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INTERNATIONAL NEWS

Real EU GDP forecast to grow by 2.7% in 2022, 1.5% in 2023

The shocks unleashed by the Russian war in Ukraine are hitting the European Union (EU) economy both directly and indirectly, setting it on a path of lower growth and higher inflation, according to the European Commission's Summer 2022 Economic Forecast. Overall, real gross domestic product (GDP) is forecast to grow by 2.7 per cent in 2022 and 1.5 per cent in 2023 in the EU and by 2.6 per cent in 2022 and 1.4 per cent in 2023 in the euro area.

The rapid increase in energy and food commodity prices is feeding global inflationary pressures, eroding the purchasing power of households and triggering a faster monetary policy response than previously assumed, the report said. Furthermore, the deceleration of growth in the United States is adding to the negative economic impact of China's strict zero-COVID policy.

Whereas prices of some commodities are retreating from recent peaks, the EU economy remains vulnerable to developments in energy markets due to its high reliance on Russian fossil fuels. With gas prices nearing all-time highs, energy inflation is on the rise.

Food inflation is also surging, but pressures are broadening further as higher energy costs are passed-through to services and other goods. Lower income households are especially hit by the protracted rise in prices, the report said.

Whereas businesses still eye an expansion of economic activity, they are less optimistic about the future, which will weigh on investment. Households are just as negative about the future as they were at the onset of the pandemic, which is set to drag on the recovery of private consumption.

Economic activity is expected to have weakened in the second quarter, but should regain some traction during summer, thanks to a promising tourism season.

In 2023, economic growth is expected to gather some momentum, on the back of a resilient labour market, moderating inflation, support from the Recovery and Resilience Facility and a still large amount of excess savings.

Inflation in the euro area is projected to peak at a new record high of 8.4 per cent in the third quarter of 2022. As the pressures from energy prices and supply constraints fade, inflation is expected to decline steadily thereafter and to fall below 3 per cent by the end of 2023.

Risks to the forecast for economic activity and inflation are heavily dependent on the evolution of the war. Further increases of gas prices could strengthen the stagflationary forces currently at play. Second round effects could amplify these forces and lead to a sharper tightening of financial conditions that would not only weigh on growth, but also on financial stability.

At the same time, recent downward tendencies of oil and other commodities' prices could intensify, bringing about a faster deceleration in inflation. Moreover, private consumption could prove more resilient to increasing prices if households were to use more of their savings, the report added.

Source: fibre2fashion.com– Jul 15, 2022

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UK's GDP grew by 0.5% in May 2022: ONS

UK's Gross domestic product (GDP) grew by 0.5 per cent in May 2022, after a decline of 0.2 per cent in April 2022 (revised up from a 0.3 per cent fall), according to data released by the Office for National Statistics (ONS). The country's GDP increased by 0.4 per cent in the three months to May 2022, and by 3.5 per cent in the 12 months to May 2022.

The monthly GDP is now estimated to be 1.7 per cent above its pre-coronavirus (COVID-19) pandemic levels (February 2020).

The country's production grew by 0.9 per cent in May 2022, driven by growth of 1.4 per cent in manufacturing in the month of May. The growth increased in 12 of the 13 manufacturing sub-sectors. The contribution of manufacturing of textiles wearing apparel and leather products to the GDP increased by 0.01 percentage points, according to ONS.

Overall, production increased by 0.5 per cent in the three months to May 2022.

Source: fibre2fashion.com– Jul 16, 2022

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Demand for logistics services in most Chinese container ports growing

Demand for logistics services in most container ports in China is growing, buoyed by trade demand, especially at Ningbo-Zhoushan Port in Zhejiang province, Qingdao Port in Shandong province and Tianjin Port, according to a report released by the Centre for Forecasting Science, which said the total container throughput of ports in China will continue to grow this year, supporting foreign trade and global supply chain operations.

The centre is part of the Chinese Academy of Sciences.

Seven of the world's top 10 container ports this year will be in China with Shanghai Port topping the list, the ‘Outlook of Global Top 20 Container Ports’ said. The report predicted that the country will continue to play an important role in the stable development of the world's container ports and logistics.

It is expected that Shanghai will have a container throughput of up to 48.2 million twenty-foot equivalent units (TEUs) this year, a year-on-year (YoY) increase of 2.5 per cent, official Chinese media reported.

Although overall container volume at Shanghai will decline due to COVID-19 this year, the port's average daily operating volume will remain above 100,000 TEUs, according to the report. Ningbo-Zhoushan Port, which is expected to rank third, will see a rapid rebound in total container throughput, likely reaching up to 33.4 million TEUs this year, an YoY rise of 7.5 per cent, the report said.

However, there may be a slower growth rate of total container throughput compared with that of last year, it added.

China's foreign trade rose by 8.3 per cent YoY to 16.04 trillion yuan ($2.38 trillion) in the first five months, said the general administration of customs. Its exports grew by 11.4 per cent on a yearly basis to 8.94 trillion yuan, while imports increased by 4.7 per cent from last year to 7.1 trillion yuan.

Source: fibre2fashion.com– Jul 15, 2022

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China's textile industry outlook remains bleak as 30% companies report losses

The outlook for China's textile industry is rather bleak. Nearly, 30 per cent companies have reported a loss in the first five months of this year, as per data by China National Textile and Apparel Council. Similarly, companies' total profit declined 20 per cent compared to the same period last year. The number of enterprises above a designated size reporting losses declined from 6 per cent to 27 per cent, says a report by Epoch Times. Companies' total profit also declined 20 per cent to 73.4 billion yuan (about $11 billion).

Production of yarn and textile companies declines

The production of yarn and textile companies above a designated size fell 3.2 per cent and 1.3 per cent respectively year-on-year. Meanwhile, the production of clothing and chemical fiber companies remained constant as that of the same period last year. The average number of workers employed in the industry declined by 2.3 per cent to 5.54 million over the same period of the previous year.

