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IBTEX No. 138 of 2022 **July 14, 2022**

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USD	79.84
EUR	79.98
GBP	94.53
JPY	0.58

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

USA: Inflation Shows No Sign of Slowing as CPI Hits 40-Year High

With inflation still running rampant, retail apparel prices rose a seasonally adjusted 0.8 percent in June following a 0.7 percent increase in May, and were up an unadjusted 5.2 percent compared to a year earlier, the U.S. Bureau of Labor Statistics (BLS) revealed Wednesday in its Consumer Price Index (CPI) report.

This came as overall CPI increased 1.3 percent in June on a seasonally adjusted basis after rising 1 percent in May, BLS reported. Over the last 12 months, the CPI was up an unadjusted 9.1 percent, the largest 12-month increase since November 1981.

In apparel, men's wear prices rose 0.3 percent for the month, led by a 1.8 percent uptick in suits, sport coats and outerwear, as well as increases of 0.8 percent in the underwear, nightwear, swimwear and accessories group, and 0.4 percent in pants and shorts. Bucking the trend was shirts and sweaters, with prices down 2 percent.

Boys' apparel prices were up 1.4 percent last month, girls' clothing rose 0.5 percent, and the cost of infants' and toddlers' apparel increased 1.3 percent.

Women's wear prices dipped 0.1 percent for the month. Increases of 0.8 percent were seen in dresses, 0.6 percent in outerwear and 0.4 percent in suits and separates, while the underwear, nightwear, swimwear and accessories group posted a decrease of 1.5 percent in June.

In footwear, retail prices rose 1.6 percent for the month and 5.8 percent from June 2021. Hikes of 1.7 percent in men's, 1.2 percent in boys' and girls', and 0.8 percent in shoes were seen.

Home goods prices also continue to feel inflation pressure. Prices for household furnishings and supplies were up 0.5 percent for the month and 10.2 percent from June 2021. Within the category, prices for furniture and bedding increased 1.1 percent last month and jumped 13.1 percent year over year.

Raw material prices have moderated, but are still elevated from year-ago levels. U.S. spot cotton prices averaged $1.05 per pound for the week ending July 7, according to the U.S. Department of Agriculture (USDA). The weekly average was down from $1.09 the prior week, but up from 83.59 cents per pound in the corresponding period a year earlier, USDA said.

With U.S. consumer prices surging there are now concerns of a recession in the works.

"We project U.S. GDP will decline for two consecutive quarters, the popular definition of a recession," Joel Prakken, co-head of U.S. economics for S&P Global Market Intelligence, said.

Prakken said that for the first half of the year, other indicators considered by the NBER Business Cycle Dating Committee—industrial production, employment, hours, and real personal income excluding transfers—all grew. That means that while a recession could be in the works, the U.S. isn't in one yet.

Wednesday's CPI report has fed funds traders projecting a 42 percent chance for a 100 basis point rate hike increase at the Fed's July 27 meeting. They are also projecting a 58 percent chance for a 75 basis point hike.

"After the June meeting the FOMC communicated a more hawkish tone by dropping previous references to policy being consistent with strong labor markets—signaling the Fed is willing to risk a recession to keep inflation in check. In response, we revised our Fed call to show the federal funds rate reaching the restrictive range of 3.25 percent-3.5 percent by year end," he concluded.

S&P Global Market Intelligence downwardly revised its 2023 U.S. real GDP forecast to 1.3 percent from 1.8 percent, due primarily to expected aggressive monetary tightening. It said that inflation is "unacceptably high, unemployment unsustainably low and inflation expectations have crept above the Fed's long-run 2 percent objective."

Recession fears also were a concern after more Americans applied for first-time unemployment benefits last week, representing the fifth consecutive week that claims were over 230,000. Last week's data showed that 235,000 filed claims for the week ending July 2. Data on filings have a one-week lag time. Last week's claims rose by 4,000 from the prior week's data of June 25, and represented the most filings since mid-January. However, claims for the week ending June 25 reflected a spike up by 51,000. The concern gleaned from the recent filings is that the touted tight job market to date might be showing signs of easing.

Economists at Wells Fargo—Sarah House and Michael Puliese—said that what's troubling from the drivers behind the CPI inflation report was that they were "broad-based and mostly in the 'core' components."

The economists believe that it will take several consecutive monthly inflation readings of slowing price growth before the Fed will begin to believe that it has the current inflationary uptick in check.

"Today's CPI release offers monetary policymakers zero reassurance that they are on that path at present," they concluded. The economists said a 75 basis point rate hike should be viewed as the "floor rather than the ceiling" in terms of what the Fed "will do to combat this relentless price pressure."

The May Producer Price Index from BLS showed U.S. synthetic fiber prices had increased 0.5 percent for the month, while prices for processed yarns and threads rose 1.7 percent and the cost of finished fabrics were up 1.5 percent.

Online prices increased 0.3 percent year-over-year in June, while decreasing 1 percent month-over-month (MoM), according to the Adobe Digital Price Index. While this marks the 25th month of year-over-year inflation online, June was the third month where online price increases slowed.

Key categories including online electronics and apparel saw price decreases, driving down online retail inflation overall. Prices for apparel fell 0.10 in June from a year earlier and significantly down compared to the 9.03 percent yearly increase in May.

In the overall CPI, the increase was broad-based, with the indexes for gasoline, shelter and food being the largest contributors. The energy index rose 7.5 percent over the month, with the gasoline index rising 11.2 percent and the other major component indexes also increasing.

The energy index rose 41.6 percent over the past 12 months, with the gasoline index increasing 59.9 percent over that span, the largest 12-month increase since March 1980.

The core index, minus food and energy, rose 0.7 percent in June, after increasing 0.6 percent in the preceding two months. BLS said while almost all major component indexes increased over the month, the largest contributors were from shelter, used cars and trucks, medical care, motor vehicle insurance and new vehicles. The core index was up 5.9 percent over the past 12 months.

Source: sourcingjournal.com– Jul 13, 2022

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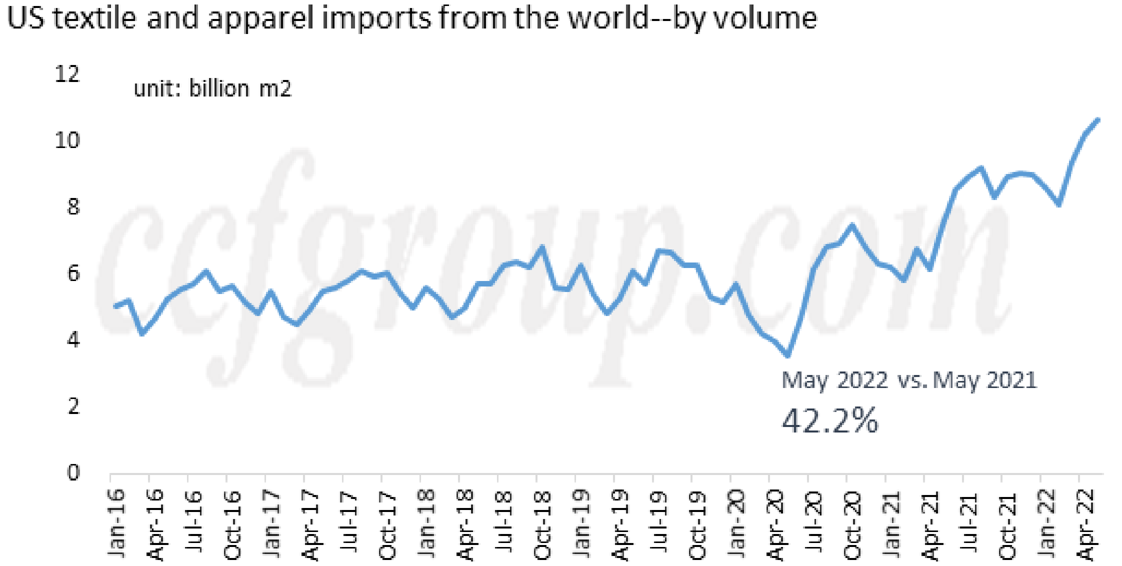
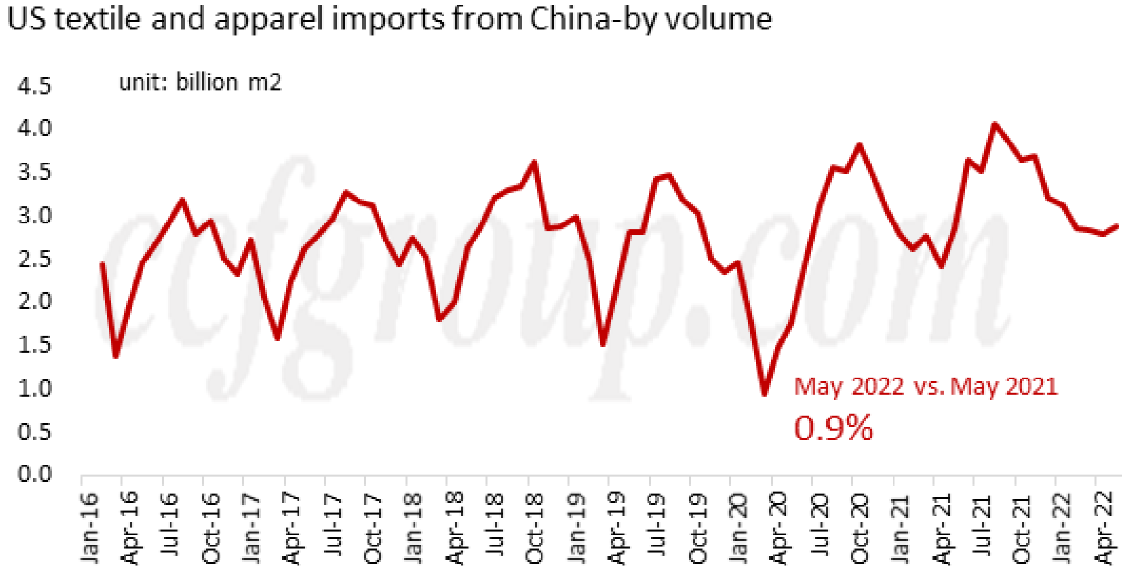
China' s share in US textile and apparel imports slipped by 7% through May this year

