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INTERNATIONAL NEWS

Europe witnesses downward trend in trade of industrial textiles

Europe is witnessing a downward trend in the trade of industrial textiles due to a decrease in the industrial activities in Europe.

The continent is facing disastrous impact of Russia-Ukraine conflict and upheaval on the business front. According to an analysis, import-export of industrial textiles has seen a steep fall in the second quarter of this year.

Europe's exports of industrial textiles declined to $1.776 billion in the second quarter of this year, according to Fibre2Fashion's market insight tool TexPro.

The exports were $2.429 billion in the first quarter of 2022. In 2021, the region had exported industrial textiles worth $2.518 billion in the second quarter, $2.344 billion in the third quarter and $2.429 billion in the fourth quarter.

Monthly export figures of industrial textiles dropped sharply to $176.142 million in June 2022 from $806.275 million in May 2022. The exports further declined to $26.321 million in July this year.

A similar trend was witnessed in imports of industrial textiles too, which are imported into Europe for other industrial sectors. The imports declined to $1.544 billion in the second quarter of this year from $2.092 billion in the first quarter of 2022.

In 2021, they were at $2.138 billion in the second quarter, $2.003 billion in the third quarter, and $2.053 billion in the fourth quarter.

Europe's monthly imports of industrial textiles fell to $211.368 million in June 2022 from $692.706 million in May 2022. The imports stood at $61.783 million in July this year, as per TexPro.

The impact of Russia-Ukraine war was not so severe in the initial months of the war.

However, Russia's decision to reduce gas supplies to Europe in the recent months has affected the continent's industrial activities.

The scarcity of gas and other energy products has disrupted not only economic activities but also the normal life of average Europeans.

Source: fibre2fashion.com- Sep 26, 2022

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China's economic growth to moderate to 3.3% in 2022: ADB

Economic growth in China is expected to moderate to 3.3 per cent this year, amid restrictions related to the COVID-19 pandemic and tepid consumer demand, according to a new report by the Asian Development Bank (ADB).

China's economy is forecast to grow 4.5 per cent in 2023, according to the recently released Asian Development Outlook (ADO) 2022 Update.

The COVID-19 pandemic continues to weigh on consumer confidence in China. External trade is projected to moderate in the second half of 2022, as demand for consumer goods softens in advanced economies amid rising inflation and energy prices.

"Growth has slowed sharply as COVID-19 lockdowns disrupted economic activity," ADB Officer-in-Charge for China Hao Zhang said in a press release. "However, we expect economic growth to pick up in the second half of this year, with services recovering in line with improving household demand."

Consumer price inflation in China is forecast to average 2.3 per cent in 2022 and 2.5 per cent in 2023. Risks to China's outlook include renewed outbreaks of COVID-19, which have prevented domestic consumer demand from fully recovering; further deterioration in the property market; and mounting risks in the financial system—especially at smaller banks, which could temporarily disrupt the market and trigger policy interventions.

Strains on global value chains, caused by temporary supply shortages or transport bottlenecks, and slower-than-expected growth in advanced economies could also further dampen external trade.

Source: fibre2fashion.com- Sep 25, 2022

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Vietnam: Garment-textile sector must go green to boost exports to EU: experts

Experts have advised Vietnamese textile-garment and leather-footwear firms to improve the sustainability of their production for export to the European Union (EU) after the European Commission (EC) proposed the goods must comply with ecological design criteria.

Earlier this year, the EC proposed a new strategy to make textiles more durable, repairable, reusable and recyclable, to tackle fast fashion, textile waste and the destruction of unsold textiles, and ensure their production takes place in full respect of social rights.

Europe is a traditional and key market for Vietnam's textile and footwear industries, especially with the EU-Vietnam Free Trade Agreement (EVFTA).

Phan Thi Thanh Xuan, Vice Chairwoman and Secretary General of the Vietnam Leather Footwear and Handbag Association (LEFASO), said to meet the EU market's requirements, local businesses must improve the quality of their human resources and production facilities, and employ clean energy and green technology.

Xuan noted the leather and footwear industry has so far made good use of the EVFTA. Turnover from shipments to the EU now makes up 30% of Vietnam's total export value, an increase from the previous proportion of 25-28%.

Regarding exports to the bloc, in addition to ensuring product origin and the use of recycled materials, meeting labour and environmental standards is essential, she said.

Echoing the view, Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS), said an important solution is to invest in technology because it will help solve the labour deficit and environmental problems.

According to Giang, the number of textile enterprises using clean energy has increased to 60-65%, either via buying electricity or investing in installing solar energy projects.

Giang predicted that in the next five to seven years, 100% of textile and garment companies can fully meet the clean energy target.

Experts said in the long run, improving product quality is key to ensuring sustainable export growth. The work requires efforts from enterprises and state management agencies, and incentives to encourage investment in supporting industries and material supply centres.

The EU is tightening standards on environmental protection, so localities should promote the building of modern specialised waste treatment systems, they advised.

Source: en.vietnamplus.vn - Sep 24, 2022

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Bangladesh: Man-made fibres getting popular among RMG makers

The import of man-made fibres such as polyester staple, viscose, and tencel is on the rise as a substitute for cotton as their demand is increasing amid changes in global fashion trend.

