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INTERNATIONAL NEWS

Data Suggests Stagnating Global Trade Growth

The latest World Trade Organization (WTO) Goods Trade Barometer was steady but below the recent trend line for merchandise trade, suggesting that global goods trade continued to grow in the second quarter, but that the pace of growth was slower than in the prior quarter and is likely to remain weak in the second half of the year.

The Goods Trade Barometer is a composite leading indicator for world trade, providing real-time information on the trajectory of merchandise trade relative to recent trends. The latest reading of 100.0 coincides exactly with the baseline value of the index, indicating on-trend trade expansion, the WTO noted.

However, the overall barometer remained below a companion index representing actual merchandise trade volumes, suggesting that year-on-year trade growth may slow further but remain positive when official second quarter statistics become available. Trade was weighed down by the conflict in Ukraine but buoyed by the lifting of Covid-19 lockdowns in China, according to the WTO.

The volume of world merchandise trade plateaued with year-on-year growth slowing to 3.2 percent the first quarter, down from 5.7 percent in the fourth quarter of 2021. The slowdown only partly reflected the impact of the conflict in Ukraine, which broke out in late February, with lockdowns in China also weighed heavily on trade in the first quarter.

The components of the goods barometer were a mixed bag, with most indices showing on trend or below trend growth. The forward-looking export orders index (100.1) was on trend but has turned downward. The automotive products index (99.0) was only slightly below trend but has lost its upward momentum, the report said.

Indices for air freight (96.9) and electronic components (95.6) were below trend and pointing down, while the raw materials index (101.0) has recently risen slightly above trend. The main exception was the container shipping index (103.2), which has risen firmly above trend as shipments through Chinese ports have increased with the easing of Covid restrictions.

The latest barometer reading was consistent with the WTO's most recent trade forecast issued in April, which predicted 3 percent growth in the volume of world merchandise trade in 2022.

However, uncertainty surrounding the forecast has increased due to the ongoing conflict in Ukraine, rising inflationary pressures and expected monetary policy tightening in advanced economies, the WTO said.

Source: sourcingjournal.com- Aug 24, 2022

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WTO goods trade barometer points to stagnating global trade growth

The latest World Trade Organisation (WTO) goods trade barometer is steady—reading is 100.0—but below the recent trend line for merchandise trade, suggesting that global goods trade continued to grow in the second quarter (Q2) this year, but the pace of growth was slower than in Q1 and is likely to remain weak in the second half of the year.

The goods trade barometer is a composite leading indicator for world trade, providing real-time information on the trajectory of merchandise trade relative to recent trends.

The latest reading coincides exactly with the baseline value of the index, indicating on-trend trade expansion, WTO said in a press release.

However, the overall barometer remains below a companion index representing actual merchandise trade volumes, suggesting that year-on-year (YoY) trade growth may slow further but remain positive when official Q2 statistics become available, with trade simultaneously weighed down by the conflict in Ukraine and buoyed by the lifting of COVID-19 lockdowns in China, WTO said.

The volume of world merchandise trade plateaued with YoY growth slowing to 3.2 per cent in Q1 2022, down from 5.7 per cent in Q4 2021. The slowdown in Q1 only partly reflected the impact of the conflict in Ukraine, which broke out in late February. Lockdowns in China also weighed heavily on trade in the first quarter, WTO noted.

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However, uncertainty surrounding the forecast has increased due to the ongoing conflict in Ukraine, rising inflationary pressures and expected monetary policy tightening in advanced economies, it added.

Source: fibre2fashion.com- Aug 24, 2022

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China to boost policy package with 19 policies to stabilise economy

China is on its way to implement 19 follow-up policies apart from the policy package to stabilise the economy. The government has decided to send taskforces to different regions across the country to oversee and support work regarding the execution of the policies at a quicker pace at the State Council's Executive Meeting chaired by Premier Li Keqiang.

"Given the current circumstances, we must seize the window of opportunity and maintain the appropriate policy scale. The funds available should be put to best use. This will expand effective investment, boost consumption, and help keep economic activities on a steady course," Li was quoted as saying by Chinese media reports.

It was acknowledged at the meeting that China's economy at the moment has maintained the momentum of recovery and growth observed in June even as marginal fluctuations still persist, which ends up weakening the foundation of economic recovery.

The quota for policy-backed financial instruments for specific projects worth 300 billion yuan (around $43.87 billion) will be boosted by 300-plus billion yuan. The impact of the loan prime rate reform will be further leveraged to decrease expenses of consumer loans and corporate financing.

The authorities will also approve and launch a number of promising infrastructure projects and take steps to safeguard against the embezzlement of funds. Moreover, measures to enhance the development and investment of private business and further the sustained development of the platform economy will also be carried out.

Regional governments will be permitted to approve city-specific policies such as flexible credit housing loans. Also, payments of charges levied by the government will be rescheduled for one quarter. Regions will be supported in setting up risk compensation funds for loans given to micro, small, and medium-sized enterprises and self-employed households.

