promotion Board (PEPB).

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) office-bearers urged the government to initiate work on lobbying for renewal for GSP status for Pakistan from the European Union (EU) to sustain export growth.

Source: fashionatingworld.com– Apr 25, 2022

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Bangladesh: Foreign diplomats requested to present developments about RMG

The apparel apex body-- BGMEA called upon foreign diplomats to tell positive developments and stories about the Bangladesh apparel sector to relevant stakeholders in their countries.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) also sought support to seize the RMG sector's untapped potential, according to a statement.

The readymade garment industry of Bangladesh has every prospect of remaining a preferred sourcing destination in the world and continuing its impressive story of growth, said Faruque Hassan, president of BGMEA.

The industry has continued its pursuit of excellence in business capabilities while remaining committed to carrying forward the achievements made in the areas of workplace safety, environmental sustainability and workers' well-being, he said.

He came up with remarks while speaking at an Iftar Mahfil organised by BGMEA for foreign diplomats posted in Dhaka and development partners at a city hotel last Thursday.Ambassadors of France, Japan, Australia, Brazil, Vietnam, Indonesia, South Korea and representatives of other embassies including the European Union attended the event.

Faruque Hassan said, "Our industry has brighter prospects and we are determined to make every possible effort to seize all opportunities that lie ahead of us."

"In alignment with our objective, we have pinned our focus to remodel our business from labour intensive to a value-added one through innovation, modern manufacturing, diversification, technology upgrading, up-skilling and re-skilling of our workforce."

He called upon the ambassadors to extend their cooperation and support to Bangladesh's RMG industry to expand market share, enhance business capabilities through collaboration and bring investment in different promising sectors including high value-added and non-cotton textiles, spare parts, textile machinery.

The BGMEA president also sought the support of the diplomats in telling the positive development and stories about the Bangladesh apparel sector to relevant stakeholders in their countries.

BGMEA Vice President Shahidullah Azim, directors and chairpersons of different standing committees of BGMEA also attended the Iftar Mahfil.

Source: thefinancialexpress.com.bd– Apr 23, 2022

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NATIONAL NEWS

India-EU FTA negotiations to resume in June

India and the European Union (EU) on Monday decided to set up a trade and technology council to boost bilateral ties, as the bloc's president Ursula von der Leyen met Prime Minister Narendra Modi here, weeks before the two sides are to resume negotiations for a free trade agreement (FTA) in June.

The move underscores growing co-operation between New Delhi and Brussels, as the US is the only other country that has a technical agreement with the EU, along the lines of the one signed with India now. The council is aimed at providing political-level oversight of the entire spectrum of the India-EU ties and to ensure closer coordination.

Both the leaders reviewed progress in the India-EU Strategic Partnership, which also included negotiations for the FTA, and decided to further deepen cooperation in trade, climate, digital technology and people-to-people ties.

They also discussed issues relating to climate change and the possibility of collaboration in areas like green hydrogen.

Both sides agreed that "rapid changes in the geopolitical environment highlight the need for joint in-depth strategic engagement", according to an India-EU joint statement.

The proposed trade and technology council could include discussions on the general data protection regulation, social media and broader digitalization efforts, Bloomberg had earlier reported, quoting an unnamed western official.

Formal negotiations with the EU for the FTA were stuck over stark differences over market access issues after 16 rounds of talks between 2006 and 2013. Both the sides have now decided to take the negotiation to its logical conclusion.

The EU president is on a two-day trip to India, which, analysts say, is part of Western efforts to persuade New Delhi to cut down on its ties with Russia, its top weapons supplier, in the wake of Moscow's military aggression in Ukraine. The EU wants to project itself as a viable alternative to Russia, especially in trade and defence matters, said the analysts.

Last week, UK Prime Minister Boris Johnson also visited India and pitched for hammering out an FTA by Diwali in October, apart from bolstering defence co-operation. Johnson's visit was preceded by those of senior officials of the Biden administration and the foreign ministers of Russia and China.

India has stopped short of explicitly condemning Russia's invasionbut has called for an immediate end to violence. "I think this relationship today is more important than ever. We have a lot in common but we are also facing a challenging political landscape," von der Leyen said in her opening remarks during a meeting with Modi.