Bangladesh imported 78,208 tonnes of polyester staple fibre in 2016, up 11.39 percent from 70,209 tonnes in 2015 and 35.72 percent from 51,729 tonnes in 2014, according to data from Bangladesh Textile Mills Association (BTMA).

The import of viscose staple fibre was recorded at 29,146 tonnes in 2016, slightly down from 29,538 tonnes in 2015. From January to June of 2017, the volume was 16,063 tonnes, the data showed. In 2014, Bangladesh imported 18,115 tonnes of viscose staple fibre.

Imports of tencel, a fibre made of trees and leaves, stood at 5,034 tonnes in 2016 and 6,199 tonnes the previous year.

“The import of man-made fibre is increasing every year,” said Monsoor Ahmed, secretary of the BTMA.

Razeeb Haider, managing director of Outpace Spinning Mills Ltd, said the demand for any kind of yarn and fabrics depends on buyers' choice. Recently, the demand for man-made fibres has increased from the buyers' end. “So, there is a rise in import,” he said. According to the spinner, the durability and the longevity of artificial fibres are higher than cotton-made yarn and fabrics. “That's why the demand for man-made items is going up.”

If garments made from man-made fibres are not washed for many days their quality will not deteriorate or over-wash will not compromise the quality, Haider said.

Abdullah Al Mahmud Mahin, managing director of Hamid Fabrics Ltd, said with the rise of high-end smart fashion markets worldwide, the demand for man-made fibres is increasing.

The number of factories producing artificial fibres also went up. Alone the polyester fibre production units rose to 52 from 10 to 12 seven years ago. There are 45 viscose staple fibre mills and 10 tencel factories.

Globally, the ratio of man-made fibre has gone up compared to cotton fibre, although the latter is still the main item for spinners, Ahmed of the BTMA said.

The ratio of the cotton-made yarn and the artificial one rose to nearly 80:20, whereas it was 90:10 even five years ago.

The global ratio of cotton and man-made fibre use is 28:72, with the balance heavily tilting towards the artificial fabric, thanks to lower price, improved functionality, and ease of use, according to International Textile Manufacturers Federation.

Mahin said many Chinese and Taiwanese investors are interested to invest in man-made fibre production in Bangladesh. Almost all sportswear items are made from artificial fabrics.

In 2016-17, Bangladesh imported about 10 million tonnes of cotton to feed its vast garment sector.

Source: thedailystar.net- Sep 26, 2022

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Bangladesh tops green garment factory count

Bangladesh now has the highest number of green garment factories in the world with 150 such factories. Of these, some 44 are platinum rated, 93 gold rated, nine are silver standard and four are just certified. Currently, nine of the top 10 green garment factories in the world and 40 of the top 100 are located in Bangladesh.

In recent years, a silent revolution has taken place in the garment industry of Bangladesh. In South Asia, Bangladesh has taken the lead in green initiatives. The world's highest rated LEED platinum denim factory, knit factory, washing plant and textile mill all are situated in Bangladesh.

Bangladesh, the second largest readymade garment exporter in the world, has taken a leading position in sustainable green industrialization with the world's several top ranked green factories. Indonesia is the second largest, with 40 green factories, followed by India with 30 and Sri Lanka with ten.

After independence in 1971, Bangladesh was held up as an example of a failed state. People were used to thinking of the Bangladesh readymade garment industry as a place of forced labor, child labor and small factories. It's hoped that about ten per cent of the total readymade garment sector in the next decade will use green technology.

Source: fashionatingworld.com- Sep 23, 2022

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Bangladesh: Make more goods suitable for China market to boost exports

Bangladesh needs more Chinese market-oriented investments to boost its exports to the Asian economic powerhouse, analysts said yesterday.

Bilateral financial and currency cooperation is strongly recommended to help facilitate trade and economic cooperation between the two countries, they said.

The analysts spoke at a business networking programme titled "China-Bangladesh Enterprises Cooperation Forum 2022" held at the Bangabandhu Bangladesh-China Friendship Exhibition Centre (BBCFEC) in Dhaka's Purbachal yesterday.

The event was jointly organised by the Bangladesh China Chamber of Commerce & Industry (BCCCI) and the Chinese Enterprises Association in Bangladesh (CEAB).

The China-Bangladesh bilateral relationship is strong, complementary and growing, Chinese Ambassador Li Jiming said at the event.

"Since China and Bangladesh formally established diplomatic ties back in the mid-70s of the last century, the two sides have been sharing broad success for cooperation in different areas, including agriculture, trade, marine affairs, climate change and infrastructure."

The two countries have achieved remarkable progress in these key areas, Jiming said. Under the Belt and Road Initiative, China has signed more than 200 collaboration documents with 149 countries and 32 international organisations, he said.

As of the first half of this year, China's trade in goods with countries involved in the BRI totalled $11.8 trillion, and its nonfinancial direct investment in these countries exceeded $140 billion, he said.

It is learnt that Chinese direct investment in Bangladesh has increased by 300 per cent and China has promised to invest $40 billion more into joint ventures and infrastructure projects through the BRI, he said.