Source: fibre2fashion.com- Aug 22, 2022

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EVFTA increases two-way trade for Vietnam & EU by 14.5% in 2021: VCCI

The EU-Vietnam Free Trade Agreement (EVFTA) has enabled a rise in exports and investment opportunities for Vietnam with two-way trade between the EU and Vietnam surging to 14.5 per cent in 2021 to $57 billion after two years, according to the Vietnam Chamber of Commerce and Industry (VCCI). Trade rose even further to $31.7 billion by 14.6 per cent year-on-year in the first half of 2022.

A conference was held in Ho Chi Minh City, Vietnam recently where experts talked about the export and investment opportunities created by the EU-Vietnam Free Trade Agreement (EVFTA) via sustainable development. “An upturn has been seen in investment from the Netherlands (26 per cent), Sweden (63 per cent), and Denmark (240 per cent). The Lego Group of Denmark has recently invested in a $1 billion project in southern Binh Duong province,” said Vo Tan Thanh, vice chairman of VCCI. “The results have shown the positive contributions of the EVFTA to Vietnam's economic development, especially in the context that Vietnam has suffered many negative impacts from COVID-19 and the Russia-Ukraine conflict.”

Thanh also noted that Vietnam has not yet optimised certain aspects of the EVFTA which include the implementation of environmental protection, sustainable development policies, and social welfare.

Carsten Schittiek, minister counsellor, head of the trade section of the EU delegation to Vietnam, lauded Vietnam’s actions when executing the EVFTA such as integrating and amending several related laws, and eventually creating profits for Vietnam and other EVFTA members.

“Vietnam should create a more simplified economic climate to attract investment from European businesses, with greater attention to policies in sustainable development, green energy, climate change adaptation, and labour rights in accordance with International Labour Organisation (ILO) conventions. By bringing more large investors as well as new knowledge and technical expertise to Vietnam, the deal can help the country to focus on new, higher quality, and cleaner investment to reinforce its global supply chains,” Schittiek added.

“Vietnam has moved closer towards common global standards since the EVFTA took effect two years ago,” said Ingrid Christensen, the director of ILO Vietnam.

Issues regarding responsible business practices and sustainable development along with regulation updates in certain European countries were also examined by experts at the conference.

Source: fibre2fashion.com- Aug 25, 2022

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RCEP, CCFTA enhanced Cambodia's economy in 2022: MoC

The Regional Comprehensive Economic Partnership (RCEP) and the Cambodia-China Free Trade Agreement (CCFTA), which were both enacted in 2022, have played a major role in boosting Cambodia’s economy, according to Cambodia’s Ministry of Commerce (MoC). Cambodia's total export to RCEP members was worth $3.28 billion during January-June 2022 — a 10 per cent increase compared to the same period the previous year.

“The two free trade agreements have given larger market access to Cambodia's products,” said Bun Chanthy, undersecretary of state at Cambodia’s MoC.

In the first half of 2022, Cambodia’s top three export destinations were Vietnam, China, and Japan, said Cambodian media reports quoting an MoC news release. The Southeast Asian country exported goods valued at $542 million to Japan, $612 million to China, and $1.17 billion to Vietnam.

Source: fibre2fashion.com- Aug 25, 2022

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Pakistan: Lower tariff withdrawal to hurt textile sector

Exporters have appealed to the prime minister to continue the regionally competitive power tariff for the export-oriented textile sector to sustain and uplift exports, as per a letter written by Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Chairman Abdul Rehman. The exporters are shocked to learn that the Cabinet Division has issued a corrigendum dated August 19, 2022 stating that the government of Pakistan has revised its decision taken on July 27, 2022.

This is with regard to the federal cabinet's approval of the rate of nine cents per kWh for the exportoriented industry applicable till the end of FY 2022-23. "This is a very alarming and unfortunate news which brings forth disastrous impact on the cost of manufacturing goods meant for exports as even the existing cost is already higher as compared to regional countries, whereby Pakistan exporters do business on a very narrow margin of 2% to 3%," he said.

"These rates should continue till at least FY23 to bring the sustainability factor as the textile sector contributes significantly to overall national exports. If this sector gets no relief, that will ultimately impact the overall economy," said Topline Securities textile sector analyst Saad Ziker. The results from these subsidised rates reflect the growth in exports during FY22, he added.

Countries that compete with Pakistan in global textile exports including Bangladesh, India, China and Vietnam give reduced quotations of up to 15% to foreign buyers as compared to those given by Pakistan. In contrast, exporters in Pakistan are battling hard to survive and compete on a very low profit margin, noted Abdul Rehman.

The withdrawal of the approved power tariff of nine cents per kWh shall turn out to be hugely disastrous for exports and must be continued in the national interest and for the sake of survival of export industries. This is all the more required given the uncertain economic conditions prevailing in the country, he added. The government should encourage exports and export-oriented sectors to have long-term sustainability in the balance of payments, noted Arif Habib Limited (AHL) Head of Research Tahir Abbas.