Bigger losses for the dyeing industry

The dyeing industry reported greater losses, as per data released by the Bureau of Statistics of the Chinese Communist Party. In the first five months of 2022, 35 per cent of the 1,684 dyeing enterprises above the designated size in China suffered losses. The losses suffered by these companies also increased by 15 per cent compared to the same period last year. Overall, these companies reported a total loss of 1.535 billion yuan (about $2.3 billion).

Rise in costs leading to losses

The rise in losses of the textile companies can be attributed to growing inputs costs. Since the beginning of this year, price of natural gas, electricity, cotton yarn, and the cost of logistics and transportation have grown significantly, In addition, the strict measures implemented by CCP authorities to control the spread of Omicron resulted in weak consumer demand in China's domestic market.

China's total sales of clothing, shoes, hats, and knitted textiles from January to May this year, declined 8 per cent Y-o-Y to 509.3 billion yuan. In May, total retail sales declined 16 per cent Y-o-Y to 95.8 billion yuan (about $14.3 billion).

Great damage from COVID control measures

CCP's zero-COVID policy and measures to prevent and control the epidemic have damaged the operations of China's textile and garment companies to a great extent. Since late March 2022, China's key textile and garment production areas Shanghai and its surrounding areas, Suzhou, Kunshan in Jiangsu Province, Hangzhou in Zhejiang Province and other places implemented lockdown measures on a large scale.

A survey conducted by the Jiangsu Textile and Garment Industry Association in Mid-April looked at the impact of lockdown on the province's 199 large-scale textile and garment enterprises. It revealed a drop in operating income and liquidity in 85 per cent enterprises. Lockdown measures prevented efficient transportation of raw materials and equipment by blocking the passage of trucks to and from ports. They also led to an increase in freight costs by 20 to 30 per cent, as also labor costs.

Production drops over 50%

As a result, production of 25 per cent of the surveyed companies dropped over 50 per cent. In addition, production of 51 per cent of companies dropped in the range of 20 to 50 per cent. Only 1 per cent companies reported zero disruptions in production. Almost 73 per cent of surveyed companies highlighted increase in production costs as one of the major challenges faced by them while, 67 per cent said, they were concerned over falling orders. Around 65 per cent lamented the lack of normal production and operation while 41 per cent reported payments delays.

In Q1 this year, new order index for China's textile industry declined 29 points to 37.8 from Q4 of 2021, reveals China Textile Federation Industrial Economics Research Institute statistics.

Source: fashionatingworld.com– Jul 15, 2022

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USA: Home furnishings/furniture sector among stronger performers in monthly retail sales snapshot

Whether due to higher prices or a few more customers coming into stores, furniture and home furnishings bounced back in June, according to advance estimates from the Department of Commerce.

It's a reversal for the category, and retail as a whole, after May's report saw declines across several categories. For the month, the home furnishings retail category posted adjusted sales of $12.382 billion, up 1.4% from May's adjusted $12.209 billion. Year-over-year, furniture and home furnishings sales were up 4.6% against June 2021's $11.837 billion.

Over the past six months, unadjusted sales for furniture and home furnishings come in at $70.318 billion, up 2.9% compared with the same six-month span from red-hot 2021. The complete retail snapshot shows adjusted June sales at $680.591 billion, up a point from May's $673.852 billion and up sharply, 8.4% to be exact, from June 2021's $627.756 in adjusted sales.

Gas sales continue to be inflated, as the category was up 3.6% in June (and up 49.1% year-over-year). Other notable gainers in the month included non-store retailers (up 2.2%), miscellaneous store retailers (up 1.4%) and food services/drinking places (up 1.0%).

While most categories showed an increase in sales, there were a few with declining sales. Building material, garden equipment and supplies dealers were down 0.9%, while clothing and clothing accessories stores (down 0.4%), general merchandise stores (down 0.2%), and health and personal care stores (0.1%) weren't as sharp in June.

The DOC's advance estimates are based on a sub-sample of the U.S. Census Bureau's full retail and food services sample. A stratified random sampling method is used to select approximately 5,500 retail and food services firms whose sales are then weighted and benchmarked to represent the complete universe of more than 3 million retail and food services firms.

Source: hometextilestoday.com– Jul 15, 2022

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Global cotton benchmark prices collapsed over past month: Cotton Inc

Before expiring, the July NY/ICE futures contract lost 30 per cent of its value in just a couple days, falling from 144 cents/lb on June 22 to 100 cents/lb by June 24. The timeframe for the collapse in December NY/ICE futures was slightly longer, from June 17 to July 6. During that time, December futures dropped by 25 per cent from 120 to 90 cents/lb.

The NY/ICE market continues to be volatile, with prices for December locking on the limit decrease on the day the USDA report was released (July 12), Cotton Incorporated said in its Cotton Market Fundamentals & Price Outlook July 2022.

Similar to NY/ICE futures, there have been two price series for the A Index to watch during this period of transition from the 2021-22 to the 2022-23 crop year. Values for the 2021-22 version of the A Index fell from 161 cents/lb on June 21 to below 130 cents/lb by July 7 (-19 per cent). Values for the 2022-23 version of the A Index, referred to as the Forward A Index, fell from 125 cents/lb on June 23 to 106 cents/lb on July 7 (-15 per cent).

The China Cotton Index (CC 3128B) has been losing value for several months (peak values near 164 cents/lb were last touched in March) but losses accelerated in June. From a level near 143 cents/lb on June 15, values dipped to readings below 120 cents/lb by July 12 (-16 per cent). In domestic terms, the CC Index fell from 21,150 to 17,600 RMB/ton between June 15 and July 12 (-17 per cent). The RMB was relatively stable against the dollar over the past month, near 6.70 RMB/USD.