As one of the most reliable and trusted friends, China continuously supports Bangladesh through various means to promote the infrastructure development, including concessional loans, investment cooperation, project contracting and China-aid projects, Jiming said. "To boost Bangladesh's exports to China, here are some points I would like to share-first, we recommend Bangladesh's enterprises and exporters participate in China's International Import Expo (CIIE)."

"Second, Bangladesh needs more Chinese market-oriented investment. Bangladesh needs to produce what the Chinese market needs in order to boost export," the ambassador said. China's investment in Bangladesh in 2021 amounted to $1.26 billion and grew almost threefold.

With an accumulated investment of nearly $3 billion, China remains a prominent source of foreign direct investment for Bangladesh. The good news is that the Chinese Economic and Industrial Zone, as the first industrial park, will soon be built in Chattogram, which is of landmark significance.

Third, Bangladesh needs to advance studies on the bilateral free trade agreement, he said. "Last but not the least, bilateral financial and currency cooperation is strongly recommended to help facilitate trade and economic cooperation."

China welcomes Bangladesh to deepen bilateral cooperation under the Belt and Road Initiative and to explore new opportunities under the Global Development Initiative, Jiming said. BCCCI President Gazi Golum Murtoza said: "I think it would not be out of place to mention here that due to worldwide pandemic followed by the Ukraine War, the exchange rate of US dollar has become out of control as it keeps on rising and rising."

Bangladesh and China account for an average annual basket of trade worth $15 billion and such dependence on only foreign currency of US dollar leads to a perilous loss both for Bangladesh and China, he said.

BCCCI Acting General Secretary Al Mamun Mridha and CEAB President Ke Changlian also spoke.

Source: thedailystar.net - Sep 25, 2022

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Bangladesh: Production of jute textiles slumps

Insiders, economists blame relaxed policy on use

The production of jute textiles has fallen significantly over the past two years due to a drop in exports and the government's failure to strictly impose the mandatory packaging law that led to decreased domestic demand, according to jute textile millers.

As a result, a number of jute textile millers in the country have been either forced to shut down their factories or operate at below capacity, they said.

Rough yet extremely durable and breathable, jute fabrics can be found in everything from sacks, bags, carpet backing to upholstery.

Overall production of jute textiles was 2.43 lakh tonnes in fiscal 2021-22, down by about 28 per cent compared to 3.39 lakh tonnes the previous year.

Similarly, production in fiscal 2020-21 was 12 per cent less than what it was the year before, shows data from the Bangladesh Bureau of Statistics.

"I have been forced to reduce production at my factory by around 50 per cent to avoid incurring losses," said Md Saiful Islalm, managing director of Mazeda Jute Industries.

"I would usually produce 30 tonnes of jute textiles each year but due to the lack of foreign demand, I have retained stocks from last year," he told The Daily Star.

Islam, also a director of Bangladesh Jute Spinners Association (BSJA), said millers like him face a 2 per cent source tax, which worked against their competitiveness in the global market by raising costs.

"The jute industry needs to be saved by withdrawing or suspending this tax," he added.

Mohammad Shahjahan, managing director of Shamsher Jute Mills, said he too reduced production by 25 per cent last fiscal year as domestic consumption remains stagnant.

"Besides, the government is yet to frame rules making the use of jute sacks mandatory for packing commodities even though the related law was enacted a decade ago," he added.

In 2010, the government enacted the packaging law to increase the use of environment-friendly jute goods instead of polythene or polypropylene bags.

"The law would have helped if the compulsory packaging act was enforced," Shahjahan said.

In fiscal 2021-22, the total export of jute yarn and twine declined 13 per cent while that of jute sacks and bags fell 14 per cent, as per data from the Export Promotion Bureau.

Shahjahan went on to say that the country's raw jute markets are not stable.

"Due to unrestrained stocking by middlemen, raw jute prices were unstable in the last two years, leading to high prices of jute products in foreign markets," he said.

Bangladesh once had a big market in Turkey but the transcontinental nation is now leaning towards cotton products considering the high price of locally-made jute textiles.

In addition, the anti-dumping duty imposed by India is also hampering the country's exports, Shahjahan added.

On January 5, 2017, India imposed an anti-dumping duty on the import of jute products from Bangladesh through a customs notification, which was further revised on April 3 of the same year, according to the commerce ministry.

The anti-dumping duties range from $19 to $352 per tonne on jute, jute yarn and jute bags sourced from Bangladesh.

Shahjahan fears the ongoing Russia-Ukraine war will hamper exports even further in the next fiscal year as the two countries are big markets for Bangladesh.

Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue, criticised the government's relaxed stance regarding the packaging law.

"The jute goods did not get the expected results of the packaging law yet. If we had ensured a domestic market by enacting the packaging law, we could enjoy 80 per cent of the export market," Moazzem said.

He then said the government should try to promote the golden fibre by implementing supportive policies as the industry was facing hurdles on both domestic and international levels.

The economist urged the government to be strong in implementing the packaging law as it will surely face pushbacks from plastic producers that now hold positions in different trade bodies and the government itself.