"However, the textile industry should also invest in efficiency and technologyoriented projects to make them competitive enough to compete in the international markets," he added. The value-added textile industry had previously achieved a milestone in exports with total national exports in FY22 amounting to $31.79 billion, of which textile exports were worth an impressive $19.4 billion. Likewise, hosiery exports touched the highest value of $5.12 billion, said Abdul Rehman.

Crucially, more than 40 industries are associated with the value-added textile export industry. However, due to recent economic uncertainty, national exports have declined 22.74% and textile exports declined 13.21% during the first month of FY23. The value-added textile sector is the backbone of the economy, earning the highest foreign exchange and generating urban employment as a labour-intensive industry, emphasised Abdul Rehman.

"Regionally competitive power tariff is necessary for an export-oriented sector such as textile so that it can be competitive in the international market. The results are also justified as textile exports touched the government target of $20 billion," said Aba Ali Habib Securities textile sector analyst Ali Asif.

"In order to make exporters regionally competitive, the government should continue with subsidised rates of electricity and gas, otherwise our exports will start showing negative growth as buyers want to purchase products at the cheapest rates," said textile analyst Arsalan Hanif.

Source: tribune.com.pk- Aug 25, 2022

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Bangladesh: Apparel shipments see big jump in August

Bangladesh's apparel exports registered a 58% year-on-year growth to over $2.5 billion in the first 22 days of August – at a time when the sector's major export destinations are experiencing record inflation owing to the ongoing war between Russia and Ukraine.

In the face of reduced consumer demand, a number of retailers, including Walmart, have already cancelled some orders. Besides, some buyers are requesting exporters to delay shipments or suspend orders ready for delivery.

The sector enjoyed a whopping 446% growth year-on-year in a single day during the period, but the shipments also witnessed a negative growth of 54% in a day, said sources at the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The BGMEA came up with the calculation based on data from the National Board of Revenue as the Export Promotion Bureau is yet to make the official announcement.

Talking to The Business Standard, BGMEA President Faruque Hassan said, "Hopefully, August will end with positive growth but September and October may see a negative trend."

Earlier, the BGMEA president predicted that the sector would post a double-digit growth till August compared to the same period last year.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said the situation will be worse in the coming months as almost every buyer is suspending orders from this month.

He further explained, "My factory was full of orders till December this year. But about 40% of the orders for August and 30% for September got halted due to the global economic slowdown."

Industry leaders say most factories are bracing for around 30% shortage of work orders in the coming months.

They fear that if the global economy does not recover soon from the economic slowdown caused by the ongoing war between Russia and Ukraine, apparel exports may fail to achieve the last fiscal year's record receipts amounting to $42.2 billion. The government has set a target to earn $46 billion through RMG exports in FY23.

Bangladesh's major export destinations – the United States and European countries – are now facing a 40-year high inflation.

For the first time, exports to a single country – the USA – are crossing $10 billion. Of this $10 billion, $9 billion came from the RMG sector in FY22, according to the EPB.

Walmart, one of the major USA buyers of Bangladesh's readymade garments, officially announced that they will procure 30% less for the spring season as they have huge unsold inventory.

Walmart has cancelled billions of dollars in orders as part of a continued effort to align inventory levels and pursue the demands of budget-conscious consumers.

The company executives said the US retailer has cleared out most of its summer collections ahead of the back-to-school season – which has begun in large parts of the South – and the upcoming holiday period.

Spring season apparels are scheduled to be produced in September-December, Sparrow group Managing director Shovon Islam said, adding that other buyers, including H&M, Inditex, American Eagle, are also placing less volume of orders as their stores saw less demand for apparels.

Kutubuddin Ahmed, chairman of Envoy Textiles Limited, the world's first LEED platinum certified denim textile facility, said, "We have observed that Walmart has been reducing its orders in terms of both number and volume in garment factories for the last few weeks."

The textile millers, which are supplying fabrics for that brand, also face a shortage of orders, he added.

BGMEA Vice-President Rakibul Alam Chowdhury said the industry is suffering as the American multinational retailer Walmart and Target had already cancelled some orders.

They also requested suspending shipments of some orders ready for delivery, he added.

Rakibul Alam said although none of the factory owners informed BGMEA about order cancellations, the organisation contacted its member factories on its own.

Member factories have been asked to formally report the order cancellations to the association, he added.

Source: tbsnews.net- Aug 25, 2022

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NATIONAL NEWS

Texprocil seeks duty-free import of ELS cotton

The Government has removed import duty on cotton till October 31, but exempted the specialised cotton variety ELS which is not grown commercially in India

The Cotton Textile Export Promotion Council of India has urged the Government to allow duty-free import of Extra Long Staple type to create a level playing field with the competing countries.

The Government has removed import duty on cotton till October 31, but exempted the specialised cotton variety ELS which is not grown commercially in India.

Increase exports

Manoj Patodia, Chairman, Texprocil said, the move will help fabric and home textile exporters to fulfil orders of global brands and retailers at competitive prices and increase exports as other competing countries such as Bangladesh, China and Vietnam allow duty-free cotton imports.