Indian spot prices (Shankar-6 quality) decreased from 164 to 142 cents/lb between June 17 and July 12 (-13 per cent). In domestic terms, the drop was from ₹100,000 to ₹85,000 per candy of 356 kg each (-15 per cent). The INR weakened marginally against the USD, from ₹78-79 per USD.

Pakistani spot prices began decreasing in early June. From levels near 139 cents/lb, they have fallen to those 94 cents/lb in the latest trading (-32 per cent). In domestic terms, prices fell from 22,500 at the start of June to 16,000 PKR/maund (37.32 kg) recently (-29 per cent). The PKR weakened from 198 to 207 PKR/USD between early June and the present.

The latest USDA report featured reductions to figures for both world production and mill-use for both the 2021-22 and 2022-23 crop years. For 2021-22, the global production estimate was lowered 0.7 million bales (to 116.2 million) and global consumption was lowered 1.9 million bales (to 119.8 million). For 2022-23, the global production forecast was lowered 1.2 million bales (to 120.7 million) and global consumption was lowered 1.6 million bales (to 119.9 million).

With the decreases in use exceeding the declines in production, figures for global ending stocks increased. For 2021-22, the projection rose 1.1 million bales (to 84 million). For 2022-23, the forecast increased 1.6 million bales (to 84.3 million).

The global trade forecast for 2022-23 was lowered 1.1 million bales (to 46.4 million). The most significant changes on the import side included those for China (-500,000 bales to 10 million), Bangladesh (-300,000 bales to 8.5 million), and Vietnam (-300,000 bales to 7.2 million). On the export side, the largest updates included those for the US (-500,000 bales to 14 million) and Australia (+300,000 bales to 6 million).

Source: fibre2fashion.com– Jul 15, 2022

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US and Kenya Launch Strategic Trade and Investment Partnership

Perhaps taking a step closer to a long-discussed free trade deal, United States Trade Representative Katherine Tai and Kenya‘s Ministry of Industrialization, Trade and Enterprise Development Cabinet Secretary Betty Maina launched the United States-Kenya Strategic Trade and Investment Partnership (STIP) on Thursday.

Tai and Maina agreed that their governments will pursue enhanced engagement leading to high standard commitments in a wide range of areas with a view to increasing investment. The U.S. and Kenya will focus on promoting sustainable and inclusive economic growth, benefiting workers, consumers, and businesses, and supporting African regional economic integration.

"I welcome today's launch of the United States-Kenya Strategic Trade and Investment Partnership and thank Cabinet Secretary Maina for her partnership in helping to launch this initiative," Tai said. "The U.S.-Kenya relationship is critical to addressing key regional and global challenges and this initiative represents an opportunity to work together on shared priorities, including labor, environment, digital trade, trade facilitation and good regulatory practices."

Tai said she looks forward to working with the Kenyan government over the next few months to build out the partnership and grow the countries' trade and investment relationship "in a way that promotes resilience and facilitates sustainable and inclusive economic growth that benefits our workers and our planet."

"We also hope that this initiative can serve as a model for trade policy engagement in Africa, one of the most dynamic and fastest-growing regions in the world," she added.

Steve Lamar, president and CEO of the American Apparel & Footwear Association, said the organization was pleased to see the U.S. and Kenya moving forward in efforts to deepen trade and investment relations between the countries and between the U.S. and the African continent.

"Through this process we will push for updated regulatory and digital approaches, such as those needed to implement a global system of digital care and content label, as well as modern customs and trade facilitation measures," Lamar said. "We will also continue to advocate for inclusion of market access provisions, such as those contained in free trade agreements. Finally, with Kenya serving as an important industry and regional partner, we will continue to advocate for an early, timely and long-term renewal of the African Growth and Opportunity Act to ensure that our current the trade links remain robust."

For the year to date through May, U.S. apparel imports from Kenya increased 4.71 percent to 51.663 square meter equivalents.

Tai and Maina identified initial issues where the United States and Kenya will develop an ambitious roadmap for enhanced cooperation.

In agriculture, the U.S. and Kenya will consider measures to facilitate agricultural trade and enhance transparency and understanding of the application of science- and risk-based Sanitary and Phytosanitary (SPS) measures. The two sides share an interest in fostering sustainable agricultural practices, as well as creating an enabling environment for innovative agricultural technologies that would help achieve food security goals, increase farm productivity, and improve farmer livelihoods, while addressing climate change concerns.

In the area of digital trade, they said the two countries share an interest in fostering consumer, business and worker trust in the digital economy, ensuring access to information, promoting the development and use of resilient and secure digital infrastructure, promoting competition and the participation of micro, small and medium enterprises (MSMEs), and addressing discriminatory practices. The two countries will discuss measures to support digital inclusion, including accessibility and online consumer protection, and will also monitor global discussions on emerging issues in digital trade which are of mutual interest.

In addition, they said Kenya and the United States recognize the pandemic's impact on supply chains and the demonstrated benefits of streamlining border procedures and accelerating World Trade Organization Trade Facilitation Agreement implementation for trade in goods. The two sides will discuss opportunities to simplify procedures, especially those that allow new entrants to engage in trade.

This includes considering various customs practices, transparency and cooperation on customs enforcement to inform mutual understanding, including the agreement regarding mutual assistance between Customs administrations signed at Washington on Aug. 6, 2014, as well as explore other topics of engagement, including trusted trader benefits for demonstrated low-risk importers, particularly those that participate in their respective country's Authorized Economic Operator program.