Russia's war in Ukraine was a stark reminder that the reliance on Russian fossil fuels is not sustainable, von der Leyen had said at an event on Sunday, calling for deeper cooperation between the two sides to expand the use of clean energy.

Source: indianexpress.com– Apr 24, 2022

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Vice President calls upon exporters to explore newer markets

The Vice President, Shri M Venkaiah Naidu today called upon exporters to explore newer markets to give a fillip to exports and maintain the economic momentum.

Presenting Export Excellence Awards for the Special Economic Zone (SEZ) units & Export Oriented Units in Chennai today, the Vice President congratulated all the award winners for their contribution in promoting exports and providing employment. He said the SEZs along with Export Oriented Units (EOUs) contribute about one-thirds of the country's exports.

Terming SEZs as an ideal platform for promoting 'Make in India', 'Local goes Global' and 'Ease of Doing Business', he said the country's exports have grown manifold in recent years due to the hard work of the exporters.

Shri Naidu noted that there was a record achievement of 418 billion US dollars of merchandise exports in the just-concluded 2021-22 financial year. Besides, the services exports were about 250 billion US dollars. He said it was a remarkable achievement in spite of the pandemic.

Calling for continuing the same trend, the Vice President said the ambitious project of 'District Export Hub' announced by the Government of India in 2019 is expected to boost exports. Most of the 775 districts across the country are having the potential of becoming export hubs, he added.

Stating that the government was taking all steps to further increase exports through business and industry-friendly policies , ease of doing business and focusing on 'local for global', Shri Naidu noted that GI (Geographical Indication) products were being given a fillip in this endeavour.

Pointing out that India is a young nation, he stressed the need to fully realize the potential of the demographic dividend. Calling for a special drive to provide employment to youth and equip them with necessary skills, he said "unless this is done, our demographic advantage might turn into a major disadvantage".

Praising Tamil Nadu's highly developed industrial manufacturing ecosystem, Shri Naidu said the state has evolved into the largest hub for the production of automobiles and auto-components, textiles, leather products, light and heavy engineering, pumps and motors, electronic software, and hardware. The State continues to be a national leader in exports, he added.

Smt. Anupriya Singh Patel, Hon'ble Minister of State for Commerce & Industry, Govt. of India, Shri K. K. S. S. R. Ramachandran, Minister for Revenue and Disaster Management, Government of Tamil Nadu, Dr. M. K. Shanmuga Sundaram, Development Commissioner, Madras Export Processing Zone SEZ, Shri Alex Paul Menon, Joint Development Commissioner, MEPZ SEZ and others were present on the occasion.

Following is the full text of the speech:

"It is my immense pleasure to participate in this function and present Export Excellence Awards to the Exporting Units operating under EOU and SEZ schemes.

As you all are aware, a very famous ancient Tamil poetess by the name Avvayaar lived in the 10th Century. She wrote a book titled 'Konrai Vendhan'. In her book, she says: "Thirai kadal odiyum thiraviyam thedu" meaning "Earn wealth even by crossing the Seas".

Undoubtedly, the message contained in that book is relevant for all times. Today, we have business dealings with many countries and exports play a huge role in earning crucial foreign exchange and strengthening our economy. Therefore, you exporters are playing a critical role in nation-building.

Let me first congratulate all the award winners for their contribution in promoting exports and providing employment. Thanks to the endeavours and hard work of the exporters, the country's exports have grown manifold in recent years.

There was a record achievement of 418 billion US dollars of merchandise exports in the just-concluded 2021-22 financial year. Services exports were about 250 billion US dollars. Together, they make up to 670 billion US dollars, a remarkable achievement in spite of the pandemic. This trend should continue and I am sure that exports will increase in the coming months, bringing more precious foreign exchange to the country.

As you all are aware, foreign exchange inflow is very essential for any country to have a strong economy. This foreign exchange inflow is mostly achieved by exports. If exports get reduced, the foreign exchange reserves will shrink and might eventually affect the country's economy.

Hence, we need to explore newer markets to increase our exports and keep our economy flying high. Ministry of Commerce and Industry is taking all steps to further increase exports through business and industry-friendly policies , ease of doing business and focusing on 'local for global'.