Moreover, he said unless the cotton price volatility is not regulated, exporters will not be in a position to manufacture products for global market.

Annual world export

The annual world export of certain category of products that are textile Made ups (Home Textiles) by definition, but fall under Chapter 94 which provides Remissions of Duties and Taxes on Exported Products (RoDTEP) of 0.5 per cent. The remission rates for these products under HS 9404 should be in line with that of home textiles which is 8.2 per cent.

The annual world export of knit fabrics is about $42 billion of which India's share is just 1.8 per cent at $763 million. The remission rate of 1 per cent fixed for cotton knitted fabrics does not fully reimburse domestic taxes. The rates for knit fabrics should be 4.3 per cent which will be in line with the rate for woven fabrics.

In the next 5-7 years, India's textile industry can expand to $250 billion and achieve an export target of $100 billion, he said.

Free trade agreements

The conclusion of free trade agreements with Canada, EU, UK, Israel and GCC countries will give a further impetus and boost to trade and help the industry in achieving the target $100 billion in the next 5-7 years.

Importing textile nations lay strong emphasis on traceability of finished goods or intermediate products right till the fibre stage. Texprocil has tied up with Control Union for the GCC (General Certificate of Conformity) program which will be useful for companies across the value chain.

The Union Budget has allowed duty free import of specified goods by bonafide exporters of items such as handicraft, textile and leather garments but made ups (Home Textiles) has been excluded from the purview of this facility.

Source: thehindubusinessline.com – Aug 24, 2022

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More than 40 companies honoured for outstanding export performance

The Cotton Textiles Export Promotion Council (TEXPROCIL) honoured various companies in yarn, fabric, made up category for their outstanding export performance for the year 2020-2021.

UP Singh, Secretary, Textiles and Roop Rashi, Textile Commissioner, honoured the winners at an event held recently.

Highest global exports awards were fetched by Welspun Global Brands Limited (platinum) and Trident Limited (gold), while Vardhman Textiles Limited received silver.

Amongst the companies honoured, under different categories and product segments, included the likes of Nahar Spinning Mills, Shroff Textile Exports, Anithaa Weaving Mills, Ken Enterprises, Paramount Textile Mills, Arumuga Textile Exporters, KG Denim Limited, Dharmshil Industries, V-Tex Overseas, Atlas Export (India), Acme Yarns and Balaji Enterprise, Lahoti Overseas Limited, Nitin Spinners Limited, GTN Textiles Limited, Alok Industries, Intermarket (India), Gupta International, Kapoor Industries, Sarathy Export Fabrics, Square Corporation, Relishah Export, Premier Mills, Thiagarajar Mills, Winsome Textile Industries Limited, RSWM Limited, Pee Vee Textiles Limited, Manomay Tex India Limited, Globe Cotyarn, KG Petrochem Limited, Sara Textiles Limited, Manjeet Cotton, Sutlej Textiles and Industries Limited, Loyal Textile Mills Limited, Arvind Limited, Gulabdas & Company, Raymond UCO Denim, Indo Count Industries Limited, Himatsingka Seide Limited, Lakshmi Narasimha Textiles, Sarathy Export Fabrics and Asian Fabricx.

Manoj Patodia, Chairman, TEXPROCIL and senior officials of the council were also present on this occasion.

Source: apparelresources.com – Aug 25, 2022

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India's merchandise exports expected to be $470-480 bn in FY23: Govt

India's merchandise exports are expected to be worth $470-480 billion this fiscal against $420 billion in 2021-22, commerce secretary BVR Subrahmanyam recently said.

The trade deficit, which crossed $100 billion in the first four months of this fiscal, is not going to cross a 'discomfort level'. FY23 merchandise trade will be worth $470-480 billion, he said.

"We are pretty much on track," he was quoted as saying by a news agency.

The trade deficit is likely to moderate in the coming months due to softening of prices of oil and other commodities in the global market, he said.

The merchandise trade deficit in July 2022 was $31.02 billion, taking the gap between imports and exports to $100.01 billion in April-July 2022-23.

Japanese clothing retailer Uniqlo wants to shift its plant to India from China and is planning to invest $1 billion, Subrahmanyam added.

Commerce and industry minister Piyush Goyal, meanwhile, released a dossier on the restructuring of the department of commerce to make it 'future ready' and put in place an ecosystem to achieve the $2 trillion export target by 2030.

Source: fibre2fashion.com – Aug 24, 2022

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PM's Economic Advisory Council to release India's competitive roadmap on August 30

The Economic Advisory Council to Prime Minister (EAC-PM) will release the Competitiveness Roadmap for India@100 on August 30.

It is to be released in the presence of Council Chairman Bibek Debroy, G-20 Sherpa Amitabh Kant, and Council member Sanjeev Sanyal.

"The roadmap stands to inform and guide the way for India to become a higher-income country by 2047. It proposes policy goals, principles and approaches to further drive India's economy in the direction of sustainability and resilience, embedded in social progress and shared prosperity," a press release issued by the govt read.