Other areas of cooperation include a shared commitment to prevent and combat bribery and other forms of corruption, a commitment to conservation, pursuing measures to support climate change adaptation and mitigation, and the importance of the sustainable use and management of each country's natural resources as they strengthen their trade and investment relations. Also, the countries will work together to advance and protect labor rights through enforcement of and compliance with labor laws, promotion of social dialogue, and cooperation in other areas of mutual interest on labor and employment priorities, including with respect to forced labor in global supply chains.

The U.S. and Kenyan governments will start working within three months to develop a detailed roadmap for engagement in each of these areas.

Source: sourcingjournal.com– Jul 15, 2022

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Vietnam sees $1.8-bn trade deficit with CPTPP market in Jan-May 2022

In the first five months of this year, Vietnam witnessed a trade deficit of $1.8 billion with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) market, according to the ministry of industry and trade (MoIT), whose statistics show Vietnamese exports to this large market rose by 7.8 per cent to $19.5 billion, while its imports were valued at $21.3 billion.

Vietnam's exports to Japan were worth $9.3 billion in value during the period, the highest among CPTPP member countries, while exports to Malaysia, Australia and Singapore grossed $2.4 billion, $2.3 billion, and $1.9 billion respectively.

The country's export turnover to Canada, Mexico and Peru also surged by nearly 30 per cent, 22 per cent and 12.2 per cent to $2.6 billion, $1.9 billion and $247 million respectively, a Vietnamese newspaper reported. Export items to the market include garments and textiles.

Meanwhile, its imports from Japan hit roughly $9.8 billion in value, the highest among CPTPP members, followed by Malaysia with some $4 billion, Australia with $3.8 billion and Singapore with about $2 billion.

Source: fibre2fashion.com– Jul 16, 2022

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UK govt hands over Vietnam National Trade Repository to Hanoi

The United Kingdom recently handed over to Vietnam the Vietnam National Trade Repository (VNTR), which offers free information in both English and Vietnamese on tariff commitments in free trade agreements (FTAs) within the Association of Southeast Asian Nations (ASEAN), most favoured nation (MFN) tariff, rules of product origin and non-tariff measures, along with trade documents.

Launched in 2020 under a letter of intention signed by the Vietnamese ministry of industry and trade (MoIT) and the British department of international trade, the project had the British side providing technical assistance to Vietnam.

It demonstrates Vietnam's resolve to enhance trade commitment and policy transparency to help enterprises build business strategies and improve competitiveness and capacity for joining global production and supply chains, MoIT minister Nguyen Hong Dien was quoted as saying by a news agency.

It introduces the best trade facilitation practices applied by ASEAN members, along with the lists of businesses given priority in handling tax, export, import and customs clearance procedures in the member countries of the ASEAN Trade in Goods Agreement (ATIGA) and the FTAs between ASEAN and partner countries.

Source: fibre2fashion.com– Jul 15, 2022

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NATIONAL NEWS

Union Textiles Minister Shri Piyush Goyal holds second interactive meeting with the Textile Advisory Group in Mumbai to review progress of work

Union Minister of Textiles, Commerce & Industry, Consumer Affairs and Food & Public Distribution, Shri Piyush Goyal held second interactive meeting with the Textile Advisory Group (TAG), in Mumbai, on 14.07.2022 to review progress of work.

Shri Goyal emphasized that supply of good quality cotton seeds is the vital necessity for improving productivity of cotton. He also emphasized the need to introduce advanced technologies related to high yielding cotton seeds and innovative agronomy such as High Density Planting System to enhance productivity of cotton. He directed the Cotton Corporation of India to lend Agricultural Extension Services in co-operation with Indian Council of Agricultural Research (ICAR) to our farmers through its network of branches all over India.

Shri Goyal wishes industry to focus on quality consciousness across the value chain and assured that initiatives for supporting modern facilities would be facilitated. Textile Value Chain needs to strengthen traceability technologies and testing facilities in the country.

While deliberating on the approaches for use of coloured fertilizers bag to avoid contamination in cotton, Shri Goyal directed TAG to address the long pending issue on priority with a solution which does not lend itself to any cost escalation.

Addressing the need of specific delivery based contract and open position limits on MCX, Shri Goyal directed the Ministry, Textile Commissioner, CCI and TAG to engage with MCX/SEBI and find structured solutions on ‘contract’ front. Any possibilities of manipulations on price front to the disadvantage of cotton textile value chain have to be contained.

Shri Goyal, on the suggestions of the industry, directed the Textile Commissioner that the penal provisions under the relevant Sections of Collection of Statistics Act be invoked for compliance to address the need of accuracy of statistics across the value chain.

The action may begin with the Ginning segment immediately. He directed the Textile Commissioner to utilize services of CCI personnel for data collection from Ginning segment under Collection of Statistics Act.

On suggestions to evolve yarn national index, Shri Goyal directed to examine its objectivity, feasibility and reliability for industry. For mechanized cotton picking, he stressed that a dedicated effort be done by Central Institute for Research in Cotton Technology (CIRCOT) and the Southern India Mills' Association - Cotton Development & Research Association (SIMA-CDRA) to make an indigenous, cost effective and efficient device validated by our user farmers.

Union Minister of State for Textiles and Railways, Smt. Darshana V. Jardosh, Shri Upendra Prasad Singh, Secretary Textiles, Senior Officials from the Union Ministries of Textiles, Agriculture & Farmer's Welfare, Commerce, Officials from Research and Development sector, Senior Officials from the Office of the Textile Commissioner & the Cotton Corporation of India Ltd., and stakeholders were present. The whole of textile value chain was represented in the consultations through lead associations and experts in the meeting.

The actions initiated subsequent to the points that emerged from the last interactive meeting held on 29.05.2022 at Mumbai were deliberated followed by presentation by Shri Suresh Kotak, Chairman of the TAG & renowned veteran cotton person. Shri Suresh Kotak elaborated initiatives in the direction to augment supply, crop protection and cotton productivity, which are essential for strengthening cotton textile value chain from farm to fashion to foreign.