The ambitious project of 'District Export Hub' announced by the Government of India in 2019 is expected to boost exports. Most of the 775 districts across the country are having the potential of becoming export hubs. I am told that GI (Geographical Indication) products are being given a fillip in this endeavour.

Similarly, 'One District One Product' (ODOP), another initiative of the Govt. of India is seen a transformational step to realize the true potential of every district, accelerate economic growth, generate employment with rural entrepreneurship and take us to the goal of Atma Nirbhar Bharat.

Click here for more details

Source: pib.gov.in– Apr 25, 2022

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India-EU FTA talks to be a long-drawn process

India and the EU will return to the negotiating table to start serious talks for a free trade agreement (FTA) in June after a gap of nine years. However, despite firm commitments by both the sides, the talks are going to be a "long-drawn process", sources told FE, thanks to sticky market access issues, on top of the complexity of negotiating with bloc whose 27 members may not necessarily have common ambitions in several aspects of trade.

After 16 rounds of talks between 2007 and 2013, formal negotiations for the FTA were stuck over stark differences, as the EU insisted that India scrap or slash hefty import duties on sensitive products such as automobiles, alcoholic beverages and dairy products. India's demand included greater access to the EU market for its skilled professionals. Both the parties were reluctant to accede to what the other wanted.

The EU wants India to open up its legal and accountancy services. However, both the Bar Council of India and the Institute of Chartered Accountants of India have strongly opposed the move, as they fear "unfair foreign competition". The domestic firms should first be allowed to fully proposer and realise their potential growth, they argue.

New Delhi also has reservations over the EU's demand to cut the basic customs duty on automobiles, which are usually taxed at 60-75%. Some auto sector experts argue that it was the high import duty that forced major foreign car makers, from Hyundai to Honda, to set up units here. If the regime were to be reversed now, there wouldn't be much incentives for them to do substantial value addition here, they argue.

The EU also wants substantial tariff reduction in wines, imports of which are taxed at 150%. Here, if the recent deal with Australia is any indication, New Delhi may be amenable to soften its stance by allowing imports of wine, beyond a threshold, at concessional duties if it gets credible counter offers in areas of its interest.

Brussels also wants India to bolster its intellectual property rights regime. A point of friction has been that extant Indian laws do not allow evergreening of patents, especially in products that have witnessed only minimal alteration. New Delhi feels if it accepts the EU's demand, local drug prices could shoot up, as the domestic pharmaceutical industry would not be able to sell generic drugs at cheap rates. On top of this, the government has imposed price caps on several drugs and medical equipment, something the EU may frown upon.

The EU, including the UK, was India's largest destination (as a bloc) in FY20, with a 17% share in the country's overall exports. Without the UK, the EU accounted for about 15% (or $57 billion) of India's exports until February last fiscal.

Experts, too, suggest that both the sides need to work on less controversial issues first; the more difficult ones can be taken up later, as any deal there will take time to materialise.

Arpita Mukherjee, professor at ICRIER, believes any deadlock can be addressed through creative solutions. Dairy, however, is a complex issue since both the EU and India are already large producers, she said. Automobiles present an altogether different challenge, as India's existing FTA partners, such as Japan and South Korea, are already large producers, and they may seek a level-playing field if New Delhi extends greater market access to the EU.

According to Pralok Gupta, associate professor (services and investment) at the Centre for WTO Studies, said India's demand for freer movement of skilled professionals (under Mode 4 of services) may face stiff resistance during negotiations; instead, Mode 3 is easier to access. According to the WTO, Mode 3 occurs when a service provider of one of its members offers a service through some form of commercial presence in the territory of another member. Gupta said getting physical presence (under Mode 3) can ultimately simplify India's goal of getting access to other modes of services.