"The roadmap presents an integrated agenda of prioritised initiatives based on a thorough examination of India's present economic state and competitive advantages. Building on the many reforms your government has enacted over recent years, it addresses both what actions India needs to prioritize now and how it needs to organize itself to deliver these actions effectively."

The release event takes place at Indira Gandhi National Center for the Arts (IGNCA), Janpath, New Delhi at 11:00 AM. The event is open to press and will be live streamed on YouTube at www.YouTube.com/arthsastra.

Source: economictimes.com– Aug 25, 2022

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Trade agreement: Why India made a U-turn on free trade deals

After a decade of scepticism over free trade deals, India has been signing a bevy of new agreements with a number of countries to reduce trade barriers, eliminate tariffs and gain preferential access to global markets.

Earlier this year, the country brought into force a comprehensive economic partnership with the UAE and signed an ambitious trade pact with Australia, committing to reduce tariffs by 85%. Advanced negotiations are also under way to sign free trade agreements (FTAs) with the UK and the EU.

These deals are expected to cover a range of products and services from textiles to alcohol, automobiles, pharmaceuticals as well as subjects like labour movement, intellectual property enforcement and data protection.

Indian and UK officials are working "intensively" to conclude a "majority of talks on a comprehensive and balanced FTA by the end of October 2022", the UK said in a statement last week.

The re-launch of FTA negotiations with the EU after a protracted wait was reflective of a "new India which wishes to engage with the developed world as friends, from a position of fairness", India's Trade Minister Piyush Goyal said last month.

This renewed zeal marks a sharp departure from India's trepidation about trade liberalisation over much of the last decade.

In 2019, India famously pulled out of the Regional Comprehensive Economic Partnership (RCEP), touted to be the world's largest trade agreement between China and 14 other Asian countries, after being part of the negotiations for seven years.

Delhi was concerned that the agreement would reduce duties on imported goods by 80-90%, and further widen India's large trade imbalance with China, exposing domestic producers to greater foreign competition.

The government's assessment of India's existing FTAs and preferential trade pacts isn't favourable either.

According to NITI Aayog, the public policy think tank of India, while bilateral trade with partner countries like Japan, South Korea and the ASEAN region increased following the signing of trade deals, imports rose more sharply than exports, leading to "unfavourable gains" to India's trade partners.

Which is why India's approach this time is to achieve a "fair and balanced" FTA with complementary economies, focused less on competition and more on collaboration, according to Mr Goyal.

But achieving this balance might be easier said than done.

In Akluj in Maharashtra state in western India, Fratelli, one of India's biggest winemakers, has been producing wine for the last 15 years.

Gaurav Sekhri, who co-founded the brand, says the company has been growing at 30-40% over the last couple of years, as Indians start to develop a taste for wine.

But as India fast-tracks free-trade negotiations with countries like the UK and the EU, he's worried about more competition from cheaper, imported brands, just as the sector is on the cusp of maturing.

Mr Sekhri expects the terms of the UK and EU deals to be similar to the FTA signed with Australia where duties on wines over $5 have been reduced from 150% to 100%, with further phased reductions over the next decade.

He says the industry needs some protection because consumers will be more inclined to choose non-Indian wines of the same cost as they are perceived to be of better quality.

"Also the life of our vineyards is lesser compared to European vineyards. And for that reason alone our costs will be higher and protection will be necessary," adds Mr Sekhri.

But opposition to trade liberalisation is muted.

Textile and apparel firms, which recorded the highest ever exports in the last financial year, are enthused by the prospect of lower tariffs on their goods.

Mumbai based Milaya Embroideries, which produces clothing for global fashion brands like Dolce and Gabbana and Emporio Armani, is currently hit by a double whammy of tariffs - while importing raw material from Europe and while exporting finished clothes back to the continent.

Apparel manufacturers have also been losing business to countries such as Vietnam which recently ratified its FTA with the EU. For them, the imperative to act is greater.

"It's much cheaper for European companies to place orders with Vietnamese vendors because they don't have to pay duties. Whereas duties are between 9% and 16% for imports from India. I think we will see a lot of demand from the customers if the duty rates are slashed," said Shashank Jain, COO of Milaya Inc.

For India and its partners, the reasons behind the renewed interest in these trade talks are as much strategic as they are economic.

India's annual merchandise exports crossing the $400bn mark in the last fiscal year - a 40% annual jump - has reduced "the hesitation around giving additional market access", said Biswajit Dhar, a professor at the Centre for Economic Studies and Planning, Jawaharlal Nehru University.

But equally, as countries like Britain look to expand supply chains towards the Indo-Pacific in a post-Brexit world, and global firms adopt a strategy in which they avoid investing only in China and diversify their businesses to alternative markets, Delhi has been presented with a rare opportunity to become globally integrated.

Amitendu Palit, a senior research fellow at the National University of Singapore, says increased collaboration between countries like India, Australia, Japan and the US reflect their growing anxiety over China's control over supply chains and its ability to disrupt them.