Moazzem also suggested taking initiatives in the diplomatic arena to have India withdraw its anti-dumping policy against Bangladesh's jute goods.

Source: thedailystar.net - Sep 26, 2022

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NATIONAL NEWS

Govt may relax key criteria to sweeten textile PLI 2.0

The government will likely relax two of the most critical criteria when it launches the second production-linked incentive (PLI 2.0) scheme for the labour-intensive textiles and garment sector, acceding to industry requests. It could allow cotton-based players to take advantage of the scheme, and drastically reduce the turnover and investment limits to enable even medium enterprises to set up units under it, sources told FE.

The Centre had launched the first PLI scheme for only technical textiles and man-made fibre-based players who were willing to commit large-scale investment of at least Rs 100 crore and annual turnover of Rs 200 crore each.

In the new PLI scheme for the sector, the minimum investment will likely be as low as Rs 15 crore for companies to qualify for the incentives. There could be two other investment brackets -Rs 30 crore and Rs 45 crore. The annual turnovers have to be double of the investment limits. However, the maximum incentive may be kept at 10%, against 15% in the PLI1.0.

Of the Rs 10,863 crore allocated last year for the PLI scheme for the textiles and garments sector (for a five-year period), the incentive offtake under the first programme is expected to be about Rs 6,013 crore. This leaves the scope for another PLI scheme for the sector.

Under the PLI 1.0, the government has already selected 61 companies – including Shahi Exports, Arvind Mills, Gokaldas Exports and Monte Carlo – under its first PLI scheme for man-made fibre and technical textiles products. Incentives of Rs 6,013 crore will be extended to them over five years.

“It (PLI 2.0) is still at the draft stage. Stakeholders are being consulted. A final decision will be taken in due course,” said an official source.

The textiles and garments sector, comprising mainly MSMEs and dominated by cotton-based players, has been seeking the inclusion of cotton players, along with a reduction in high turnover and investments limits, in the PLI scheme, to benefit a wider pool of businesses.

These demands, however, go against the government's initial intent of luring mainly large companies to create few champions in key sectors through various PLI schemes. In textiles and garments, it also seeks to correct India's historical policy bias towards cotton-based value chain that is, in fact, contrary to the global consumption pattern. The idea is to reclaim India's export markets after ceding substantial ground to Bangladesh and Vietnam in recent years.

But the likely change in the government stance comes from the realisation that its first PLI scheme for the sector kept out a significant number of players, mainly MSMEs. Given the employment potential of the sector, the government is considering the change, said the sources.

Commerce, industry and textile minister Piyush Goyal had in June said the government was planning to roll out the second PLI scheme following good response to the first such programme.

Even before the pandemic struck, textile and garment exports shrank 8.6% year on year to $33.7 billion in FY20. As such, the sector's share in the overall merchandise exports has been sliding consistently in recent years, having dropped from as much as 13.7% in FY16 to just 10.8% in FY20, the lowest in around a decade.

Last fiscal, such exports jumped by 41% to about $43 billion, albeit on a contracted base. However, such exports have come under pressure this fiscal, given the slowdown in key markets such as the US and the EU. They dropped over 4% on year until August this fiscal to almost $16 billion.

Source: financialexpress.com- Sep 26, 2022

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PM Narendra Modi: Break all records this festive season to buy products of khadi, handloom, handicrafts

Prime Minister Narendra Modi on Sunday urged people to 'break all records' in buying khadi products and handicrafts this festive season as part of the Vocal for Local campaign.

In his monthly radio programme Mann Ki Baat, PM Modi said "this campaign is also special because during the Azadi Ka Amrit Mahotsav, we are also onwards with the goal of a self-reliant India. Which, in the real sense, will be a true tribute to the freedom fighters. That's why I request you to break all the records this time to buy these products of Khadi, handloom or handicrafts."

PM Modi also requested people to pledge to "intensify the campaign' on the occasion of Gandhi Jayanti this year by purchasing local products. "After all, the true joy of this festival is also when everyone becomes a part of it.

Therefore, people associated with the work of local products also have to be supported by us. A good way is to include these types of products in whatever gifts we give during the festival," he added. The Prime Minister urged the use of non-plastic bags to promote traditional bags made of jute, cotton, banana fibre, etc.

The festive season this year is expected to see 28 per cent growth in e-commerce sales to $11.8 billion from last year's festive season, according to consulting firm Redseer. The first week of the festival season, which began with online sales by Amazon and Flipkart on September 23, is expected to garner sales of $5.9 billion. Fashion, mobiles, electronics, and large appliances are expected to be among the top categories.

Meanwhile, khadi and village industries had clocked Rs 1.15 lakh crore turnover in FY22 on the back of the government's aim to promote khadi, compared to Rs 95,741 crore in FY21.

In June this year, Textiles Minister Piyush noted that the government has a database of 30 lakh artisans and "if we could focus on increasing the income of the artisan by even Rs 1000 per month, it could lead to transformation in their lives." Handicraft exports had surged from Rs 25,680 crore in 2020-21 to Rs 33,253 crore in 2021-22.