Source: financialexpress.com– Apr 26, 2022

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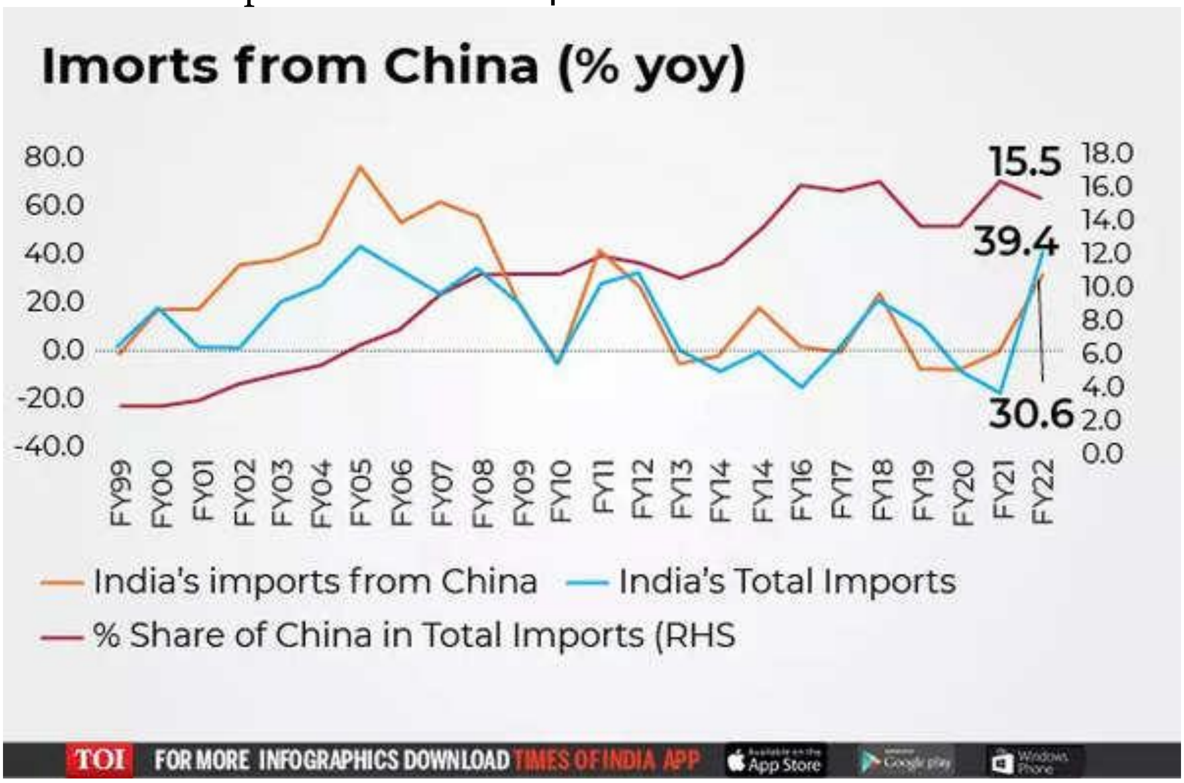
In Charts: China is India's third-largest export market