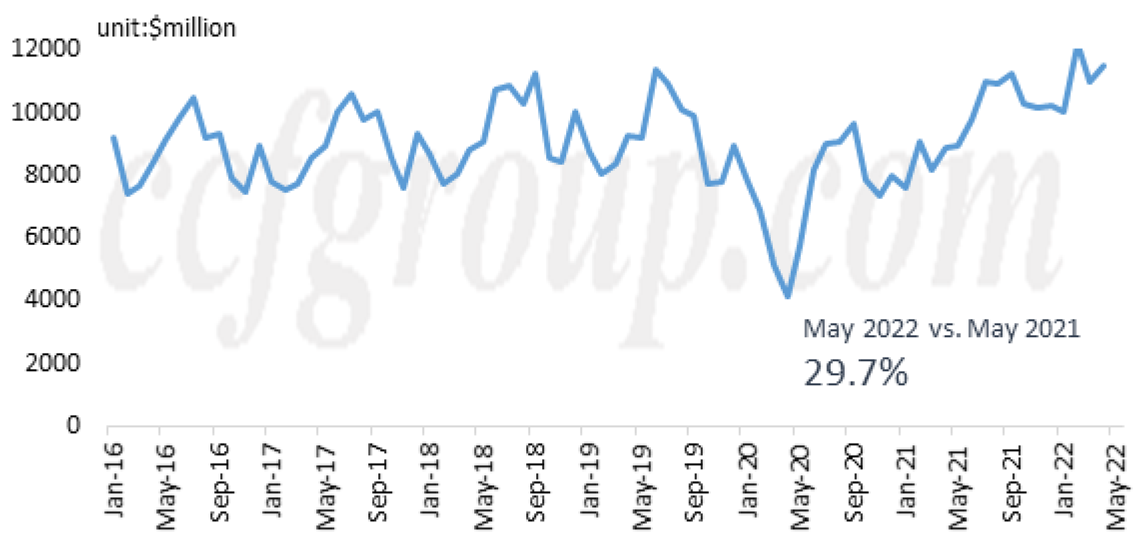
The latest data showed that US textile and apparel imports value in May 2022 increased to 11.513 billion USD, up by 29.7% year-on-year. The imports volume reached 10.65 billion m2, up by 42.2% year-on-year. US apparel imports value in May 2022 rose sharply to 8.51 billion USD, up by 38.5% year-on-year, and the imports volume reached 2.77 billion m2, up by 21.6% year-on-year.



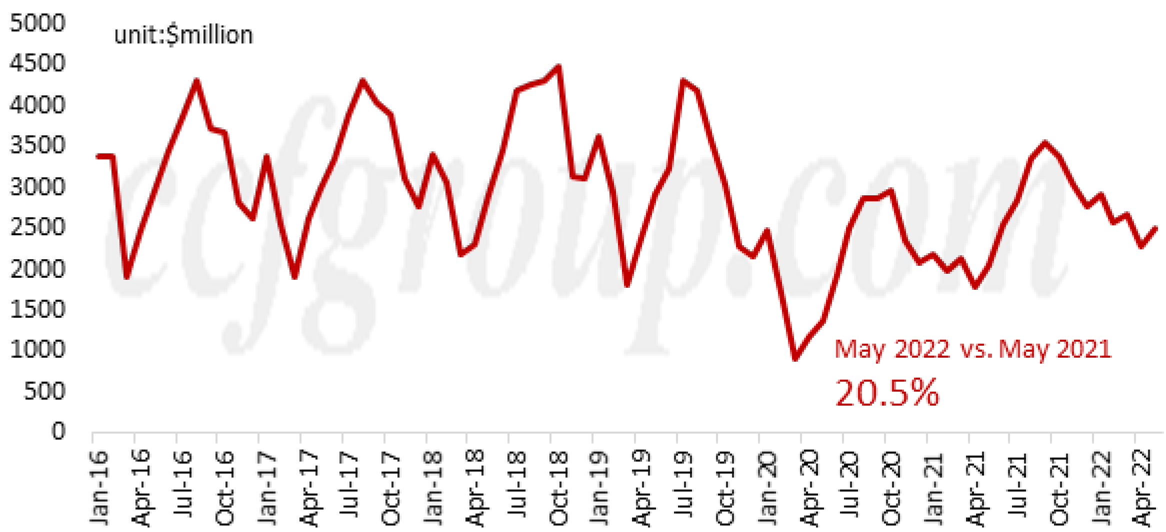


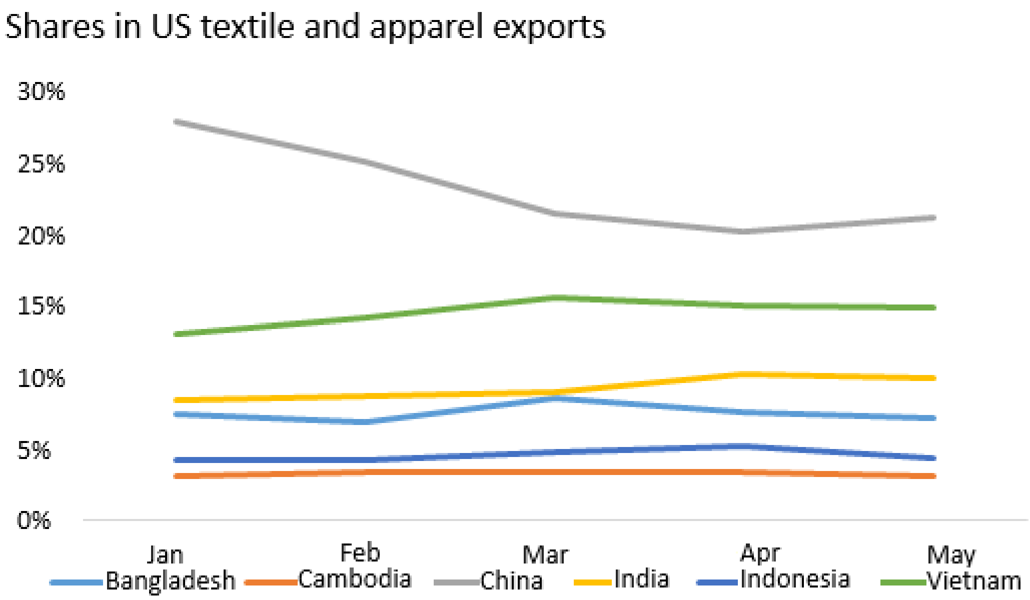
The US textile and apparel imports volume from China in May 2022 moved up to 2.89 billion m2, up by 0.9% year-on-year. The imports value reached 2.49billion USD, up by 20.5% year-on-year. US apparel imports value from China in May 2022 rose to 1.59 billion USD, up by 37.3% year-on-year, and the imports volume reached 850 million m2, up by 20% year-on-year. Compared with 2019, the total imports value from China decreased by 14.6%, while the total i imports value increased by 24.6%.

US textile and apparel imports from the world--by value



US textile and apparel imports from China--by value





In addition, from the market shares in US textile and apparel imports in Jan-May 2022, China' s share in US textile and apparel imports has shrunk from 28.4% to 21.6%, while Vietnam' , Cambodia' , India' and Indonesia' shares in US textile and apparel imports have not changed much.

Source: ccfgroup.com– Jul 14, 2022

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Container marine market: spot freight of major routes extends lower

According to the latest freight index of SCFI, the freight has continued decreasing for consecutive four weeks. The freight from Far East to the Europe, Mediterranean, West America and East America all dropped over last week and the decrement of West and East America route was relatively bigger, while that to South America increased. The freight of Asia near-sea South Korea line also extended higher.

According to the data collected by the CCFGroup, by Jul 6, the freight from Ningbo port to Egypt/SOK was near US$8,000/40HQ, that to Indonesia/ Jakarta was around US$2,300/40HQ and that to Brazil/NAV scored at US$10,500/40HQ.

Europe and Mediterranean routes: Recently, there have been strikes across Europe, extending the original port congestion problem from the US to Europe, including Hamburg in Germany and the port of Antwerp in Belgium. Although the port of Rotterdam in the Netherlands has not gone on strike, due to the transfer of cargo from the ports of Hamburg and Antwerp, the port was also relatively busy, and the waiting time for ships to enter the port has been lengthened.

North America route: According to data released by the Institute for Supply Management (ISM), the national factory activity index fell to 53.0 in Jun, the lowest since Jun 2020, indicating a sharp slowdown in US economic growth in the future. In addition, in order to continue to control inflation, the Federal Reserve was forced to continue to raise interest rates, and the US economy may face stagflation in the future. Affected by this, the transport demand was basically stable, and the market freight rate continued shivering.