But experts are also concerned about the "dichotomy" between India's FTA strategy and its overall trade policy.

"(The) new-found enthusiasm for FTA seems to conflict with its trade-policy stance under the self-reliant India initiative, whose genesis is on "vocal for local", thereby promoting domestically produced goods over imported goods," researchers Surender Singh and Suvajit Banerjee recently wrote in the journal Economic and Political Weekly.

India has undertaken more than 3,000 tariff increases which has affected 70% of imports, according to Arvind Subramanian, former economic adviser to the government.

This "lack of synergy" between trade policy and FTA strategy "not only weakens India's negotiating capacity, but also undermines the potential economic benefits of free trade," Mr Singh and Mr Banerjee say.

Ironing out these inconsistencies will be of essence. The timing will be key as well.

The timelines set to conclude these deals are ambitious. India can ill afford to lose the pace because by the middle of next year, the election cycle will get under way.

"Once you lose momentum, it can be very long drawn," warns Mr Dhar.

Source: bbc.com- Aug 25, 2022

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The missed textiles opportunity

India has almost everything it takes for exponential growth in the textiles industry, but that has not really been happening. The industry holds immense potential and has still has been generating the largest employment opportunities in our manufacturing sector, contributing significantly to our exports and, above all, meeting one of the basic needs of the masses. Given the role that textiles had played in our Freedom Movement, the 75th year of independence may be an appropriate occasion to examine what holds the industry back.

We're currently the largest producer of cotton and the second largest in manmade fibres globally. Despite the Covid-19 pandemic, we continue to have a relatively high GDP growth, a large and young workforce, and a large middle class with increasing appetite for lifestyle products. There has also been a huge expansion of organised retailing in recent years and textiles are a major product group on display. But all these have not really delivered commensurate growth to the textiles industry.

On the policy front, successive governments seem to have approached this industry with a preconceived notion that small is beautiful. Experiences of countries which have actually achieved higher textile growth have shown us, instead, that scale is efficient. For around two decades from the mid 60s, expansion of the organised weaving industry was restricted; they were permitted to install a new loom only after scrapping an old one, so that the expanding demand could be reserved for the decentralised sectors-handlooms and power looms-which consisted of small units and were perceived to be more labour-intensive. Given the differences in productivity, investment potential and return on investment (ROI), this was almost similar to restricting the automobile industry to provide growth opportunities for bullock carts!

Decentralised sectors involve the livelihood of millions of workers and traditional artisans as well as their valuable heritage, and these need to be sustained. But countries like Pakistan, Bangladesh and Sri Lanka, which share the same textile heritage as ours, have been able to utilise technology more effectively and have all achieved significantly higher growth than ours. Importantly, their employment opportunities in this industry have also grown substantially.

What is not commercially viable cannot be sustained in the market place, however valuable it may otherwise be. We need to retrain the workers in the unviable segments and redeploy both the workforce and resources in more viable segments. Sustaining heritage is important, but should be addressed outside the marketplace, or approached through the creation of niche and commercially viable opportunities.

Technology has played its due role in our textiles production only in the case of spinning, where over 85% of production is in the organised sector. We are currently the second-largest producer and the largest exporter of yarn in the world. In fabrics, around 90% of our production is still in the decentralised sub-sectors and in garments, around two-thirds of our units continue in the SME sector.

When the process of phasing out bilateral quotas under the Multi Fibre Arrangement (MFA) began in 1995, we were hopeful of expanding our exports considerably since quotas had been severely restricting our exports during the MFA regime of 1974-94. At that time, most of the gains were snatched away by countries like China, Bangladesh and Sri Lanka. Why did this happen?

Even before the quota phase-out started, major textile-exporting countries started building up capacities and taking policy measures to align both production and trade to the changing needs of the free markets. China, Bangladesh, and Sri Lanka built up huge production capacities around their port cities and started sourcing raw materials from wherever they were available. By the time the phase-out programme was over in 2004, China was not only the largest exporter but also the third-largest importer of textiles globally.

In India, we kept the garment and knitting industries reserved for the small scale sector for most part of the phase-out period, preventing large-scale investments. Raw material supplies were restricted through taxation and other means.

Our industry had, therefore, to depend mostly on domestic raw materials. A complicated excise regime stymied growth in some segments and encouraged evasion in others. The process of rationalising the excise regime effectively fructified only by July 2004.

On the part of the industry, there has been a reluctance to look at the whole value chain as one entity with the result that the segments often work at cross purposes and pursue conflicting interests. Many have focused on getting the benefits available for remaining small rather than on scaling up production, even after the excise reforms and introduction of subsidies under Technology Upgradation Fund Scheme (TUFS). The power loom sector continues to suffer from low scale and production on handlooms is inherently slow.

China, the largest player in global markets, is currently facing supply side problems—mainly rapidly increasing wages—and has already been outsourcing some production. Vietnam and Cambodia have been the major beneficiaries of this so far. With the second largest integrated textiles industry in the world, we surely have more potential to take over the markets that China vacates.