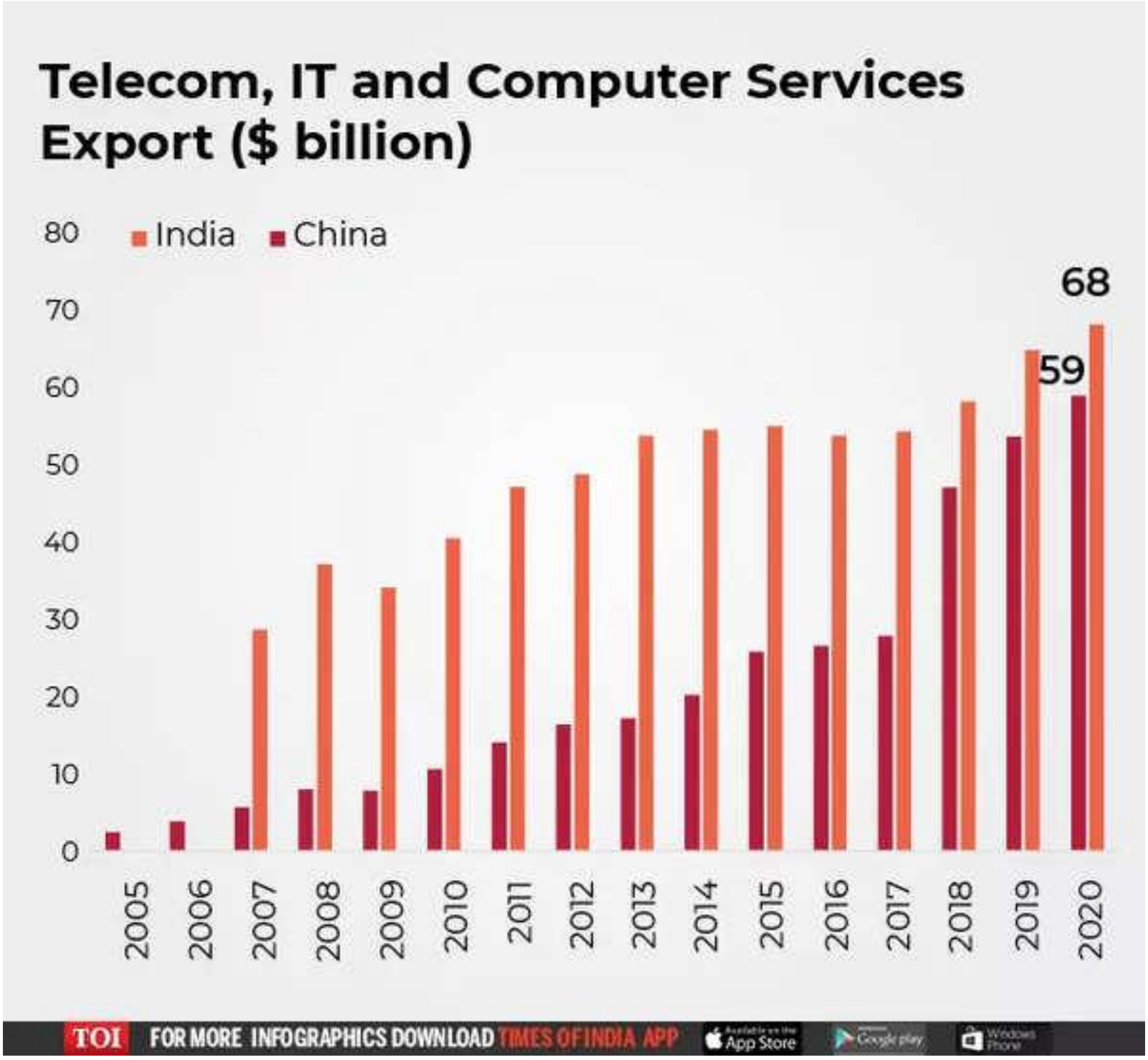
India imported $5 billion less from China in fiscal 2020 than in financial year 2021 and further $48 million lower in FY21 However, in FY22 imports from China increased significantly by $19 billion, reflecting the pandemic induced uncertainties. But the good thing is that the share of China in total merchandise imports has moderated to 15.5 percent currently, noted SBI Research in a report.

However, the compounded annual growth rate (CAGR) for India's overall imports between FY97 and FY21 is 11.1 % while that for imports from China is 20.8%, which is almost double, making China India's third biggest importer.

China's share in India's total exports has been rising since FY17 but has fallen to 5.2% in FY22. But the CAGR for Indian exports overall is 10.4% and that for exports to China is 14.8%.



While India's service exports of telecommunications, computer, and information services far outpace China, the latter is rapidly catching up and India needs to buckle up in these areas, noted the SBI report.



However, India does have a comparative advantage in certain goods where China doesn't. This includes select chemicals, minerals, stone and glass, animals and vegetables. But China has an advantage in many goods where India has advantage too such as footwear, hides and skins, metals, textiles and clothing.

"India might consider restrictions on certain products in which it has a revealed comparative advantage over China. This will provide support to MSMEs," said Dr. Soumya Kanti Ghosh, Group Chief Economic Adviser at State Bank of India.