Shipping companies took the lead in reducing spot rates to heighten the competitiveness

Worried about the deterioration of the market, shipping companies "took the lead" to reduce spot freight rates to weaken the competitiveness of freight forwarders, reflecting the desire of shipping companies to secure supply amid fears of a worsening market.

As of July 6, spot rates from Asia to the west coast of the U.S. were about $7,000/FEU, while rates on the east coast have been relatively stable, with rates per FEU remaining above $10,000 this year, according to Drewry. When annual service contracts were signed in spring, the direction of spot prices is closely related to the pricing agreed in these contracts. This spring, the increase in spot rates led to service contract rates of $8,000 to $10,000/FEU signed by medium-sized shippers. Now the average spot price of west coast of the US was close to $6,500/FEU and going all the way down, customers naturally tended to book their containers at lower spot market prices.

Congestion of containers worsening at ports

At present, the congestion of container ports was becoming more and more serious worldwide. Clarkson's container port congestion index showed that as of Jun 30, 36.2% of the world's fleets were stranded in ports, up from 31.5% before the outbreak in 2016-2019. Clarkson pointed out that the congestion on the east coast of the US has recently risen to near record levels.

Market	Description
Asia	Due to the continuing epidemic and seasonal typhoons, China's major ports such as Ningbo, Shenzhen and Hong Kong will face the pressure of yard congestion and berth congestion. It was reported that the yard density of other major ports in Asia, Singapore, reached 80%, while that of Busan, South Korea's largest port, was even higher, at 85%.
Europe	The start of summer vacation, round of strikes, increasing cases of COVID-19 and the influx of ships from Asia have caused congestion in many ports such as Antwerp, Hamburg, Le Havre and Rotterdam.
Latin America	Ongoing national protests have hampered port operations in Ecuador. Cyber attacks on Costa Rican customs systems two months ago were still causing problems. Mexico was one of the countries most affected by the spread of port congestion, with many ports reported to have yard density as high as 90%, causing serious delays.
North America	Reports of terminal delays have dominated shipping headlines throughout the outbreak and are still worrisome into July. Hapag-Lloyd pointed out that the waiting time for berths in New York/New Jersey was more than 19 days. Savannah's berth waiting time was 7-10 days, close to record levels.
West America	On July 1, the two sides of West America dockers failed to reach an agreement in negotiation, which cast a shadow over the slowdown and strike of the dock. In Jan-Jun, 2022, US imports from Asia increased by 4%,

	while imports through the West America fell by %, which accounted for 54% of all US imports, down from 58% last year. The East America and the Gulf of Mexico recorded double-digit growth, particularly in the Gulf of Mexico, with an increase of nearly 30%.

At the beginning of the peak season, the current plight of the terminal has not yet translated into an improvement in spot freight rates. Although still incredibly high, the spot rates remained on a downward trend for most of 2022.

Statistics analyzed by Sea-Intelligence, based in Copenhagen, showed that 9.8% of the world's fleet was unusable by the end of May due to supply chain delays, down from a peak of 13.8% in Jan and down from 10.7% in Apr.

The level of shipping capacity withdrawn from the market in May 2022 was still higher than that in 2020 and 2021. "It means that at the beginning of the peak season, the global fleet has lacked more capacity than in the same period in 2021," Sea-Intelligence warned.

Schedule reliability still hit historic low

According to the latest report from sea intelligence, in May 2022, the reliability of the ship increased by 2.1 percentage points to 36.4%. However, this figure was still 2.3 percentage points lower than the annual figure, which meant that each of the first five months of 2022 was slightly lower than it was in 2021.

COSCO's single quarter net profit hit record high

On July 6, shipping leader COSCO Sea Control, with a total market capitalization of more than 220 billion yuan, issued a semi-annual performance advance announcement, which is expected to make a net profit of about 64.716 billion yuan in the first half of 2022, an increase of about 74.45 percent over the same period last year.

The net profit of Q1 was 27.62 billion yuan. Based on this calculation, the net profit of Q2 is expected to be 37.096 billion yuan, an increase of 34% over the previous month, setting a new record for single-quarter net profit set in the third quarter of 2021.

Views of later market

Sundara, global head of shipping for a large consignor in Singapore, expressed that: it may be a fact for economic downturn and softening market. Meanwhile, the circulation of cargos in other markets including raw materials is undergoing. As an operator, there is no real incentive to lower contract rates. In general, the supply chain challenges remain, which is good for operators.

Some insiders pointed out that the ocean shipment may warm up when the port congestion in Europe and US is expected to be hard to be solved in short run and demand for year-end procurement and peak season demand is improving.

As a result, the freight rate may be pushed up. Meanwhile, the recovery of China's domestic market after the epidemic, coupled with the restructuring of the supply chain caused by the Sino-US trade war, has led to the formation of a "Dual Circulation" economic model of both production and consumption, and the demand for domestic trade warehousing and transportation has continued to grow.

Source: ccfgroup.com– Jul 13, 2022

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China's exports rise in June but imports underperform

China's monthly trade surplus rose to a record $97.9 billion in June as export growth accelerated after the easing of COVID-19 control measures that temporarily shut down Shanghai and hit trade. Exports rose by 17.9 per cent to $331.2 billion, up from May's 16.9 per cent, according to customs data. Imports rose by 1 per cent to $233.3 billion, implying weak domestic demand.

With close to nil growth in imports, China's global trade surplus swelled by 90 per cent compared with a year ago.

Exports to the United States rose by 19.3 per cent over a year ago to $56 billion despite tariff hikes. Import of American goods too increased by 1.7 per cent to $14.6 billion. China's trade surplus with the United States widened by 26 per cent from a year earlier to $41.4 billion, according to official Chinese media.

Estimates for China's economic growth has been forecast as low as 2 per cent this year, well below the ruling Communist Party's target of 5.5 per cent. It is expected in some quarters that activity will shrink in the quarter ending in June before a gradual recovery begins.

Source: fibre2fashion.com– Jul 14, 2022

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US cotton futures experienced sharp decline in past month: Cotton Inc

Financial markets continued to be volatile over the past month. Following drops in stocks and cryptocurrencies, commodity prices became the latest broadly defined sector to suffer steep losses and cotton futures were among the commodities that experienced sharp declines. The nearby July contract lost 30 per cent, while the December futures contract (reflective of post-harvest price expectations) fell 25 per cent.

Given that a wide range of other agricultural and industrial commodities suffered simultaneous losses, the decline in cotton prices can be considered as part of a general pullback in commodity investment rather than a reflection of any specific concern about weakness in demand or oversupply of cotton, according to Cotton Incorporated's Executive Cotton Update.

It is estimated that around 75 per cent of downstream demand for cotton flows into apparel and that another 20 per cent is devoted to home textiles. Prices for food and energy have risen 10 per cent or more just in the past twelve months. While there have been year-over-year increases in clothing prices (near 5 per cent most recently), the CPI for apparel remains near pre-COVID levels (up only about 1 per cent versus the average for 2019 in May). As a result, the greater threat to US apparel spending may come from consumers being pinched by price increases from other spending categories rather than from a rise in apparel costs.

Policy responses to inflation may be another source of concern for apparel and fibre demand. Comments made during the latest meeting held by the Federal Reserve led observers to believe that interest rates will continue to rise by at least one-half of a percentage point in late July. However, these comments were accompanied by statements expressing concern about the implications for economic growth.

In eight of the last nine periods of monetary tightening, the US slipped into recession. However, not all recessions are as severe as the financial crisis or the one provoked by COVID. Among the factors that could support US consumer demand in future months include a strong labour market, solid wage growth, and the surge in wealth that came with stimulus after COVID.

Source: fibre2fashion.com– Jul 13, 2022

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China's trade with BRICS countries jumps by 14.1% YoY in H1 2022

China's trade with other BRICS countries in the first half (H1) of this year was worth 1.64 trillion yuan ($243.8 billion), up by 14.1 per cent year on year (YoY), according to data by the general administration of customs (GAC). The figure was 4.7 percentage points higher than the overall growth rate of the country's foreign trade, indicating closer trade ties among BRICS nations.

Exports to BRICS nations reached 817.18 billion yuan—an increase of 20.6 per cent—while imports grew by 8.3 per cent to 825.82 billion yuan.

China's trade with other BRICS countries grew from 960.21 billion yuan in 2009 to 3.17 trillion yuan in 2021, with an average annual growth rate of 10.5 per cent, GAC spokesperson Li Kuiwen told a press briefing recently.

In H1 2022, China's foreign trade to BRICS countries accounted for 8.3 per cent of the total value of the country's imports and exports, 0.2 percentage points higher than in 2021, official Chinese media reported.

Meanwhile, the 24th BRICS summit, hosted on June 23 this year, resulted in the signing of a series of agreements on digital economy, sustainable development, industrial chain stability and support for multilateralism, China's commerce ministry said.

Source: fibre2fashion.com– Jul 13, 2022

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Sri Lanka's Bleeding Economy And Its Trickle-down Effect in Numbers

Sri Lanka is a heavily import-dependent economy. It imports almost everything that an economy and a society need, from food and vegetables to consumer goods like medical and pharmaceutical supplies, machines, vehicles, home appliances, telecom devices, and clothing to intermediate goods like crude oil and fertilisers, and investment goods like building materials and transport goods.