The meeting was co-ordinated jointly by the Textile Commissioner and Cotton Corporation of India Ltd.

Source: pib.gov.in - Jul 15, 2022

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FinMin seeks industry views on changes in monthly GST payment form

The Finance Ministry on Friday released a paper suggesting changes in the monthly Goods and Services Tax (GST) payment form and sought industry comments by September 15.

The GST Council in its meeting last month recommended that the changes in GSTR-3B or monthly tax payment form be placed in public domain for seeking inputs and suggestions of the stakeholders.

"Accordingly, general public and the trade at large are hereby informed that a detailed Concept Paper on comprehensive changes in FORM GSTR-3B is enclosed. All members of trade/ stakeholders are requested to kindly furnish their views/comments/suggestions on the Concept Paper latest by 15th September 2022 at gstpolicywing-cbic@gov.in so as to facilitate finalization of the matter," the ministry said.

Abhishek Jain, Tax Partner, KPMG in India, said GSTR-3B is a return form capturing the summary of outward and inward supplies for a particular month.

The paper takes into consideration various suggestions of both taxpayers and administrators, including auto-population and amendment in GSTR 3B, Jain added. AMRG & Associates Senior Partner Rajat Mohan said the proposed changes would facilitate ease of compliance for taxpayers and arrest revenue leakage for tax administrators.

On the demand of trade and industry, new GSTR-3B may permit amendment, reporting of negative values, and clarify manner of reporting ineligible input tax credit.

"On the other hand, tax administration has demanded auto-population of values from GSTR-1 into GSTR-3B in specific rows, restricting the editing of values auto-populated in GSTR-3B from GSTR-1 and creating a distinction between permanent vs. temporary ITC reversal," Mohan added.

Source: thehindubusinessline.com- Jul 15, 2022

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DGTR to re-examine the need for imposition of anti-dumping duty on VSF

Calls for oral hearing; user industry says re-imposition could make entire value-chain uncompetitive

Less than a year after the Centre removed anti-dumping duties on imports of Viscose Staple Fibre (VSF) from China and Indonesia to make the domestic yarn and garments industry more competitive, the Directorate General of Trade Remedies (DGTR) is set to hold an oral hearing later this month to re-examine the issue and give a fresh finding.

This follows the order given by the Customs Excise and Service Tax Appellate Tribunal (CESTAT) asking the designate authority to re-investigate whether the cessation of anti-dumping duty would likely lead to a continuation or recurrence of injury so as to warrant the imposition of anti-dumping duty for a further period of five years.

“The domestic user industry of VSF had established in the sunset review of the anti-dumping duties carried out by the DGTR last year that anti-dumping duties on the raw materials were making the entire value chain uncompetitive and making garments expensive for the Indian consumer. It is worrying that now the DGTR is looking at a review of the decision to remove the anti-dumping duties,” a Delhi-based garment manufacturer told BusinessLine.

The anti-dumping duty on VSF (up to $0.512 per kg) was enforced by the Finance Ministry in August 2016 for five years. In its sunset review of the duties, the DGTR concluded that there was no justification for recommending their continuation as the domestic industry enjoyed a dominant position in the Indian market and the market share of imports from Indonesia and China was low. The anti-dumping duty was subsequently withdrawn.

Oral hearing

However, now the DGTR has called for an oral hearing on July 26, of all stakeholders through video conferencing to discuss whether there was a case for extending anti-dumping duties on VSF for another five years.

This is based on an anti-dumping appeal filed by the Association of Man-Made Fibre Industry of India on behalf of the domestic industry, mostly dominated by a single player. The government wants to be sure that the domestic industry producing VSF is not suffering injury due to the item being dumped by producers in China and Indonesia into India.

“Last year’s decision to remove anti-dumping duties on VSF was very important as downstream producers were facing a major profitability issue. But since its removal, both domestic users and producers are doing well. Because of other issues such as the Russia-Ukraine war and high cotton prices, profitability may have been affected a bit. But the removal of anti-dumping duties was helpful over-all,” said Durai Palanisamy, Executive Director, Pallavaa Group, Tamil Nadu.

Palanisamy said that various user industry associations would present their cases again to the DGTR in the oral hearing.

Source: thehindubusinessline.com- Jul 15, 2022

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Global demand slump to counter gains from rupee fall: Exporters

A 6.9% depreciation of the rupee against the greenback since January will "certainly help" exporters but a potential demand slowdown in key markets — mainly the US and the EU — due to recession fears has turned out to be a major worry for them. The rupee recovered 8 paise to settle at 79.91 on Friday, having almost hit the psychological 80-per-dollar mark on Thursday.

Exporters that FE spoke to also stressed that currencies of some of India's competitors, too, have weakened against the dollar, blunting the advantage for India. For instance, the South Korean won has depreciated by 10.3% against the greenback since January, while Bangladeshi taka weakened 8.3% and Malaysian ringgit by 6.4%.

The greater fall of the currency of Bangladesh, India's biggest competitor in garments, on top of its duty-free access to the US and the EU markets, will substantially bolster its export competitiveness. Of course, the currencies of countries like Indonesia, Singapore and Vietnam have depreciated at a slower pace than the rupee.

However, Vietnam, particularly, enjoys greater cost advantage than India in labour and logistics and with its attractive incentives, it has already emerged as a major electronics export hub, leaving New Delhi far behind.

Moreover, import-sensitive export segments, including petroleum, gems & jewellery and even electronics, will face upward pressure on input costs, said the exporters.

The order flow from the US and the EU has already started to slow down in certain segments—a sign that may get more pronounced in the coming months. The two markets alone made up 31% of India's merchandise exports in FY22.