Source: financialexpress.com- Sep 25, 2022

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New Foreign Trade Policy to chart vision statement for 25 years

Pharma, G&J, marine, agri, textiles, leather, engineering, electronics and telecom, tourism, IT/ITES, health care, financial services to be focus sectors

To inspire exporters to dream big, the new Foreign Trade Policy (2022-27), expected to be announced later this week, is likely to feature a 'vision statement' laying the road-map for increasing India's share in world trade to 10 per cent of global trade by 2047 and 3 per cent by 2027 from the existing 2.1 per cent, a source has said.

Other goals to be achieved over the next 25 years include building 100 Indian brands as global champions, attaining 10 per cent share in creative economy and niche products, supporting set up of economic zones outside India as an extension of 'Aatmanirbhar Bharat' initiative and creating Customs 'ONE' to provide import/export clearance within one hour of arrival at entry points/customs ports, according to a presentation made by the Commerce Department at the recent Board of Trade meeting.

"There will not be any big new scheme in the FTP 2022-27, providing fiscal support as input duty remission schemes, such as the RoDTEP and the RoSCTL are already in place, and one also needs to stay within WTO's given parameters.

But all efforts are being made to improve infrastructure support, cut down on costs, promote R&D, improve e-commerce and prop up MSMEs through the new policy, in step with the policy vision. Pharmaceuticals, gems and jewellery, marine and & agriculture, textiles, leather, engineering goods, electronics & telecom products and chemicals will be focus sectors for scaling up production and exports," per the vision document.

"Becoming top 3 in global services trade in tourism, IT & ITES, business services and financial services including fintech, healthcare & wellness, education & AV services," is another priority listed in the document for the next 25 years.

India achieved goods and services exports worth $650 billion in 2021-22 and the Commerce Department has targeted exports worth $2 trillion by 2030. The goals in the vision statement is in line with this," the source said.

The new five-year FTP was to be announced in 2020 but got delayed due to the Covid-19 disruptions. It will now be implemented from October 1, and is likely to be for a full five-year period, till 2027, to give the much-needed policy stability to exporters.

Source: thehindubusinessline.com- Sep 25, 2022

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A closer look at the National Logistics Policy

How competitive is India when it comes to logistics?

In 2018, India was ranked 44th in the World Bank Logistics Performance Index, a measure through which the Bank ranks countries based on their logistics performance. India currently records relatively higher logistics costs at 13-14 per cent of the GDP while it is 8-10 per cent for most of the mature economies. The sector is highly fragmented and unorganised.

The regulatory environment is complex due to multiple regulations governed by various stakeholders. For example, there are over 20 government agencies; 37 export promotion councils; 500 certifications; 200 shipping agencies; 36 logistics services; 129 Inland Container Depots and 168 Container Freight Stations. The logistics sector is also heavily dependent on road transport. There is also a low level of technology adoption among various stakeholders. The high indirect costs due to unpredictable supply chains and poor first and last mile connectivity add to the logistics cost.

What has been Modi Government's strategy to reduce logistics costs?

Since 2014, when the Modi government came to power, there has been much emphasis on improving logistics, through initiatives like Sagarmala for shipping, Bharatmala for road and UDAN for aviation. In October 2021, PM Gati Shakti was launched as a National Master Plan for multi-modal connectivity to bring together 16 ministries, including railways and roadways, for integrated planning and coordinated implementation of infrastructure connectivity projects.

What is the objective of the National Logistics Policy?

The PM Gati Shakti scheme envisages efficiency in services like processes, digital systems and regulatory framework. The National Logistics Policy, launched by Prime Minister Narendra Modi on September 17, is the logical next step to provide a comprehensive agenda to develop the entire logistics ecosystem with two major visions.

The first is to reduce logistics cost in India by 5 per cent of GDP over the next five years. The second is to improve India's ranking in the Logistics Performance Index. It also aims to enhance logistics sector competitiveness through a unified policy environment and an integrated institutional mechanism.

The policy seeks to pave the way for India to become a logistics hub by providing seamlessly integrated multiple modes of transportation by leveraging technology, processes and skilled manpower.

How has the policy been received by the stakeholders?

The response has been positive from stakeholders. For the first time, the $200 billion logistics sector has been given the attention it deserves. The policy is an example of inter-ministerial collaboration and will help in integrating the supply chain.

The Unified Logistics Interface Platform will enhance visibility for customers and enable logistics companies to adopt digitisation on a much larger scale. More importantly, the policy will spur investment across the logistics sector. The stakeholders feel there has to be alignment of the policy across all States to be effective. The trade is confident that an empowering provision will follow soon for effective implementation of the policy at 'cheetah' speed.

Source: thehindubusinessline.com- Sep 25, 2022

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India amongst frequent users of trade defence measures against EU imports in 2021

India remains one of the most frequent users of trade defence instruments, such as anti-dumping duties and safeguard measures, against the EU, after the US and China, according to the European Commission's annual report on the EU's trade defence activities of 2021. The total number of Indian trade defence measures against the EU in 2021, however, decreased to 12, as compared to 15 in 2020, the report noted.