Being an import-dependent country means it should always have enough foreign exchange reserves or the currency, in most cases the US dollar, to meet its targets, and to get into trade agreements with other countries. In the case of Sri Lanka, it is not the case anymore and the situation on the ground has become so grave that people were forced to come to the streets against the ruling government to depose it.

What led to this?

It was an interplay of three factors: the Covid-related slowdown, depleting foreign exchange reserves, and Sri Lanka's increasing debt service annually (interest + part of the principal amount) to meet its massive external debt of $51 billion.

A small island nation of 2.21 crore people, Sri Lanka largely depends on revenue obtained from tourism, workers' remittances from abroad, agricultural export like tea, and industrial export like garments and textiles. While Sri Lanka saw an increase in its overall export in 2021 compared to 2020, at 24.39%, from $10.047 billion to $12.498 billion, the massive decline in the other two major revenue sources from tourism and remittances posed a serious threat.

Statistical data obtained from the Central Bank of Sri Lanka (CBSL) clearly shows the gap between Sri Lanka's export and import, around $8 billion in 2021.

In fact, if we see the average data on imports and exports from 2007, the country's import figure comes out to be $7.48 billion higher than the export figure. On average, Sri Lanka annually imported materials worth $17.70 billion against exports worth $10.12 billion.

When seen in the context of the massive external debt Sri Lanka has and its declining foreign exchange reserves, this trade deficit figure is a key point behind the ruin of the country's economic and sociopolitical structure.

Click here for more details

Source: news18.com– Jul 14, 2022

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Sustainable Clothing and Textile Recycling Conference on Aug 10

With an aim to encourage textile recycling, promote business co-operation and development in the areas of textile recycling, upcycling and sustainable fashion in India, Recommerce, in association with Kianna Media Ventures, is going to organise the third edition of Sustainable Clothing and Textile Recycling Conference on August 10 in Coimbatore.

“We aim to create an ecosystem of community members from various fields to address the critical discussions that can act as a bridge to revamp the industry. Sustainable clothing and textile recycling is one of the key topics that need to be addressed in order to build a green future for the upcoming generation,” the organisers said in a pre-show report.

“The improvement of living standards around the world due to economic development could be affected by the (performance of the) textile industry. The textile industry faces huge challenges related to environmental issues. The volume of textile waste that is primarily being disposed of in landfills or incinerators is continuing to significantly increase. Less than one per cent of the material used to produce clothing is being recycled into new clothing,” the report added.

The third edition of the Sustainable Clothing and Textile Recycling Conference will focus on textile recycling, upcycling, reuse and circular economy in apparel industries. It will be a one-day comprehensive B2B platform that will promote the exchange of ideas and the development of new opportunities.

The most renowned figures in the field of the textile industry will give very useful and informative presentation at the event. The exclusive B2B networking event will bring together leading textile manufacturers interested in textile recycling technologies and business cooperation, experts in waste management and environment-friendly technologies for recycling of textile waste, recycling equipment manufacturers, upcyclers and recyclers, research centres, policy makers and industry stakeholders along with esteemed participants.

Recommerce is a brand that enables circular economy vision among industries in India. It is a category-defining company dedicated to building a sustainable reverse commerce ecosystem in India.

Kianna Media Ventures Private Limited is a start-up media initiative based out of Goa. The company has its associate offices in Mumbai, Delhi, Bengaluru and Chennai in India.

Click here to register for the event.

Source: fibre2fashion.com– Jul 11, 2022

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Back in Step: Footwear Imports From Vietnam Gain, China Stalls

U.S. footwear imports increased in May, stepping ahead 25.6 percent year to date to 1.13 billion pairs, just above the average shipment level the sector had achieved in the first four months of the year, according to the latest data from the Commerce Department's Office of Textile & Apparel (OTEXA).

Imports for top producer China continued to slow, rising a year-to-date 28.6 percent through May to 661.83 million pairs. This compared to a 30.5 percent year to date gain in April and a 34.5 percent increase in the first quarter, signaling how brands and retailers have diversified production.

However, the most recent Caixin China General Manufacturing Purchasing Managers Index (PMI) compiled by S&P Global said the reduction in Covid-19 case numbers and subsequent easing of containment measures across China led to a renewed improvement in manufacturing business conditions in June.

The manufacturing PMI increased to 51.7 from 48.1 in June, the first improvement in the health of the sector for four months. Though modest, the rate of increase was the strongest seen since May 2021.

"After three months of contraction, the gauge for output returned to expansionary territory and jumped to its highest point since November 2020," Dr. Wang Zhe, senior economist at Caixin Insight Group, said.

Footwear shipments processed at U.S. ports from No. 2 supplier Vietnam, which had returned to the positive in April after months of year-over-year declined due to backlogs from Covid-induced factory closures, rose 10 percent year to date through May to 255.13 million pairs. This compared to a 5.6 percent increase the prior month a decline of 4.5 percent in the first quarter, according to OTEXA.

"The Vietnamese manufacturing sector ends the first half of 2022 in good health, with firms feeling that they've seen the back of the pandemic and are able to generate new business at a solid rate," Andrew Harker, economics director at S&P Global Market Intelligence, said.

"The main positive from the latest PMI survey was around employment, which increased at the fastest pace in three-and-a-half years. This shows that the difficulties firms were facing getting hold of staff around the turn of the year have eased, and means that manufacturers are able to respond quickly to customer requests and keep on top of workloads."

Combined imports from China and Vietnam in the five-month period equaled an 81 percent U.S. market share, sliding from the four-month total of 82.1 percent and 83.2 percent in the first quarter, according to OTEXA data.

The rest of the top five suppliers–Indonesia, Cambodia and India–posted notable increases in the period, as did third-tier suppliers Italy, Mexico, Brazil, Bangladesh and Germany.

Source: sourcingjournal.com– Jul 13, 2022

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Low foreign demand to hold back Vietnamese textiles

Although textile export was riding high in the first half of the year with a growth of 23%, insiders are pessimistic that the rest of 2022 will not match up.

Nguyen Van Thoi, Chairman of the TNG Investment and Trading JSC., was concerned that Fed's benchmark hikes amid high inflation would depress consumption demand in the US.

Similar issues would also hamper export to the European Union.

As the US and EU are two major importers of Vietnamese garments, the falling demand would drag down their imports, to the detriment of Vietnamese textiles.

"Vietnamese textiles set an export target of 43-44 billion USD this year, but I don't think it would achieve the target," he said.

"Garment export is likely to grow around 5% year-on-year."

He also revealed that previously foreign firms placed orders for Vietnamese garments six months in advance, but now they have to reduce the time window to three months due to the high stock of unsold products caused by low domestic spending.

Than Duc Viet, General Director of the Garment 10 Corp., claimed that the number of placed orders for his company's products is large enough to keep it busy until late 2022.

However, there is a risk that foreign firms might reduce or cancel the orders to deal with mounting stock of unsold products. Higher fuel and material costs, coupled with weak demand from abroad, are eroding the company's profit margin.

Factory 8 of the Ho Guom Group revealed that it normally received production requests of 300,000-400,000 garments in the past, but from Q2 total production orders reduced to less than 200,000 garments.

"The outlook for garment export is not very bright until year-end. Previously, our partners were always eager to place orders, but now their demand has become lukewarm", said Khong Van Tai, Director of the factory.

Tran Nhu Tung, Chairman of the Thanh Cong Textile Garment Investment Trading JSC., shares the concern.

He held that demand for Vietnamese garments would drop further in Q4 since the US has begun to implement Uyghur Forced Labor Prevention Act, making firms more cautious about garment imports.

"Firms are uncertain about the future, so they cut down on garment import to avoid risk", he explained.

Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association, forecast that global demand for Vietnamese garments would become more volatile in the second half of this year.

High inflation in the US and EU would cause prices to skyrocket, effectively eroding consumers' purchasing power. As weak purchasing power reduces consumer demand, textile firms are likely to feel the pinch over the rest of the year.

To deal with the situation, the chairman recommends that Vietnamese producers seek customers elsewhere and be less dependent on the US and EU markets.

"Vietnamese producers have to find new partners in other markets to fill the demand gap left by those in the US," he added.

The general director of the Garment 10 revealed that his company has to adjust its production plan more frequently to deal with volatile demand.

"Previously, we adjusted the production plan quarterly or monthly, but now we have to do that weekly or daily. We have no other choice because it is the only way to adapt to the volatility", he said.

He recommended that Vietnamese producers go greener to gain ground in highly-demanding markets, thereby offsetting the demand contraction in traditional markets.

He also recommended the producers not shed staff but temporarily shift their production to other products to keep the ball rolling while waiting for demand recovery.

Lastly, he urged the producers to add more value to their existing products to carve out a niche in traditional markets.

Source: en.vietnamplus.vn– Jul 13, 2022

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Bangladesh exports $337 m denim goods to US

As the top denim supplier to the US for the first five months of the current calendar year (January-May), Bangladesh continues to dominate the US denim market.

According to current data from the Commerce Department's Office of Textiles and Apparel, Bangladesh exported denim goods worth $336.6 million to the US during this time, achieving a consistent year-over-year (YoY) growth of 54.16 percent (Otexa).

According to Otexa data, Bangladesh exported denim clothing worth $218.35 million during the same time period last year..