Also, the US (and Canada) and Europe (including the UK) made up 56.2% and 30.1%, respectively, of India's software services exports worth $134 billion in FY21, according to a RBI report released in September 2021. Of course, the dollar still is the preferred currency, with a 72% share.

Ajay Sahai, director general of the apex exporters' body FIEO, said: "The depreciation has to be seen in perspective. The currencies of many of our competitors have depreciated against the dollar at a faster pace than ours." "Moreover, exporters are facing a triple whammy. First, there seems to be a consumption shift towards services from goods. Second, given high inflation across countries, purchasing power of consumers (in key markets) has been hit. Third, inventory level of domestic exporters remains high," Sahai said.

Narendra Goenka, chairman of the Apparel Export Promotion Council, said: "Demand for garments from the US is expected to drop by 10-15%, as stores there are selling less. The rupee depreciation will definitely help but demand slowdown is expected to be sharper. Moreover, buyers are offering lower rates for products. Some relief is coming from the raw material front, as prices (of cotton, yarn, etc) have come down recently, albeit to a very limited extent, and they are still way above the usual level." R Uday Bhaskar, director general at the Pharmaceutical Export Promotion Council, said: "The rupee depreciation will offer some relief but at the same time, the pharmaceutical industry imports inputs worth about $6 billion a year. So, on these imports, we have to pay more. Of course, the exports are higher —$24.5 billion in FY22."

The World Trade Organization in April slashed its merchandise trade volume growth forecast for 2022 to 3% from its previous prediction of 4.7%. It also expects only 3.4% growth in 2023. There are apprehensions that that global trade body may further trim its forecasts. This will impact India's export prospects as well.

According to an earlier Nomura report, every 1% depreciation in the REER (the RBI's real effective exchange rate index, based on the export-weighted average of dozens of currencies) raises export growth by just 0.9 percentage point in the same quarter, whereas every 1% of global GDP growth drives up export growth by 2.7 percentage points with a lag of one quarter. This means global growth or lack of it can potentially impact export opportunities for India than its own currency movement.

Source: financialexpress.com- Jul 16, 2022

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India's forex reserves dwindle $8 billion

India's foreign exchange reserves dwindled by $8.062 billion to stand at $580.252 billion in the week ended July 8, 2022.

The sharp fall in reserves came in the wake of the Reserve Bank of India (RBI) selling dollars to prop up the rupee, which depreciated from 79.04 per Dollar on July 1 (Friday) to 79.26 on July 8 (Friday).

The last time the reserves were around the $580 billion level was in the week ended March 5, 2021.

Dip in FCA

The dip in reserves in the reporting week came mainly on the back of foreign currency assets (FCA) declining by $6.656 billion.

FCA comprises multi-currency assets that are held in multi-asset portfolios (investment in securities, deposits with other central banks & BIS, and deposits with commercial banks overseas). The other three components of the reserves too declined — gold by $1.236 billion, special drawing rights ($122 million) and the reserve position in the IMF ($49 million).

During the calendar year so far, the reserves dwindled by $31.643 billion. Since March-end till date, the reserves have declined by $27.057 billion.

Rupee flat

Meanwhile, the rupee ended almost flat on Friday as the Reserve Bank of India (RBI) mounted a solid defence of the domestic currency by selling dollars. The Indian unit closed at 79.8775 per USD against the previous close of 79.8750.

Intra-day, INR tested a low of 79.96 on demand for the greenback from FPIs and importers. However, RBI's intervention ensured that the Indian unit closed below 79.90 level.

Source: thehindubusinessline.com– Jul 15, 2022

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Will Xinjiang cotton ban boost India's non-apparel exports to US?

The Uyghur Forced Labor Prevention Act (UFLPA) has come into effect since June 21, 2022. The law requires US companies to prove that goods imported from China's Xinjiang are not made with forced labour, otherwise Customs and Border Protection (CBP) will have the right to seize those goods. This should give a boost to Indian cotton textile exports to the US.

The UFLPA establishes a presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region (XUAR) of China, or produced by certain entities, is prohibited by Section 307 of the Tariff Act of 1930 and that such goods, wares, articles, and merchandise are not entitled to entry to the United States, according to the CBP.

The UFLPA will have a huge impact on textile-apparel imports into the US, as about 20 per cent of the world's cotton comes from China, and 84 per cent of that comes from Xinjiang.

US import of cotton non-apparel products from India were valued at $1581.038 million during January-May 2022, according to the latest data released by the US department of commerce. In comparison, imports from China were worth $1013.660 million in the same period. Thus, India has a dominant position in the import with share of 36.41 per cent, followed by China with 23.71 per cent.

The US had imported non-apparel cotton products (home textiles, fabrics, etc) worth $2465.493 million from India in 2020. This jumped by 49.24 per cent to $3679.600 million in 2021. On the other hand, imports from China grew at 12.32 per cent during the same period.

Since India already has a dominant position in the export of cotton non-apparel products to the US, it should get a further boost after the ban. But the extent of advantage cannot be foretold as it is based on several factors including the readiness of the Indian industry.

Source: fibre2fashion.com– Jul 15, 2022

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

Exporters informed FE that due to Sri Lanka's worsening political and economic issues, commerce between the two countries has nearly completely ceased this month.

The current political and economic unrest in Sri Lanka has had an impact on Indian commerce as well. The island country provides a significant market for agricultural products, including sugar, grapes, and onions. Since the start of the economic crisis, the majority of exporters have held commerce on hold, despite some complaining that their payments are frozen.

Both our exports and imports have completely ceased. Because of the political instability and payment concerns, exporters are very cautious, "Khalid Khan, vice-chairman of the Federation of Indian Export Organizations (FIEO), stated. However, he expressed optimism that things would get better once Sri Lanka's new administration takes control.