Source: financialexpress.com- Aug 25, 2022

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India-Mauritius 3rd Joint Committee Meeting on SME Cooperation

The 3rd Joint Committee Meeting (JCM) between Ministry of Micro, Small and Medium Enterprises(MSME) and Ministry of Business, Enterprises and Cooperatives of Republic of Mauritius for cooperation in the field of MSMEs was held in New Delhi. In the said meeting, Indian side was led by Shri Narayan Rane, Union Minister for Micro, Small and Medium Enterprises (MSME), Government of India, and Mauritius side was led by Shri Soomilduth Bholah, Union Minister of Industrial Development, SMEs and Cooperatives. Minister of State for MSME, Secretary(MSME) and other senior dignitaries also took part in the meeting.

In the JCM, both sides reviewed the present engagement between India and Mauritius in the field of MSMEs, and held discussion on potential areas of cooperation in various areas including exchange of best practices and experiences in development of MSME sector; holding of physical/virtual exhibitions/fairs; technological cooperation; encouraging B2B collaboration/tie ups through B2B meets; entrepreneurship development & training programs; collaboration in various sectors such as aromatherapy, food processing and eco friendly businesses.

During the Mauritius delegation's visit two Memorandum of Understanding (MoU) on cooperation have also been signed, one between SME Mauritius Ltd. and Entrepreneurship Development Institute of India (EDII)- Ahmedabad on 23rd August, 2022 in Ahmedabad; and another between SME Mauritius Ltd. and National Institute for Micro, Small and Medium Enterprises (Ni-msme), an institute under the Ministry of MSME on 24th August, 2022 in New Delhi.

Source: pib.gov.in- Aug 25, 2022

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Bank credit growth accelerates to 14.2% in June quarter: RBI data

Bank credit growth accelerated to 14.2 per cent in the quarter ended June 2022 from 6 per cent in the same period of the previous year, RBI data showed on Thursday.

In the quarter ended March 2022, bank credit had expanded by 10.8 per cent.

The Reserve Bank of India (RBI) on Thursday released the 'Quarterly Statistics on Deposits and Credit of SCBs for June 2022'. This data is collected from all scheduled commercial banks (SCBs), which include regional rural banks (RRBs), small finance banks (SFBs) and payments banks (PBs).

"Credit growth has been broad-based: all the population groups (i.e., rural, semi-urban, urban and metropolitan), all the bank groups (i.e., public/private sector banks, foreign banks, RRBs and SFBs) and all the regions of the country (i.e., central, eastern, north-eastern, northern, southern and western) recorded double-digit annual credit growth in June 2022," as per the data.

Aggregate deposit growth (year-on-year) has remained in the range 9.5 - 10.2 per cent during the last five quarters. Metropolitan branches continue to account for over half of the bank deposits and their share increased marginally over the last one year.

The share of current account and savings account (CASA) deposits in total deposits has been increasing over the last three years (42 per cent in June 2020, 43.8 per cent in June 2021 and 44.5 per cent in June 2022).

As credit growth is outpacing deposit growth in the recent period, credit-deposit (C-D) ratio has been on the rise, the data showed. In June 2022, C-D ratio stood at 73.5 per cent at all-India level (70.5 per cent a year ago) and 86.2 per cent for metropolitan branches of banks (84.3 per cent a year ago).

Source: business-standard.com- Aug 26, 2022

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Readymade garments sold in loose form to be exempted from Legal Metrology (Packaged Commodities) Rules

The Consumer Affairs Ministry has brought in formal notification for exclusion of readymade garments sold in loose form at retail stores from the ambit of the Legal Metrology (Packaged Commodities) Rules. Such products will need to display certain information for the benefit of consumers such as the name of manufacturer, MRP and country of origin, among others.

The industry bodies said, this move is expected to bring in much needed regulatory clarity for the apparel and hosiery manufacturers and retailers.

In the past, the Ministry have issued advisories to provideclarity on this matter but, industry bodies such as Clothing Manufacturers Association of India (CMAI) and Federation of Hosiery Manufacturers Association (FOHMA) had been urging the Centre to create solid regulations to remove ambiguity in interpretation at the state level.

Latest amendments

As per the Legal Metrology (Packaged Commodities) (Third Amendment) Rules, 2022, garment or hosiery products that are sold in loose or in the open, at the point of sale, in a manner that the customer can inspect the products before buying, will be excluded from the ambit of Legal Metrology (Packaged Commodities) Rules.

Provided that, such products shall bear certain details including name and address of the "manufacturer or marketer or brand owner or importer with country of origin."

Such readymade garments should also display consumer care email id and phone number and Maximum Retail Price inclusive of taxes in Indian currency.

In addition, the garments should bear information regarding "sizes with internationally recognisable size indicators such as S, M, L, XL, XXL and XXXL along with details in metric notation in terms of cm or m, as the case may be."