Industry insiders said that Bangladesh is still on the right track to remain a market leader for denim apparel, amid the global crises induced by war and inflation in the West and disruptions in the supply chain.

However, denim apparel imports to the US continue to increase as the country sourced $1.61 billion worth of denim apparel products from January to May, noting a significant boost of 40.78% on a YoY basis.

In 2021, Bangladesh became the top denim exporter to the US for the second consecutive year.

According to industry insiders, the country has established its dominance in the US market in exporting denim as the item produced in the country is often considered the best in the world.

Moreover, denim is the biggest brand for the country in the US market as US buyers now consider it an elite product of high quality, they also said. Manufacturers also hope that Bangladesh will remain the top denim exporter to that market for a third consecutive year by the end of 2022.

According to Otexa, all major denim apparel shippers witnessed an increase in their respective shipments to the US market including Pakistan, Mexico, Bangladesh, China, Vietnam and Egypt.

Apart from Bangladesh, Mexico experienced significant progress and shipped $293.66 million worth of denim garments to the US, registering a growth of 26.17%, staying ahead of Pakistan, Vietnam and China.

Pakistan continued being a dominant force in denim apparel manufacturing and as data suggested, it noted a 67.29% yearly growth in the US market during the first five months of 2022, clocking $195 million in export revenues in the category.

Vietnam exported $170.53 million worth of denim with a 40.27% growth while China shipped $146.38 million – up by 24.82%.

Earlier, Bangladesh took the top position in denim export in the European Union (EU) market in 2017.

Talking to Dhaka Tribune, Mostafiz Uddin, managing director of Denim Expert Limited, and founder of Bangladesh Denim Expo, said that Bangladesh Denim Expo was contributing to the country becoming the number one denim exporter in the world.

He also said that Bangladesh would surely remain the number one denim exporter to the US by the end of this year as well.

According to him, the denim expo was contributing to the growth and successfully promoting sustainability, transparency, innovation, circularity and responsibility of the local denim industry.

Mohiuddin Rubel, director of the BGMEA, and managing director of Bangladesh Apparel Exchange (BAE) told Dhaka Tribune that they expect to be at the top by the end of the year.

“Our denim industry has seen a lot of development and investment in infrastructure, technology up-gradation and other areas,” he added.

Moreover, considering the various issues in the post-pandemic international market and the strained US relations with other countries, it can be said that Bangladesh will be at the top at the end of the year as well. “We’ll see $1 billion export earnings from denim from the US market soon,” he added.

He also said that the country’s all export sectors may face a minimal effect from the global situation, recession and rising inflation.

“The way our growth is moving may be hampered a bit and the target of $1 billion denim exports may be delayed. However, Bangladesh is in a good position even in the current global situation.”

“However, our rival countries will not lag far behind in the denim market, but we will be ahead of them hopefully,” he added.

According to the manufacturers, Bangladesh can cover almost 50-60% of denim production through local fabrics, saying that there are in-house design studios and a number of state-of-the-art fabric mills.

However, to strengthen this position, the ease of doing business needs to be further developed by resolving all the complexities related to infrastructure, ports, and the National Board of Revenue (NBR,) said the manufacturers.

Meanwhile, due to the Russia-Ukraine war, inflation in the country has risen sharply and that is why the sales of clothes in the outlets of the brands have declined noticeably.

Sustaining the number of apparel items exported to the US will be challenging and the intensity of which will be understood later this year, said manufacturers.

According to Otexa data, in 2021 Bangladesh exported $798.42 million worth of denim garments to its biggest export destination, experiencing year-on-year growth of 42.25% and a market share of 21.69%.

Source: dailyindustry.news- Jul 13, 2022

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NATIONAL NEWS

India-EU Trade Talks: Need a full FTA, not 'early harvest'

India and the European Union have once again embarked on an ambitious journey. Both understand the need for urgency in reaching their destination. But the path towards that end game remains a tumultuous one despite a new momentum in their bilateral engagement. This is a moment to seize and make the most of when it comes to India-EU trade ties and policymakers on both sides seem well aware of what's at stake. Yet, few would be willing to bet even now that a free trade pact (FTA) can be reached without any glitches.

Last month, after a hiatus of more than eight years, India resumed negotiations with the 27 nation bloc on the long-in-the-making FTA, that involves agreements on trade, investments and Geographical Indications (GI). This first round concluded on July 1 and the next round is slated to begin in Brussels in September. The two sides are aiming for "broad-based, balanced, and comprehensive" negotiations "based on the principles of fairness and reciprocity."

India and the EU started this engagement on trade as far back as 2007 but by 2013 it became evident that due to some fundamental disagreements on issues such as the movement of professionals and custom duties on items like automobiles talks won't move forward. Since then, there has been widespread pessimism around this issue in New Delhi as well as in Brussels.

But the world in 2022 looks very different from the world in 2013. Nations are having to reassess their long-held assumptions in a fundamental manner. This is the age of deglobalisation and economic decoupling. Suddenly, trade is being looked at through a strategic lens than primarily through an economic one.

India and the EU are ready to forge a new partnership which speaks to the issues of today and responds to the challenges of the 21st century. This also means relooking at the FTA and trying to find solutions to some of the longstanding disagreements.

For India, this is a time to establish its credentials as a reliable trading partner. The perception that it is difficult to do business with India has done great damage to its credibility as a rising power. Without adequate capabilities to attract other economic players, India will remain marginal to the global economic order.

This is something that Indian policymakers seem intent on rectifying as the allure of China dims for the western nations. For the EU, China was the focal policy of attention for the last several decades as Brussels proudly proclaimed that it was not in the business of geopolitics. With China now being seen as a "systemic challenger" to the EU, there is a new keenness to build a robust partnership with New Delhi.

During EU president Ursula Von der Leyen's visit to India in April, the two sides agreed to launch a shared trade and technology council even though she underscored for New Delhi the importance of shifting from "dependency on Russian fossil fuels." The EU-India Trade and Technology Council is aimed at tackling "challenges at the nexus of trade, trusted technology and security, and thus deepen cooperation in these fields between the EU and India." The EU is now looking at the Indo-Pacific with a new sense of importance and India is at the heart of this realignment. In the words of Von der Leyen, "For the European Union, the partnership with this region is one of our most important relationships for the coming decade, and strengthening this partnership is a priority for the European Union."

Indian policymakers are keen to make the most of this unprecedented opening in bilateral relationship. Given New Delhi's perception in the West as reliable and trusted partner, this is a moment to push for the FTA to secure long term economic objectives. This year began with India signed the historic Comprehensive Economic Partnership Agreement (CEPA) with the UAE in February. This was followed by an "early harvest" trade pact with Australia in April that is likely to enter into a full FTA by end of 2022. India and the UK have also announced their intention to have a comprehensive free trade agreement by Diwali this year.New Delhi has now shown a new inclination to move forward with the India-EU trade talks as well. Commerce and industry minister Piyush Goyal made it clear that "all cards are on the table and we are coming with an open heart and an open mind... Agreements do not have to always be about gain or demands, I think agreements also have to be which is good for both negotiating teams and for the people."

After India's rejection of the Regional Comprehensive Economic Partnership (RCEP), India's friends and partners have been asking New Delhi to up its economic game in the Indo-Pacific and beyond. The shock of Covid-19 also alerted India and the rest of the word to reduce their dependence on China as global supply chains got disrupted to an unprecedented degree, alerting the world to the problems that are likely to emerge if no remedial measures are taken.

The strategic logic of trade pacts among like-minded countries is a reality that is shaping global politics today. The Modi government's push to strengthen the domestic manufacturing base through its "Make in India" campaign will only succeed if New Delhi is able to enhance its global trade profile.

The India-EU FTA, in this scheme of things, has the potential to be a game-changer. And India will have to go much beyond what it has so far done with the UAE and Australia. The EU is an economic giant—the world's third-largest economy by gross domestic product. It is India's largest trading partner and investor as well as its primary source of cutting-edge technology. While the political interest in getting this deal done is high, bureaucratic hurdles remain and won't be easy to overcome.

There are divergences galore, from restrictive visa regime for professionals and tariffs on spirits and dairy products from the EU to data localisation and European regulatory frameworks.

There is likely to be a political temptation to conclude an "early harvest" agreement but it would be much more beneficial if New Delhi can conclude a comprehensive FTA with the EU, cementing its burgeoning strategic partnership with one of the most critical global economic players. India's march to a $10 trillion economy by the end of the decade depends on such outcomes.

Source: financialexpress.com- Jul 14, 2022

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New Australian government supports trade pact with India: Piyush Goyal

The new Australian government supports the trade pact signed with India, and they are expected to soon approach their parliament for approval of the agreement, Commerce and Industry Minister Piyush Goyal has said. India-Australia Economic Cooperation and Trade Agreement (ECTA) signed in April needs ratification by Australian parliament before its implementation.

"I met minister Mr Don Farrell, who looks after trade in the new (Australian) government, and he has confirmed that they will be taking the Indus-ECTA to parliament very soon and they support the agreement and would like to further expand their engagement with India in the months and years to come," Goyal told PTI.

The agreement, once implemented, will provide duty-free access to the Australian market for over 6,000 broad sectors of India, including textiles, leather, furniture, jewellery and machinery.

Goyal had earlier said that the agreement would help in taking bilateral trade from USD 27.5 billion at present to USD 45-50 billion in the next five years.