Revealed comparative advantage (2019)

	China	India
All Products	1	1
Capital goods	1.52	0.49
Consumer goods	1.07	1.39
Intermediate goods	0.69	1.59
Raw materials	0.11	0.56
Animal	0.28	1.5
Chemicals	0.54	1.55
Food Products	0.29	0.56
Footwear	2.63	1.44
Fuels	0.11	0.77
Hides and Skins	2.03	2.23
Mach and Elec	1.85	0.44
Metals	1.06	1.22
Minerals	0.11	1.03
Miscellaneous	1.37	0.5
Plastic or Rubber	0.92	0.74
Stone and Glass	0.5	3.68
Textiles and Clothing	2.17	2.85
Transportation	0.33	0.74
Vegetable	0.25	1.51
Wood	0.71	0.32

Source: WITS

Moreover, India is pushing for fresh free trade agreements and trade concessions with major economies and regional blocs in a bid to boost export-oriented domestic manufacturing as it chases an ambitious export target of $450-500 billion in FY23.

The prime objective of an FTP is to facilitate trade by reducing transaction cost and time. It aims to work with state governments to implement 'District Export Hubs' that will work towards achieving the export goals of each state.

Source: timesofindiaimes.com– Apr 25, 2022

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Clarification related to the misleading reports of purported feedback sought on raising GST Rates on 143 items

It has been noted that a section of the media has reported that feedback has been sought from States regarding a suggestion for raising Good & Services Tax (GST) rates on 143 items.

Some reports have even carried the number and description of items. It is clarified that no feedback from States has been sought on the GST rates for any specific items or specific proposals to restructure the rates and the reports regarding the same are purely speculative without any basis in fact.

The GST Council, in its 45th Meeting had formed a Group of Ministers (GoM) to look into the rationalization of rates. The deliberations of the Group are ongoing. The views of the States were sought generally on the Terms of References (ToRs) of the GoM soon after it was set up in September, 2021. A report of the Group is yet to be submitted to the Council for consideration.

Source: pib.gov.in– Apr 25, 2022

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Spinning mills in north India not keen to reduce cotton yarn prices

Cotton yarn prices remained stable in various markets of north India today. Downfall in cotton prices in domestic and global market has dampened market sentiment but spinning mills are yet not keen to reduce yarn prices. The prominent recycled yarn market of Panipat is facing frequent power cuts which is affecting production during the off-peak season.

A trader from Ludhiana told Fibre2Fashion that demand is yet not improved in local yarn market because of poor lifting from weaving and garment industry. But cotton yarn prices were unchanged as mills were not ready to cut prices due to lower supplies of cotton and yarn. They expected that yarn prices will gain because of off-peak season for cotton supplies.

Local supplies are decreasing in various mandis. In Ludhiana, 30 count cotton combed yarn was sold at ₹415-420 per kg (GST inclusive), according to Fibre2Fashion's market insight tool TexPro. 20 and 25 count combed yarn were traded at ₹385-400 and ₹405-415 per kg respectively. Carded yarn of 30 count was quoted at ₹380-400 per kg.

A source from Delhi market also said that the demand was not very encouraging. Supplies from mills are also limited. Stockists and traders were selling from their stocks.

The market pipeline is emptying. Mills were not ready to reduce yarn prices despite price cut in cotton fibre. Delhi market noted steady prices in yarn amid weaker demand. In Delhi market, 30 count combed yarn was traded at ₹390-410 per kg (excluding GST), 40 count combed at ₹435-450 per kg, 30 count carded at ₹365-375 per kg and 40 count carded at ₹405-415 per kg.

Panipat's textile industry is facing power shortage which is leading to recycled yarn shortage. According to traders, yarn prices are not getting support despite limited supplies because of weaker demand from downstream industry. Panipat's industries are not getting power supply in night, and there are frequent power cuts in daytime also which is resulting in production loss.

A trade source said that the industry was facing very weak demand because of off-peak season for sales of furnishing products. In Panipat market, 10s recycled yarn (white) was traded at ₹105-115 per kg, 10s recycled yarn (coloured - high quality) at ₹130-140 per kg, 10s recycled yarn (coloured - low quality) at ₹90-100 per kg and 20s recycled PC yarn (coloured) at ₹170-180 per kg. 10s optical yarn was traded at ₹125-130 per kg in the market (excluding GST).

In the global market, ZCE cotton yarn May 2022 futures traded down by CNY 300 to CNY 27,115 per ton and September 2022 sold lower by CNY 235 at CNY 27,925 per MT today. ZCE cotton May lost CNY 180 to CNY 21,295 per MT and September contract traded down by CNY 150 to CNY 21,380 per MT. ICE cotton futures continued to correct lower on Friday as strength of a dollar weighed. The most-active second month cotton contracts on ICE futures for July fell 2.04 cents, or 1.48 per cent, to 135.85 cents per lb.