Much needed clarity

Rahul Mehta, Chief Mentor and Past President, CMAI said the notification gives a clear definition of "loose" garments as those that can be inspected by consumers at the point of purchase." This clarifies that, goods being in a packed form for safety or hygiene consideration during storage and transit before it reaches the point of purchase will not be considered as 'packed," Mehta added.

The industry bodies have been making representations for several years on this issue. "This step will go a long way in ease of doing business for the garment and retail industry. It addresses a long standing grievance of the industry and will hopefully minimise and even eliminate the Inspector harassment faced by the industry," said Rajesh Masand, President, CMAI.

The Ministry's notification added that this exemption is only for "finished goods" and the said the information "shall be displayed on e-commerce website if such a product is sold through e-commerce." The amendments will come into effect from January 1. " Provided also that any manufacturer or packer or importer may, notwithstanding the date of commencement of this clause, declare the above information with immediate effect," the notification added.

Source: thehindubusinessline.com – Aug 25, 2022

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E-com revenues to shrink for first time ever in 2022: Report

Revenues from e-commerce are projected to shrink for the first time ever this year, according to the Statista Digital Market Outlook, which said supply chain issues are the largest single weakening factor, with inflation also playing a significant part in the downward revision.

The global recession and subsequent increases in unemployment leave the e-commerce sector with significant hurdles to overcome, Martin Armstrong, data journalist with Statista, wrote on the World Economic Forum website.

Statista is a German company specialising in market and consumer data.

"This always has to be seen in perspective, and many industry experts contest the comparison of today's growth figures with pre-COVID-19 data. Nevertheless, the market is now compelled to tackle substantial questions about how to go forward.

Even if there is a lot of headwind at the moment, we still believe online shares will eventually increase and revenue growth will get back on track," the newly released second chapter of Statista's Digital Economy Compass, titled 'From frenzy to fall: is eCommerce back to normal?', noted.

Source: fibre2fashion.com - Aug 24, 2022

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Cotton yarn up in Delhi & Ludhiana as production cut in north India

Spinning mills seems to have succeeded in their strategy to lower cotton prices and provide sentimental support for yarn. Cotton prices are falling in last couple of days, while cotton yarn prices have increased by ₹5-10 per kg because of cut in production and limited supply. Cotton yarn prices increased in both Delhi and Ludhiana markets.

Cotton yarn prices surged further in Ludhiana market because of lower supply from spinning mills and regular demand. A local trader told Fibre2Fashion, "Mills have increased their selling rate by ₹10-12 per kg in last couple of days. They are facing disparity of ₹60 per kg due to recent hike in cotton prices.

Demand was also average which can support yarn prices." Market sources expect better demand in mid-September. In Ludhiana, 30 count cotton combed yarn was sold at ₹394-399 per kg (GST inclusive) with gain of ₹9 per kg, according to Fibre2Fashion's market insight tool TexPro. 20 and 25 count combed yarn were traded at ₹380-385 per kg and ₹385-390 per kg respectively. Carded yarn of 30 count was quoted at ₹345-350 per kg.

Delhi market witnessed regular buying in limited quantity. Lower production by spinning mills supported yarn prices. Cotton yarn was traded higher ₹5-10 per kg.

A trader from Delhi said that buyers were lifting cotton yarn but quantity was limited. Demand was enough to support prices amid lower supplies from the mills. 30 count combed yarn was traded at ₹385-390 per kg (GST extra), 40 count combed at ₹425-430 per kg, 30 count carded at ₹345-350 per kg and 40 count carded at ₹380-385 per kg, as per TexPro.

There was steady trend in recycled yarn trade in Panipat. The prices of recycled yarn were hovering at previous levels. According to trade sources, export and local demand remained average. Buyers were cautious about fresh buying. However, they were buying for immediate need. Sellers are not ready to reduce prices.

They hope for better demand in next month. In Panipat market, 30 count recycled yarn was sold at ₹160-165 per kg (excluding GST). 10s recycled yarn (white) was traded at ₹90-95 per kg (excluding GST), 10s recycled yarn (coloured - high quality) at ₹110-115 per kg, 10s recycled yarn (coloured - low quality) at ₹80-85 per kg and 20s recycled high quality PC yarn (coloured) at ₹120-125 per kg. 10s optical yarn was traded at ₹100-110 per kg in the market. Comber prices were ruling at ₹138-146 per kg. The price of recycled polyester fibre (PET bottle fibre) was noted at ₹88-92 per kg.

Meanwhile, cotton prices in north India dropped further by ₹500-800 per maund of 37.2 kg amid production cut by spinning mills. According to the traders, prices are easing as buyers are discouraged after the recent hike in prices.

However, trade was very thin as supply was also little. Cotton was traded at ₹9,700-9,800 per maund in Punjab, ₹8,000-8,500 per maund in Haryana and ₹9,700-9,800 per maund in upper Rajasthan. The cotton was sold at ₹95,000-97,000 per candy of 356 kg in lower Rajasthan. Haryana market noted steep fall of up to ₹1,500-2,000 per maund because quality was very poor at the end of current season.

Source: fibre2fashion.com- Aug 25, 2022

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