India Australia ECTA will create job opportunities for both nations: Piyush Goyal

Melbourne (Australia), April 06 (ANI): Union Minister Piyush Goyal on April 06, during his visit to Australia's capital Melbourne, lauded the agreement signed between India and Australia and asserted that it will create job opportunities for both the nations.

“This is the 1st comprehensive agreement that we've embarked on with a developed country after 10 years. It's a very balanced & equitable agreement that will help both countries, our business and people,” he said. He is on a three-day visit to Australia. India and Australia signed the Economic Cooperation and Trade Agreement (IndAus ECTA) on April 02.

Under the pact, Australia is offering zero-duty access to India for about 96.4 per cent of exports (by value) from day one. This covers many products that currently attract 4-5 per cent customs duty in Australia.

Labour-intensive sectors, which would gain immensely include textiles and apparel, few agricultural and fish products, leather, footwear, furniture, sports goods, jewellery, machinery, electrical goods and railway wagons.

Australia is the 17th largest trading partner of India, while New Delhi is Canberra's 9th largest partner. India's goods exports were worth USD 6.9 billion and imports aggregated to USD 15.1 billion in 2021.

Source: economictimes.com- Jul 13, 2022

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Fear of recession may be hurting India's exports and pushing rupee down, experts say

India's monthly trade deficit has been widening from an average of under $15 billion per month for a better part of last year to $23-25 billion in the past few months. The markets fear that, on one hand, imports are not coming down because of high crude prices and, on the other, exports may fall because of the impending recession in the export destination areas.

Already exports are flattening from a high of $40 billion in March to $38 billion in April to $37. 8 in May and $37.9 billion in June. The rate of growth of exports is even more indicative of perhaps this pressure. Exports which were growing by over 40 percent earlier in 2022, the first three months, have moderated from 30 percent growth in March to 24 percent growth in April, 20 percent in May and only 16.6 percent in June.

In an interview with CNBC-TV18, Ajai Sahay CEO and Director General of the Federation of Indian Export Organisations (FIEO) and Dr. Siddhartha Rajagopal, Executive Director of TEXPROCIL (The Cotton Textiles Export Promotion Council), discussed at length whether India's exports are likely to slow even more if recession stalks Europe and US and if that is what is pushing down the rupee.

According to Sahai, there has been a slowdown in demand. "Global trade, at this point of time, is facing the triple whammy as far as merchandise exports are concerned," he said. He said that consumption was shifting towards services and most advanced economies are on the verge of entering a recession.

"It is not only the problem of the developed economies, of course, but they are also entering a recession. If you look into many of the emerging economies, or if you look into some of the developing economies also, they are in extreme foreign exchange crisis," said Sahai.

Meanwhile, Rajagopal expects the markets to revive after September-October. He said that there is volatility in the currency market and managing rupee volatility is a bit of a concern.

Source: cnbctv18.com- Jul 13, 2022

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Any issue of mis-governance should be taken to the management with urgency: Shri Goyal tells NoDs

The Union Minister of Commerce & Industry, Consumer Affairs, Food and Public Distribution and Textiles Shri Piyush Goyal has stressed upon the critical role played by Non-official Directors (NoDs) in improving the performance Central Public Sector Undertakings (CPSUs). Shri Goyal interacted with the NoDs of under his ministries viz. India Trade Promotion, ECGC Ltd. (Export Credit Guarantee Corporation of India), State Trading Corporation of India Ltd, MMTC Ltd. (Metals and Minerals Trading Corporation of India), PEC Ltd. (The Project and Equipment Corporation of India), State Trading Corporation of India Ltd Central Warehouse Corporation and Food Corporation of India. Secretary, Department of Commerce, Secretary, Food & Public Distribution and Consumer Affairs and Secretary, Department of Textile and Senior Officials of all three Departments attended the meeting.

Speaking during the interaction, Shri Piyush Goyal said that NoDs expertise and experience will help the government in ensuring welfare of the citizens of India. He said that NoDs have assumed critical importance given increased sectoral complexities. The minister added that NoDs are expected to bring alternate perspective, provide impartial view of shortcomings & suggest measures for improvement.

Shri Goyal said that the NoDs also serve as a role model for employees & also safeguard interest of all stakeholders. However, he highlighted that any mis-governance should be taken to management with utmost urgency and also, he asked to them to avoid influencing CPSE decisions while not getting involved in specific cases. He said that the wealth of experience and wealth of knowledge of NoDs stays true to the vision of Prime Minister, Shri Narendra Modi who believes that they are an important link between the government and the people.

Secretaries of Department of Commerce, Department of Food & Public Distribution and Ministry of Textiles also addressed the NoDs' meet. In his address, Shri B. V. R. Subrahmanyam, Secretary Department of Commerce said that NoDs should keep themselves well informed about the Company and the environment in which it operates. Shri Sudhanshu Pandey, Secretary Department of Food and Public Distribution (DFPD) gave an overview of the department.

He said that the department runs one of the world's biggest food distribution programme through NFSA and PMGKAY. Shri UP Singh, Secretary Textiles also gave an overview of the Ministry of Textiles. He reiterated that India is a top producer of Cotton and Jute.

Source: pib.gov.in- Jul 13, 2022

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India's move on rupee settlements may help trade with Russia

Surplus from vostro accounts could be used to invest in government bonds, and payment for projects and investments, the RBI said.

India's central bank this week introduced a new mechanism for international trade settlements in rupees, aiming to promote exports and facilitate imports.

Besides promoting international use of the local currency, many exporters and economists see the measure as a way to promote trade with countries that are under Western sanctions, such as Russia and Iran.

Moscow has been discussing with India, Iran, Egypt and some other countries ways to remove dollars and euros from commercial transactions. Following are key facts about India's plans for settlement of international trade in rupees.

HOW WILL THE SYSTEM WORK?

To settle international trade transactions in rupees, a foreign bank will need to open a vostro account – an account that a correspondent bank holds on behalf of another bank – with an authorised Indian bank. Indian banks would need prior approval from the Reserve Bank of India to act as correspondent banks. Indian importers of goods or commodities such as oil or coal would make payments to these accounts in rupees. The accounts could then be used to pay Indian exporters in the local currency. Surplus from vostro accounts could be used to invest in government bonds, and payment for projects and investments, the RBI said.

WHICH COUNTRIES ARE LIKELY TO USE THE NEW MODEL?

Exporters' bodies said RBI's move would help support trade with countries under sanctions, mainly Russia and Iran, and with African and South American countries – and neighbouring Sri Lanka – that have little access to hard currencies. The RBI has not however explicitly named countries for which new mechanism could be used. Exporters have been lobbying to Indian government to set up such a mechanism, along the lines of an earlier system introduced in 2012 to trade with Iran after the United States and other western countries imposed financial sanctions.

EXCHANGE RATE

The exchange rate between the Indian currency and those of trading partners will be market-determined, and settlement will take place in rupees. Banks will be allowed to provide letter of credits, bank guarantees, and offer advance payments to exporters for trade transactions.

CURRENT SYSTEM OF PAYMENT

Currently, international transactions are mostly settled in foreign currencies, such as U.S. dollars, British pounds, euros or yen. Payments in rupees are allowed only for some neighbouring countries, like Nepal and Bhutan. Indian companies usually pay for imports in foreign currencies, while exporters get paid in foreign currency and convert into rupees in most cases.

IMPACT ON TRADE WITH SANCTIONED COUNTRIES

Traders have welcomed the new mechanism, which they hope will increase engineering, pharmaceutical and foodgrain exports to Russia and some other countries by at least few billion dollars this year, while making crude oil imports cheaper. Some commodity traders said they were in touch with buyers in Russia, and expect to use the mechanism in coming days. India's exports to Iran almost doubled after the setting up in 2012 of a mechanism to partly settle trade in rupees, while it got oil supplies at a discounted price.

WHAT ARE THE BENEFITS FOR INDIA?

The RBI's move could marginally narrow India's widening trade deficit by reducing the price of commodity imports, analysts said, noting that imports of crude oil from Russia have surged in recent months. But government officials said India would move cautiously on internationalising the local currency given associated risks for the economy, such as high exposure to global shocks, asset bubbles and exchange rate volatility.

Source: financialexpress.com- Jul 13, 2022

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India's trade with Sri Lanka 'at standstill': Exporters

India's trade with Sri Lanka has nearly stopped following the unrest in the island nation, leaving exporters worried about their payments.

"Our exports and imports have come to a complete standstill. Exporters are very cautious because of the political crisis and payment issues," Federation of Indian Export Organisations (FIEO) Vice-Chairman Khalid Khan said.

However, he expressed hope that once the new government takes office in Sri Lanka, situation may improve.

Sri Lanka, a country of 22 million people, is facing an unprecedented economic turmoil, the worst in seven decades, leaving millions struggling to buy food, medicines, fuel and other essentials. The grim situation has resulted in a civil unrest.

The country, with an acute foreign currency crisis that resulted in foreign debt default, had announced in April that it is suspending nearly USD 7 billion foreign debt repayment due for this year out of about USD 25 billion due through 2026. Sri Lanka's total foreign debt stands at USD 51 billion.

FIEO Director General Ajay Sahai said political stability will help in resumption of trade.

"At present, goods which are under SBI and Exim Bank's line of credit are being exported to that country and they include key raw materials for industry, pharma, fertiliser, food and textiles," Sahai said.