For the fiscal years 2021–2022, India's exports to the island country were a robust $5,208.3 million, an increase of 65% over the previous year. The main imports to Sri Lanka include engineering items, skimmed milk powder, sugar, onions, and grapes. Indian exporters typically send out their consignments from ports on vessels due to the simple connectivity across the sea.

Exporters referred to Sri Lanka as an extension of the Kolkata market when describing it as a significant market for Indian sugar. 90% of Sri Lanka's monthly consumption of 40,000–50,000 tonnes of sugar comes from India.

Some exporters predicted that supplies to Sri Lanka would decline by 30% in FY23 from a record $5.7 billion in the previous year. This is because the government there has resorted to importing limits, restricting their purchases to just necessities, and even those purchases are made in small quantities, utilizing the credit lines provided to Colombo by New Delhi. According to a senior commerce ministry official, given the low amount of bilateral trade, the crisis is unlikely to have a big effect on India.

However, Indian exporters have ceased sending goods to the nation during the past three months, particularly after the economic crisis began. Rahil Sheikh, managing director of MEIR Commodities, stated that there isn't much surplus sugar remaining to export for the current season.

The 22 million-strong nation of Sri Lanka is experiencing its greatest economic crisis in seven decades, leaving millions of people unable to afford necessities like food, medication, and gasoline. The civil upheaval has been caused by dire circumstances.

Of course, Sri Lanka front-loaded its purchases during the first two months of the current fiscal, driving a 55 percent year-over-year increase in India's exports to the island nation to $1.2 billion. However, when the credit lines are practically gone, several of the exporters claim that things are becoming worse.

The biggest economic crisis to hit Sri Lanka since 1948 has been brought on by a foreign exchange crisis, which in turn sparked a political crisis. After the president of the island nation, Gotabaya Rajapaksa, fled to the Maldives, the country proclaimed a state of emergency nationwide. Due to its nearly depleted foreign exchange reserves, the nation has been compelled to reduce its imports. As a result, civil unrest has erupted as millions struggle to obtain basic necessities.

Bilateral commerce has been severely impacted, according to Raja Shanmugham, head of the Tirupur Exporters Association, which represents the nation's largest garment market. "Only businesses with headquarters in Tiruppur and certain manufacturing facilities in Sri Lanka provide raw materials, such as fabric, to those facilities." Otherwise, trading does not occur much.

A significant exporter of technical products who has recently supplied Sri Lanka in significant quantities stated, "We don't know how to handle the issue." There is currently a great deal of political turmoil there, which has made our problems worse. Trade will further plummet if political unrest and economic crises continue for a few more weeks.

Sri Lanka said in April that it would not be making approximately $7 billion in annual repayments on its foreign debt. About $51 billion of its entire foreign debt was outstanding.

According to Ajay Sahai, director-general of the Federation of Indian Export Organizations, there is no disputing that temporary setbacks for Indian exporters might result from the situation in Sri Lanka. However, once political stability is restored, things could get better.

Click here for more details

Source: inventiva.co.in– Jul 15, 2022

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India's exports up 16.22 pc during May-June to UAE after FTA implementation

After implementation of a free trade agreement, India's exports to the UAE rose by 16.22 per cent to USD 837.14 million during May-June this year, sources said on Friday.

Exports during the same period of the previous year stood at USD 720.31 million.

The Comprehensive Economic Partnership Agreement (CEPA) between the two countries came into force from May 1.

Under the pact, domestic exporters from various sectors like textiles, agriculture, dry fruits, gems and jewellery are getting duty-free access to the UAE market.

"India's exports to UAE which were in negative growth trajectory post the outbreak of Covid-19 to April 2022 have witnessed a rebound since May 2022, that is, post the signing of the agreement," the sources said.

Post the signing of the CEPA, exports grew by 16.22 per cent to USD 837.14 million in May-June 2022, one of the sources said.

Shipments of plain gold jewellery increased by 62 per cent and 59 per cent in May and June to USD 135.27 million and USD 185.78 million, respectively.
Colin Shah, Chairman, GJEPC (Gems and Jewelery Export Promotion Council), said that plain gold jewellery exports have been the immediate beneficiary of the India-UAE CEPA.

"I urge all exporters to maximise their returns and make optimum use of the benefits available through this pact," he has said.

Source: financialexpress.com- Jul 15, 2022

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Imports from Russia jump 272% in April-May to $5 billion

India's imports from Russia surged 272% in the first two months of this fiscal from a year before to $5.03 billion, as New Delhi stepped up purchases of oil, fertilisers and coal to tackle a growing domestic shortfall of the commodities.

Trade sources told FE that the pace of growth in imports from Russia remained elevated in June as well, albeit on a low base, as New Delhi continued to resist mounting Western pressure to cut trade ties with old ally Moscow following the latter's invasion of Ukraine.

However, India's exports to Russia plunged 46% on year to just $245 million until May this fiscal, primarily due to logistics and payment issues in the aftermath of Western sanctions on Moscow. Consequently, India's trade deficit with Russia widened to $4.8 billion until May this fiscal from just $902 million a year before.

Data sourced from the DGCIS showed, between April and May, India's imports of crude oil from Russia climbed 621% to $3.2 billion, while those of petroleum products jumped 879% to $509 million. Similarly, imports of coal, coke and briquettes, etc surged 210% to $520 million. Fertiliser purchases, too, spiked 808% to $345 million.

To be sure, the growth in import value is substantially driven by a low base and a spurt in global commodity prices in recent months.

The trade sources said, apart from oil and petroleum products, coal imports from Russia continued unabated as the government sought to prevent any crisis in electricity generation during the summer. Three-quarters of the electricity produced in India uses coal and the country imports just under a quarter of its annual consumption of the raw material.

India's reliance on Russia for fertiliser rose as crisis-ridden Ukraine, another supplier, isn't in a position to ship out the key farm input. The government has been seeking to keep local supplies steady during the ongoing Kharif sowing season.