"The US has the highest number of measures against EU exports, with 37 measures in force, followed by China with 19, Turkey with 17, Brazil, Canada and India with 12, followed by Indonesia with 11," the report said. Anti-dumping duties are imposed when it is conclusively proved that certain imports are being dumped by a trading partner at prices lower than at which it is sold in the domestic market of the exporter and in the process causing injury to domestic industry of the importing country. Safeguard duties are imposed when a surge in imports disrupts local markets.

Steel products account for the highest number of trade defence measures against the EU, 62, followed by chemical products with 48 measures, agricultural products with 22 measures, textiles with 12 measures and paper with 10 measures.

"With regard to actions taken, India did not impose any duties in 2021 and has extended a temporary suspension of definitive anti-dumping duties imposed in 2019 (high-speed steel from Germany) for 12 months," the report pointed out.

India has not initiated any safeguard investigation last year, but has launched two new anti-dumping investigations in 2021 (4 in 2020) against the EU, it observed. The two new cases concern imports of melamine and rubber chemicals.

The report highlighted the importance of termination of anti-dumping investigation by India on imports of flat rolled products of stainless steel in March 2021 without imposing measures.

"This was an important outcome given the economic interest at stake of around €98mn," it said.

China tops the list of trade partners against which the EU has used trade defence instruments with as many as 96 anti-dumping measures and nine anti-subsidy measures imposed against the country.

In contrast, there were four anti-dumping measures and four anti-subsidy measures in force against India at the end of 2021.

Source: thehindubusinessline.com- Sep 24, 2022

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Exports to UAE get a boost from trade deal, says commerce ministry

Exports of gems, jewellery, sugar confectionery, cereals, electrical machinery and other products to the UAE have registered a healthy growth after the two countries implemented a trade deal in May.

The commerce ministry said that Indian exports to the UAE, excluding petroleum products grew from USD 5.17 billion during June-August 2021 to USD 5.92 billion during June-August 2022, an increase of over 14 per cent.

However, sectors which recorded negative growth during the period include ships, boats and floating structures, apparel, pharmaceutical products, aluminium and articles, organic chemicals, carpets and other textile floor coverings, and silk.

The India-UAE Comprehensive Economic Partnership Agreement (CEPA) came into effect from May 1.

“Indian exports are likely to increase further in the coming months with increasing use of the CEPA by the exporters and with dedicated efforts from Department of Commerce, in association with Indian Mission in the UAE, through organization of a series of trade promotion events in the UAE during the current financial year,” the ministry said in a statement on Sunday.

It said that data for May has not been included for the purpose of the analysis as it is considered as a transitory period.

“Oil trade has not been considered as import increase in oil/petroleum products is largely on account of the rise in global prices and to a certain extent on an increase offtake in volumes. Further, it is pertinent to mention that bulk of the oil imports from the UAE are of crude petroleum, the demand for which is inelastic and the customs duty for which is very low,” the ministry said.

According to the ministry’s analysis, exports of electrical machinery and equipment rose by 67 per cent to USD 916.53 million during June-August 2022. Similarly, exports of gems and jewellery increased by 33 per cent to USD 1.4 billion.

The outbound shipments of cereals; sugars and sugar confectionery; Inorganic chemicals; and nuclear reactors, boilers, machinery and mechanical appliances increased by 161 per cent, 237 per cent, 74 per cent, and 27 per cent to USD 281.36 million, USD 111.49 million, USD 156.92 million, and USD 267.89 million respectively during the period under review.

Exports of vehicles and accessories; coffee, tea, mate and spices; edible vegetables and certain roots and tubers; and essential oils and resinoids; perfumery, cosmetic or toilet preparations too recorded a positive growth, the commerce ministry data showed.

Sectors which recorded negative growth during the period include ships, boats and floating structures (- 67 per cent), apparel (- 47 per cent), pharmaceutical products (- 37 per cent), aluminium and articles (- 26 per cent), organic chemicals (- 4 per cent), carpets and other textile floor coverings (- 33 per cent) and silk (- 35 per cent).

Source: financialexpress.com- Sep 25, 2022

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FDI set to hit record $100-bn in FY23: Govt

The commerce and industry ministry on Saturday said the country is "on track" to draw foreign direct investment (FDI) of as much as $100 billion in FY23, on the back of economic reforms and greater ease of doing business. This will mark a near 20% increase over the record inflows of $83.6 billion in the last fiscal.

Issuing a statement on the completion of the eight years of the Make in India initiative, the commerce and industry ministry said the FDI inflows almost doubled since FY15. The FDI has flowed in from 101 countries and into 57 sectors. As many as 31 states and Union territories were the beneficiaries.

A liberal and transparent policy regime, under which most sectors were kept open to FDI under the automatic route, helped attract such investments, the ministry said. Various guidelines and regulations, too, were eased to reduce compliance burden of companies, bring down their costs and further boost ease of doing business, it added.

However, FDI inflows dropped 6% to $16.6 billion in the first quarter of this fiscal from a year before, due to an unfavourable base and amid an economic slowdown in key advanced economies.

Elevated foreign investments partly made up for the near-absence of domestic private capex in recent years. However, as analysts have said, the current external headwinds — including the recession in the US and the EU, fresh Covid outbreak in China and the Ukraine war — will weigh on the flows of foreign direct investment globally. So, only those economies that can weather the external storm better than most stand to gain. India, with a decent economic expansion, can capitalise on this adversity if it puts in place the right policies.