In 2021-22, export of goods from India was worth USD 5.8 billion, while it was USD 550 million in April this year. In last fiscal year, import stood at USD 1 billion. It was USD 74.68 million in April 2022.

A free trade agreement between India and Sri Lanka came into effect in 2000.

In addition to being one of the largest trade partners of Sri Lanka, India is also one of the largest contributors to foreign direct investment into that country.

Mumbai-based exporter and Chairman of Technocraft Industries, Sharad Kumar Saraf said not only exporters, businesses who have invested there are also "very" worried about the current turmoil there.

The main investments from India are in the areas of petroleum retail, tourism & hotel, manufacturing, real estate, telecommunication, banking and financial services.

"Trade has come down drastically. Exporters are worried about their payments. My business with Sri Lanka has dipped to 25 per cent since January," Saraf added.

Sharing similar views, Chairman of Farida Group Rafeeq Ahmed said trade has virtually stopped due to the ongoing crisis in Sri Lanka.

"Exporters are confused. At the moment, nobody wants to engage with that country," he added.

Rajesh Menon, DG, SIAM (Society of Indian Automobile Manufacturers) said Sri Lanka is a key market for the domestic auto industry and "we hope that the economic situation improves in that country at the earliest, enabling reinstatement of the Indian automobile exports".

India's exports to Sri Lanka include engineering goods, chemicals, iron and steel, agri commodities, mineral fuel, pharma products, plastic goods, and paper items. Imports include agri produce, textile goods, boats, fruits and nuts.

Source: financialexpress.com- Jul 14, 2022

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Exports to Sri Lanka may dip up to 30% in FY23

India's trade with Sri Lanka has almost come to a halt this month, as escalating political and economic crises there have led to fresh uncertainties around payments, exporters told FE. Indian exporters are jittery about taking fresh orders from Sri Lankan buyers due to mounting default risks. As such, the order flow from Colombo has almost dried up.

Some exporters are apprehending a 30% drop in supplies to Sri Lanka in FY23 from a record $5.7 billion in the last fiscal. This is because authorities there have resorted to import curbs, limiting their purchases to only essential products, that, too, in limited volumes by using the credit lines extended by New Delhi to Colombo. However, the crisis is unlikely to have significant impact on India, given the limited bilateral trade value, a senior commerce ministry official said.

Of course, in the first two months of this fiscal, India's exports to Sri Lanka surged 55% year-on-year to $1.2 billion, as the island nation front-loaded its imports using the lines of credit. But the situation is changing for the worse now, as the credit lines are almost exhausted, said some of the exporters.

Sri Lanka is facing its worst economic turmoil since 1948, triggered by a foreign exchange crisis, which, in turn, led to a political crisis. The island nation has declared a nationwide state of emergency hours after President Gotabaya Rajapaksa fled to the Maldives. The country has been forced to minimise its imports due to almost-depleted forex reserves. This has led to civil unrest, as millions struggle to buy essential items.

Raja Shanmugham, president of the Tiruppur Exporters Association that represents the country's largest garment hub, said bilateral trade has been badly hit. "Only those companies that are headquartered in Tiruppur and have some production units in Sri Lanka are supplying raw materials like fabric to their facilities there. Otherwise, not much trade is happening."

A major engineering goods exporter, who has been supplying to Sri Lanka in large volumes in recent years, said, "We don't know how to deal with the situation. There is a lot of political instability there now, which has magnified our difficulties. If the political instability persists for another few weeks, along with economic crisis, trade will crash even further."

In April, Sri Lanka announced that it was suspending about $7-billion foreign debt repayment due for this year. Its total foreign debt stood at about $51 billion. According to Ajay Sahai, director-general with the Federation of Indian Export Organisations, there is no denying the fact that there could be temporary setbacks for Indian exporters due to the situation in Sri Lanka. However, things may improve once political stability returns.

Crisis-ridden Sri Lanka had zeroed in on seven categories of goods, apart from petroleum products, for sourcing from India this year, utilising the lines of credit that New Delhi has provided to Colombo. These products include essential food items, medicines, cement, textiles, animal fodder, raw materials for key industries and fertilisers. But some exporters fear supplies of even these products may be affected, given the political instability.

Before the latest escalation of the crisis, Lankan importers were placing their goods requirements accordingly with suppliers here. Indian exporters were required to approach State Bank of India, which had signed an agreement to extend a $1-billion credit line to the island nation, for payment.

The island nation has been seeking additional line of credit to tide over the crisis. India has already provided $1.5-billion lines of credit to it since January. These include $1 billion for imports of food, medicine and essential items and another $500 million for petroleum products. On top of these, India's assistance also includes a $400-million RBI currency swap and a deferral of a $500-million loan repayment.

New Delhi's major exports to Colombo include petroleum products, pharmaceuticals, steel, textiles (mainly fabric and yarn), food products and automobiles. Exports of many of these products to Sri Lanka are going to ease in FY23.

Sri Lanka's GDP contracted by a record 3.6% in 2020 and its foreign exchange reserves crashed by 70% in the last two years to about $2.31 billion by February, leading to a sharp depreciation of its currency.

Source: financialexpress.com- Jul 14, 2022

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India to go for new EXIM trade settlement with Sri Lanka once duly elected government in place

Sril Lanka is to vote for new President on July 20

India's International Trade Settlement in Indian rupees with Sri Lanka will commence only when an elected government is in place, a top Finance Ministry official has said. Further, India is not targeting any specific country for the new mechanism.

"As of now, Sri Lanka has no proper government. So, the issue is who will be the pointperson to negotiate for the new mechanism," a top Finance Ministry official told BusinessLine.

Indian government is hoping that an elected government is in place soon in the trouble-torn Island nation. Sri Lanka is facing worst ever economic crisis leaving millions struggling to buy food, medicine, fuel and other essentials. Last week Prime Minister Ranil, Wickremesinghe, who has now been appointed as Acting President, said Sri Lanka is now a bankrupt country.

On Wednesday, President Gotabaya Rajapaksa fled to the Maldives. Under the Sri Lankan Constitution, if both the president and prime minister resign, the Speaker of parliament will serve as acting president for a maximum of 30 days. The Parliament will elect a new president within 30 days from one of its members, who will hold the office for the remaining two years of the current term. Meanwhile, Sril Lanka is to vote for new President on July 20, as announced by Parliament Speaker Mahinda Yapa Abeywarden

With dollar fund is extremely low, the island nation is heavily dependent upon India for essential items including fuel. On Wednesday, the Indian High Commission in Sri Lanka said it is reiterated that "India will continue to support the people of Sri Lanka as they seek to realise their aspirations for prosperity and progress through democratic means and values, established democratic institutions and constitutional framework."

In such a situation new rupee mechanism could be very useful for Sri Lanka. On Monday, the Reserve Bank announced that in order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, it has been decided to put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in in Indian Rupee. For settlement of such trade transactions, Indian banks will require Special Rupee Vostro Accounts of correspondent bank/s of the partner trading country. The exchange rate will be determined bilaterally.

The person quoted above also said India is not targeting any specific country for new alternative. “Any country facing problems in dollar supply may join hand for new mechanism,” the person mentioned. It may be noted that many countries in Africa and South America are facing huge forex shortages, the move allowing exim transactions through letter of credit will help exporters and importers.

Under the new mechanism, in order to allow settlement of international trade transactions through this arrangement, it has been decided that Indian importers undertaking imports through this mechanism will make payment in Indian Rupees which shall be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller /supplier. Similarly, Indian exporters, undertaking exports of goods and services through this mechanism, will be paid the export proceeds in Indian Rupees from the balances in the designated Special Vostro account of the correspondent bank of the partner country.

Experts feel new mechanism is big move towards recognition of the Indian rupee as an international currency.

Source: thehindubusinessline.com- Jul 14, 2022

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Govt appoints 29 members in Board of Trade

The Centre has nominated 29 non-official members from large and small enterprises and different sectors in the Board of Trade, chaired by the commerce and industry minister. The Board, which includes participants from states, union territories, senior officials from public and private sectors, provides a platform to discuss ways on boosting manufacturing and exports.

In 2019, the government had merged the Council of Trade Development and Promotion with the Board of Trade to bring greater coherence in the consultation process with all stakeholders for promoting exports and imports, according to a notification of the commerce ministry. The new non-official members include Tata Consultancy Services Chief Executive officer and Managing Director Rajesh Gopinathan, KKR India Chairman Sanjay Nayyar and Laghu Udyog Bharati Executive Member Om Prakash Mittal among others

India Cellular and Electronics Association Chairman Pankaj Mahindroo, GCMMF (Amul) Managing Director RS Sodhi, and Arun Mandal, Chief Executive Officer, Bidhannagar Pineapple Development Trust, West Bengal, are some of the other non-official members, it said. The members are entrusted with the task of providing a platform to state governments and UTs for articulating state-oriented perspectives on trade policy; to act as facilitator in implementation of District Export Hub events including sensitization workshops, identification and promotion of identified products.

They would also help states develop and pursue export strategies in line with national Foreign Trade Policy; facilitate a mechanism for discussion on operationalisation of the trade infrastructure; and review policy instruments and procedure for imports and exports and suggest steps to rationalize use, it added.

The official members include secretaries of different departments like revenue, commerce, health and agriculture besides NITI Aayog CEO, Deputy Governor of RBI, and CBIC (Central Board of Indirect Taxes and Customs) chairman. Further, it also has representatives of industry chambers as ex-officio members.