As FE had reported earlier, the surge in imports from Moscow suggests New Delhi, a net importer of commodities, has remained steadfast in its commitment to chart its own path despite Western pressure to shun Russian oil, especially when the advanced nations themselves are much bigger buyers of Russian fossil fuels.

Finance minister Nirmala Sitharaman recently defended the move, saying: “I will put my country’s interest first and energy security first. If oil is available and at a discount, why shouldn’t I buy it?” External affairs minister S Jaishankar, too, has decried the “campaign” against India on oil imports from Russia. India’s total oil purchases from Russia in a month would probably be less than what Europe does in an afternoon, he said earlier.

However, given that shipping lines are reluctant to take bookings to and from Russia, especially for dry cargo, Indian exporters haven’t been able to despatch much goods to Russia in the aftermath of the war. In the first two months of FY23, pharmaceutical exports to Russia dropped 34% to $50 million, while supplies of organic chemicals declined 12.5% to $35 million.

Source: financialexpress.com- Jul 15, 2022

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Russia's INSTC may open new market for Indian textile export

Indian textile industry can expect a boost to apparel and textile exports to Russia and other countries in the region as International North-South Transport Corridor (INSTC) will connect Moscow to Mumbai through multi-mode transportation facilities. The corridor is expected to decrease the time taken for goods from India to reach Russia and other countries.

Indian exporters can explore new opportunities in Russia and other countries because it is untapped market yet.

The first container train has left Moscow this week to reach Mumbai in 35-37 days, according to Russian logistics firm RZD Logistics, which has commenced the full container trains service from Russia to India through eastern branch of INSTC. The train service will run through Russia, Kazakhstan, Turkmenistan, Iran and India. The logistic facility will move via train, then will take sea route to reach Nhava Sheva (Mumbai) after covering distance of over 8,000 kilometres.

RZD Logistics is the largest multimodal logistics operator in the CIS and Baltic countries.

Created in order to develop the logistics business segment of Russian Railways Holding, the company is among the leaders of Russian logistics market and offers its clients a wide range of services, including international container transit and supply chain management.

With the start of the new service, Indian textile industry has opportunity to explore new markets for its apparel and other textile products. Currently, the US, UAE, UK, Germany and France are the top five markets for Indian apparel exports. Russia and other countries in the region are among the least explored markets for Indian textile products.

Russia’s share was mere 0.45 per cent in Indian apparel exports of $14.825 billion in 2021, according to Fibre2Fashion’s market insight tool TexPro. Its share stood at only 0.30 per cent in the total export of $6.451 billion during the first five months of 2022.

In India's home textiles exports too, Russia's share was only 0.28 per cent out of total export of $8.830 billion in 2021. Russia's share stood at 0.16 per cent in total home textile export of $2.844 billion during the first five months of 2022.

As per TexPro, India's apparel export to Russia stood at $15.922 million in January-March 2022 quarter, $17.718 million in October-December 2021 and $12.632 million in July-September 2021. Likewise, home textile export to Russia stood at $4.133 million in January-March 2022, $6.593 million in October-December 2021 and $6.399 million in July-September 2021.

Source: fibre2fashion.com- Jul 16, 2022

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Most counts of cotton yarn stay stable in south India, demand slow

The price of most counts and varieties of cotton yarn remained steady in south India's markets today, but few counts and varieties lost up to ₹20 per kg. Uncertain market conditions continue to dampen buyers' confidence. Demand from weaving industry is not likely to improve in this month. Spinning mills are trying hard to keep yarn prices at current levels.

While many counts and varieties of cotton yarn were traded at previous prices, the price of carded cotton yarn (44/46 count) of warp variety and few other varieties decreased by up to ₹20 per kg. Demand was still very poor as buyers are not positive for prospects from downstream industry. A trader from Maharashtra's Ichalkaranji told Fibre2Fashion, "Current month is expected to pass without any improvement in prices. The market can improve in August only."

In Mumbai market, most counts and varieties of yarn were sold at previous levels. 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,730-1,830 and ₹1,560-1,630 per 5 kg (GST extra) respectively. Carded cotton yarn (44/46 count) of warp variety was traded at ₹1,580-1,600 per 5 kg. 80 count carded cotton yarn of weft variety was sold at ₹1,690-1,740 per 4.5 kg. 40 count carded cotton yarn (warp) was sold at ₹305-310 per kg. 40 count combed yarn (warp) was priced at ₹360-365 per kg, according to Fibre2Fashion's market insight tool TexPro.

Cotton yarn buying was very weak in Tiruppur market. However, the prices remained stable as mills were feeling pressure on their margins. Traders and stockists are adopting wait and watch policy. A trader from Tiruppur market told Fibre2Fashion, "There were no indications of improvement in demand. Weaving industry is unsure about demand from garment units.

The market is not likely to improve in this month." In Tiruppur market, cotton yarn prices did not see any movement. 30 count combed cotton yarn was traded at ₹367-372 per kg (GST extra), 34 count combed at ₹377-382- per kg and 40 count combed at ₹382-387 per kg. Cotton yarn of 30 count carded was sold at ₹327-330 per kg, 34 count carded at ₹332-335 per kg and 40 count carded at ₹335-340 per kg, as per TexPro.

In Gujarat, cotton prices remained stable amid poor demand from spinners. Buyers are not comfortable with current cotton prices as yarn producers are witnessing sluggish buying from weaving industry.

A broker from Gujarat, Chetan Bhojani, said that the demand remained very week, but the prices were hovering at previous level as stocks were also limited. The benchmark Shankar-6 cotton was traded at ₹78,000-88,000 per candy of 356 kg.

Source: fibre2fashion.com– Jul 15, 2022

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