The ministry said several initiatives have been initiated to boost the Make in India programme.

Most important of these have been the 14 production incentive schemes across sectors, ranging from electronics, telecom and auto to pharma, textiles and steel.

Moreover, thanks to its crackdown on the imports of low-grade and hazardous toys and its efforts to boost domestic manufacturing, the purchases of toys from overseas crashed 70% in FY22 from a year before to $110 million. Meanwhile, toy exports jumped 61% to $326 million last fiscal, the ministry said.

Source: financialexpress.com- Sep 25, 2022

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Order volume rises 28% in first 2 days of online festival sales

Smaller cities contribute more; personal care segment is the topper

E-commerce companies like Amazon, Flipkart, and Meesho have reported significant jump in order volumes, as overall e-commerce saw 28 per cent order volume growth in the first two days of 2022 festival sale (September 23& 24) compared with first two days of the festival sale of 2021 (October 3&4).

Unicommerce, a SaaS platform for post-purchase experience management, arrived at the 28 per cent figure by analysing and comparing data of over seven million orders/items that were processed during the first two days of the sale for the calendar 2022 with data from first two days of the sale in 2021.

The sale figures reported by e-commerce companies also support this data. Internet commerce unicorn Meesho said it has clocked 87.6 lakh orders on Day 1 of its flagship festival sale event which is up by "almost 80 per cent from day one of 2021 sale."

Further, Flipkart's Big Billion Days 2022 witnessed 1.6 million concurrent users per second on its app. Amazon.in also saw single largest day of Prime sign-ups, which is "1.9X higher than last year."

Category-wise sales

Personal care segment in the overall sale pie saw a 70 per cent YoY order volume growth, according to Unicommerce.

The fashion industry continues to be the dominant category, with maximum order volumes, followed by sectors such as home decor, gifting products, furniture, and jewellery.

Unicommerce also saw over 32 per cent YoY growth in festival order volumes for Tier-III cities and over 20 per cent growth in Tier-II volumes. Tier-I cities reported a 28 per cent rise in order volume growth.

Bharat buys more

Adding to this, Amazon said, “Two out of three products sold on Amazon Fashion were to customers from Tier 2/3 cities and towns.” Metro cities contributed to 36 per cent of the sales for Amazon Fashion and over 68 per cent of new customers came from non-metro cities.

In the case of Meesho, Utkrishta Kumar, CXO- Business, said, “With ~85 per cent of orders and ~75 per cent of sellers coming from Tier-2+ cities, we are humbled to have created a far-reaching impact in the deepest corners of the country. We will continue to fuel the discoverability of hyperlocal businesses and products, empower MSMEs, and further boost accessibility and affordability for our heterogenous base of consumers.”

Source: thehindubusinessline.com- Sep 25, 2022

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Capex boost may push India economy on higher growth trajectory, ground set for pick up in investment cycle

The Indian economy was bogged down by the pandemic, however, there has been a quick revival from the slump on the back of public investment, which has resulted in a rebound in gross fixed capital formation (GFCF) in FY22. The economy may grow at a higher rate in the longer term if capital expenditure comes in with its strong multiplier effect, according to CareEdge.

At 60%, consumption is the major contributor to India's GDP. However, at the current juncture, this can only offer short-term boosts to the economy. In order to achieve a high growth trajectory, the government's strong capex push should help as it will provide an upswing in the investment cycle with its strong multiplier effect.

"The centre's strong capex push should help in an upswing of the investment cycle in the economy. The state governments have also budgeted for a strong capex growth in FY23. While the capex by the state governments is weak so far, it could improve in the coming months with the disbursements of interest-free loans by the Centre," said Rajani Sinha, Chief Economist, CareEdge.

As far as the private sector is concerned, there has been deleveraging in the last few years. "Now with the capacity utilisation level exceeding 75%, the ground is set for pick up in the investment cycle. The easing of commodity prices and inflation is another factor supportive of a pick-up in the investment cycle. The most critical aspect now would be the sustenance of demand recovery that we are witnessing," Sinha added.

It must be noted that for FY23, the central government has budgeted for a strong capex growth of 25% to Rs 7.5 lakh crore, and it has already achieved 27.8% (Rs 2.1 lakh crore) of the capex target in the first four months (April-July) of the current fiscal.

Overall, the Centre's capex rose by 62.5% year-on-year in the April-July period of the current fiscal, with roads and highways, railways and defence being the top three investment areas.

However, the share of defence in total spending has come down over the years while that of roads and railways has increased, according to the CareEdge report. In the April-July period, capital spending on railways, roads, and highways jumped by 102.7% and 66.8%, respectively. Both these sectors accounted for more than 60% of the total capital spending by the central government.

Analysts at CareEdge expect government schemes such as the National Monetisation Pipeline (NMP), Gati Shakti, and PLI to help in the recovery of the capex cycle in the economy. The Centre's capital expenditure so far is encouraging, and the state governments have also budgeted for a strong capex, with the aggregate budgeted capex for 21 states at Rs 6 lakh crore, 39% higher than last year. "Though the capex by state governments has been slow to pick up the pace, the disbursement of interest-free loans by the Central Government should aid in the rebound of the capex cycle by the state governments in the months to come," CareEdge said.