In north India, cotton prices declined by ₹200-300 per candy of 356 kg on Monday, extending downside for the third consecutive day, weighed down by weak demand from spinning mills, while daily arrivals stood lower. In Punjab, cotton prices were quoted at ₹92,700 to 93,800 per candy. In Haryana, cotton was traded at ₹91,000 to 93,000 per candy. In Upper Rajasthan, cotton was priced at ₹94,000 to 94,100 per candy. In Lower Rajasthan, cotton was sold at ₹88,600 to 90,800 per candy.

Source: fibre2fashion.com– Apr 25, 2022

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India's foreign exchange reserves down $311 million to $603.7 billion

The country's foreign exchange reserves declined by USD 311 million to reach USD 603.694 billion in the week ended April 15, RBI data showed on Friday.

In the previous week ended April 8, the reserves had declined by USD 2.471 billion to stand at USD 604.004 billion.

During the reporting week, the fall in the forex kitty was on account of a decline in the foreign currency assets (FCA), a major component of the overall reserves, as per weekly data by the Reserve Bank of India (RBI).

FCAs dropped by USD 877 million to USD 536.768 billion.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

Gold reserves increased by USD 626 billion to USD 43.145 billion in the reporting week, the data showed.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) dipped by USD 44 million to USD 18.694 billion.

The country's reserve position with the IMF decreased by USD 16 million to USD 5.086 billion in the reporting week.

Source: business-standard.com– Apr 23, 2022

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Growing cotton more profitable: Agriculture Minister Singireddy Niranjan Reddy

Agriculture Minister Singireddy Niranjan Reddy urged farmers to cultivate cotton instead of paddy as there was a huge demand for cotton in the international market.

He said that the demand for the cotton would not reduce in the international market for the next three to four years. He was speaking at the farmers' awareness programme at Agriculture University on Monday.

Source: newindianexpress.com– Apr 26, 2022

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Gujarat trying hard for textile park at Surat-Navsari: MoS Textiles

The government of western Indian state of Gujarat is trying hard to get approval from the Centre for setting up a textile park in the twin city of Surat-Navsari twin city, India's minister of state for textile Darshana Jardosh has said. The state government has already sent a proposal for a 1,000-acre PM MITRA textile park, the minister added.

PM-MITRA textile parks were proposed with plug and play facilities and global infrastructure. The Central government has so far received a total of 17 proposals from 13 states for green/brown field sites.

A meeting with Gujarat chief minster Bhupendra Patel is also proposed for Monday (today) to expedite the Surat-Navsari textile park, Jardosh informed the Textile Leadership Conclave 2022 held in Ahmedabad on Saturday.

"The Central government is working on incentive schemes to strengthen all: Farm, Factory, Fabric, Fashion and Foreign export," Jardosh said at the conclave. She mentioned that interactive meets (like the Conclave) have yielded satisfactory results in other regions too.

Gujarat's minister of industries Jagdish Panchal said that the state's robust growth in the textile sphere owes largely to "a proactive Centre". In his address, GCCI president Hemant Shah stated that such conclaves are going to become a bigger and routine affair in times to come. Textiles Commissioner Roop Rashi Mahapatra said that industry-related problems have indeed been addressed by the government.

Punit Lalbhai, executive director of Arvind Group, shared a story of reinvention, in which he outlined key moments in the journey of the group from 1897, and how reinvention helped the company achieve greater success every time there was a major challenge.

The maiden event at Ahmedabad registered over 600 participants from all over India, largely professionals working across verticals of the textile industry.

The industry leaders of as many as 35 leading national and regional associations related to textiles industry participated in the Textile Interactive Meet with Central and state ministers as well as government bureaucrats.

The purpose of Textile Interactive Meet was to establish a meaningful dialogue between textile dignitaries from the government and industry to discuss on current affairs, FTA and growth plan for textile industry among other things and to suggest and find productive solutions for further growth of textiles.

Source: fibre2fashion.com– Apr 25, 2022

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