Source: thehindubusinessline.com– Jul 12, 2022

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Cotton sowing crosses 10-million-hectare mark, prices may fall

With cotton sowing already crossing the 10-million-hectare mark in the current kharif season, prices are likely to fall further in the domestic market.

At present, cotton prices are hovering around Rs 80,000-85,000 per candy (1 candy = 356 kg), said Atul Ganatra, president of the Cotton Association of India, adding, “In the wake of increased acreage under cotton cultivation, we are expecting further correction in prices. At one point of time, prices of cotton went up to Rs 110,000 per candy earlier this year.”

Sowing continues till the second week of August in Maharashtra, Gujarat, Punjab, Haryana, Rajasthan, Madhya Pradesh, Karnataka, Andhra Pradesh, Telangana and Tamil Nadu, said Ganatra. According to him, at least 10% higher sowing is expected compared to previous kharif season’s 12 million hectare.

“Looking at the current trend, cotton sowing in Maharashtra is expected to cross 4.2 million hectare. In Gujarat, it would be around 2.7 million hectare. The cotton acreage in north will be around 1.5 million hectare and the same for southern states is likely to remain at around 3.5-4.0 million hectare. The area under cotton cultivation in Madhya Pradesh is likely to remain at nearly 600,000 hectares,” he said.

Although the acreage of cotton exceeds targets in Maharashtra every year, production is higher due to better yield per hectare. In Maharashtra, farmers produce 2 bales (170 kg per bale) per hectare on an average, while in Gujarat it is 3 bales. Apart from northern states, most of the area under cotton cultivation is heavily dependent on rain water. In Punjab and Haryana, where 80% growing area gets benefits of the irrigation facility, productivity goes as high as 4 bales per hectare, Ganatra said.

Avdhesh Sejpal, president of the All India Cotton, Cotton Seeds and Cotton Cake Brokers Association, said farmers are shifting to cotton as they are anticipating better return compared to other monsoon crops. He, however, said farmers need to be watchful as prices may go down to below Rs 60,000 per candy by October in case of a bumper crop.

CM Patel, joint director of agriculture with the Gujarat government, said farmers are bullish over cotton crop as sowing has crossed 2.05-million-hectare mark till July 10.

In the same period last year, it was hardly around 1,84,000 hectare, said Patel.

Source: financialexpress.com– Jul 14, 2022

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Adani Ports & SEZ crosses 100-MT mark in 99 days

Adani Ports and Special Economic Zone Limited (APSEZ) has registered 100 million tonnes (MT) of cargo throughput in the first 99 days of fiscal 2022-23 — that is, till July 8, 2022.

The company said it took a year to achieve the same milestone in 2014. This demonstrates the rapidly improving efficiency of APSEZ, it said.

"When APSEZ's operations spanned five ports, it took 14 years for the company to achieve 100 MT of annual cargo throughput. In the following five years and with operations across nine ports, APSEZ doubled cargo throughput to 200 MT. We then achieved the milestone of 300 MT in just three years. We are now poised to grow our cargo volumes by 60 per cent to 500 MT by 2025 and emerge as the world's largest port operator by 2030," said Karan Adani, Chief Executive Officer and whole-time director of APSEZ.

The company said APSEZ was able to handle 100 MT cargo volume due to tech innovations that integrate conventional business processes with new-age digital technologies.

It listed other contributing factors such as improved efficiencies in fleet and fuel management, asset monitoring, operational intelligence and performance monitoring of applications. The company has increased its cargo throughput year after year. It reached the 100-MT cargo throughput mark in 109 days last year, APSEZ said.

The current growth in cargo is supported by a 12 per cent year-on-year jump in June 2022 at 31.88 MT. Coal volumes have continued to show strong recovery of 25 per cent over the previous year, crude at 17 per cent and container at 6 per cent. With a monthly growth volume of 21 per cent, Mundra led this record performance followed by Hazira, Kattupalli and Ennore combined, and Dahej.

APSEZ shares traded marginally down by 0.5 per cent at ₹727.80 on BSE Wednesday.

Source: fibre2fashion.com– Jul 12, 2022

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Recycled PC yarn prices down in India, mills may cut production

Spot buying from weaving industry was still very weak in polyester-cotton yarn and polyester yarn market. Recycled PC yarn prices registered a declining trend as prices dropped by ₹10 per kg. However, most counts and varieties of virgin PC yarn were sold at last prices. According to trade sources, many spinning mills may further cut production.

"The market is not getting any sign of improvement in demand. Demand remained very weak as buyers do not want to take risk in current volatile market," a Ludhiana based trader Ashok Singhal told Fibre2Fashion. Traders feel that there was a glut situation of blended and polyester yarn supplies. Many spinners have shifted to non-cotton operation. Sources said that PTA and MEG came down after continued pressure on crude oil. However, PSF and MELT was traded at previous prices.

In Ludhiana market, recycled polyester-cotton yarn prices dropped further up to ₹10 per kg amid sluggish demand. Virgin polyester-cotton blended yarn remained stable. 30 count PC combed yarn (48/52) was sold at ₹270-285 per kg (GST inclusive), according to Fibre2Fashion's market insight tool TexPro. 30 count PC carded yarn (65/35) was priced at ₹240-250 per kg. 20 count PC (recycled-O/E) PSF yarn (40/60) was traded at ₹180-190 per kg. 30 count poly spun yarn was sold at ₹180-190 per kg. High tenacity recycle fibre was priced at ₹95 per kg.

The price of PSF remained unchanged at ₹127 per kg. Reliance Industries Limited had reduced prices last week and it has fixed prices of raw material as: PTA ₹94.70 (-0.90) per kg, MEG ₹56.80 per kg and MELT at ₹102.44 (-0.70) per kg, as per TexPro.

Cotton prices in the north Indian market dropped further ₹100-200 per maund of 37.2 kg due to poor demand. According to traders, spinning mills are reluctant of fresh buying in bearish market. Cotton was sold at ₹8,800-9,000 in Bathinda, ₹8,000-8,300 in Hissar and ₹8,800-9,000 per maund in Sriganganagar.

Source: fibre2fashion.com– Jul 13, 2022

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India's Birla Century launches home bedding ethnic collection Virasat

After entering the home bedding segment with the launch of Hill & Glade earlier this year, Birla Century's home division has announced the launch of Virasat – a collection that aims to celebrate textiles and crafts of India. Inspired by the artistic culture and rich legacy of Indian textiles, Birla Century, a division of Century Textiles & Industries Ltd aims to foray into the international markets with Virasat.

The company has added this premium concept to its growing home furnishing segment which represents Indian ethnic trends, regional colour palettes, and innovative artistry of the country, Birla Century said in a media release.

Unveiling the collection at a high-profile distributor meet, R K Dalmia, sr. president and wholetime director shared the company's vision to highlight the country's ethnic uniqueness and take the pride of Indian artistry to the world. "Virasat gets its inspiration from India's handcrafting strengths and is a tribute to the genius artistry of our master weavers and Indian artisans. We are working hand-in-hand with artisans from across the country and believe that the power and potential of this thriving and creative workforce is rare and makes India a 'manufacturing hub of artistry' that needs to be shared with the world."

With the festive buying season just around the corner, the company believes this was the perfect time to launch a collection that celebrates India's festivities, its cultures, and art and crafts. These bedsheets will be a significant representation of India's royal culture and are designed to the highest Birla standards. The uniqueness in Virasat collection is that every design will have wonderful story and sentiment behind it, of the culture it represents, the release added.

The launch collection covers three distinct themes representing the royal heritage of Rajasthan: Nilakshi; Karigari from the Rann of Kutch and the historic significance of henna: Mehak that paints a beautiful memory in every Indian household. With Nilakshi, Virasat brings the enchanting city of Jaipur's art of blue pottery and combines it with textiles to create bedding art pieces that reflect comfort, serenity and elegance that the pink city is celebrated for.

With Karigari of Kutch, Birla Century's Virasat gives an ethic touch to exclusively crafted bedsheets with the signature effect of colourful embroideries with mirrors, figurines and designs influenced by the city; while its Mehak Mehendi collection brings the sacred power of mehendi designs in home textiles with intricate patterned bed-sheets.

Speaking at the launch of Virasat in Mumbai, Ashish Mehrishi, CMO (home textiles and apparel fabrics), Birla Century, added: “Birla Century is committed to bringing innovations in the home-living sector. We strongly believe in our purpose of celebrating Indian artisans along with Birla’s momentous journey in the country by merging our quality offerings from Birla Century with the ethnic diversity of the country.

Indian consumers lean on design intricacies and want a sense of belonging to the cultures they represent. With our extensive network of distributors spread across India and overseas, the goal is to ensure every consumer carries a piece of India as ‘Virasat’ wherever they go. It surely is a collection like no other!”

Altogether, Virasat presents over 250 ethnic designs keeping the contemporary Indian consumer in mind while also making it the perfect launch pad for International markets where consumers that are enchanted by India’s regal arts.

The Virasat Collection looks to offer its consumers a selection of three more unique themes next season that will expand its ethnic home bedding section. The collection brings a special range of festive packaging that makes it novel for both Indian and global buyers.

“Virasat represents the Birla Legacy, a legacy that we have inherited from the generational art forms and remarkable crafts of the country and aim to take this to the world,” concluded Mehrishi.

Source: fibre2fashion.com– Jul 12, 2022

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