According to the report, the capex revival by India Inc. is skewed with some sectors and big players bringing the chunk of the investment, while the small and mid-sized players are still hesitant in midst of all the economic uncertainties. "With capacity utilisation levels improving, we are likely to see increased participation from the other smaller players. The critical aspect will be the maintenance of the demand momentum," the report said adding that global slowdown, volatile commodity prices and tightening of financial conditions would be a dampener for investment sentiments.

Source: financialexpress.com– Sep 24, 2022

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E-invoicing for businesses having turnover more than ₹5 crore from next year

"The system is ready to facilitate e-invoicing for threshold of over ₹10 crore. Our effort is to lower the threshold to ₹5 crore from next year for which a notification prescribing the exact date is to be issued later," a senior Government official told BusinessLine.

E-invoicing prescribes a standardised format of an invoice that a machine can be read. Here, an identification number is issued against every invoice by the invoice registration portal (IRP) to be managed by the GSTN. Businesses for which e-invoicing is mandated and if they do not, their invoice will not be valid. In such a situation, input tax credit (ITC) on the same cannot be availed by the recipient, besides attracting applicable penalties.

Reduction in e-invoicing threshold

Smita Singh, Partner - Indirect Tax, Customs & Trade at S&A Law Offices says reduction of the threshold for e-invoicing is a planned effort by the Government targeting towards digitising of maximum transactions and transparency in sales reporting. This would lead to controlling the menace of fake invoicing, check mis-match errors, and improve tax compliances, ultimately improving tax collections.

"Now, large taxpayers must also ensure that their smaller vendors are adhering to the revised e-invoicing mandate to avoid enquiries by authorities on ITC availed with respect to such smaller vendors," she said.

Saurabh Agarwal, Tax Partner with EY feels the reduction in e-invoicing threshold on a progressive basis is clearly an indicator that the Government may make it mandatory for all types of GST registrant over a period of time. This is being done to increase the taxable base and ensure digital administration as far as possible.

For Small and Medium Enterprises, (SME) Government has websites for manual generation of e-invoice to facilitate the ease of doing business without adding too much of additional information technology costs.

"It's important for the industry to either integrate their invoicing systems with the IRPs or provide appropriate training to their executives to generate e-invoices from the Government system manually. Non-generation of e-invoice is not merely a statutory non-compliance but may also lead to loss of business for the SMEs as the large business houses may not accept the non-compliant GST invoices while making payments for goods and services," he advised.

Tax officials say businesses use various accounting/billing software, generating and storing invoices in their electronic formats. These different formats are neither understood by the GST system nor among the systems of suppliers and receivers. For example, an invoice generated by the SAP system cannot be read by a machine using the 'Tally' system, unless a connector is used. With more than 300 accounting/billing software products, there is no way to have connectors for all. In this scenario, 'e-invoicing' aims at machine-readability and uniform interpretation.

Source: thehindubusinessline.com– Sep 25, 2022

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Tiruppur Exporters' Association writes to FM, RBI seeking support for crisis-hit MSMEs

The Tiruppur Exporters' Association (TEA) has written to the Finance Minister and RBI Governor requesting support to bail out the Tiruppur knitwear garment exporting units from the ongoing crisis caused by the impact of the Russia-Ukraine war.

In its appeal, the association has sought a specified scheme for garment sector MSMEs. Under the ECLGS, 20 per cent of the existing credit should be used to bail out the knitwear garment sector, as given to the hotel and travel sector.

"We wish to point out that the Knitwear Exporting Units in Tiruppur Cluster, comprising 95 per cent MSMEs, face a threat to their existence due to financial issues such as fewer booking orders, delay in receiving payment, non-acceptance of booked orders and deferment of shipment.

The impact of issues are piling up every day," said Raja M Shanmugham, President, TEA, said in a communication to Finance Minister Nirmala Sitharaman and RBI Governor Shaktikanta Das

He said at a time when the garment sector was attempting to come out of the twin impact of the pandemic and cotton yarn price hikes, the latest crisis as a result of the Russia-Ukraine war has worsened the situation for exporters in the region.

In the European Union, the priority of households has shifted to gas, power, and food articles, rather than the purchase of garments. Also, garments are used for longer. The revival of the crippled economy is likely to take a few more months.

In the US market, too, a similar situation prevails and the threat of recession looms large in the US and UK markets.

The Tiruppur Knitwear Cluster exports 75 per cent of its garments to the US, EU, and the UK markets. The impact of the slowdown in consumption in its key markets is now quite visible in the export performance of Tiruppur, he added.

The units are running out of solutions to sustain their businesses after meeting statutory financial requirements.

The Association has requested the Centre and RBI to provide handholding policy support. The Association has sought a relaxation in NPA norms beyond overdue timeline of 90 days. It has also requested RBI to extend the time period of export realisation proceeds.

Shanmugham said the Association has also communicated to the banks the current crisis faced by the units.

Source: thehindubusinessline.com– Sep 24, 2022

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