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INTERNATIONAL NEWS

Global manufacturing PMI shrinks for 1st time since 2020 lockdown: S&P

Global business conditions worsened in the manufacturing sector in September, with the JPMorgan global manufacturing purchasing managers' index (PMI), compiled by S&P Global, dropping below the neutral level of 50 for the first time since June 2020. The survey's output index signalled a second-successive monthly drop in worldwide factory production in the month.

The headline index dropped from 50.3 in August to 49.8 in September.

The survey's sub-indices point to the production trend deteriorating in the coming months amid an intensifying downturn in global trade flows, subdued demand linked to the ongoing cost-of-living crisis and growing economic uncertainty about the outlook.

One positive came from an easing of supply chain delays, though these in turn were largely the result of cooling demand, a release from the company said.

The rate of factory production decline accelerated to the fastest since April, when lockdowns in mainland China had disrupted global production growth. Barring pandemic related shutdown months, the latest decline was the steepest recorded since the euro area debt crisis of 2012.

Other survey indices, notably the new-orders-to-inventory ratio, have been signalling a worsening of the production trend in recent months, and remained worryingly low—amongst the lowest in the survey history barring times of extreme stress—in September.

Of the 31 economies for which S&P Global PMI data are available for September, some 21 reported falling production. Myanmar and Taiwan are seeing the steepest downturns, followed by the Czech Republic and Poland, the latter two suffering from their proximity to the war in Ukraine and soaring energy costs. The eurozone and UK are likewise seeing above average downturns, also linked to Europe's energy crisis.

Similarly, production remained under pressure across North America, largely linked to the cost of living crisis.

Export growth was limited to India, Singapore, Vietnam, Australia and Thailand, though trends varied markedly even within the Asia Pacific, with Taiwan recording the steepest export losses again in September.

However, besides, Taiwan, the worst export trends were generally seen in Europe, reflecting the detrimental impact from the Ukraine war and cost of living crisis, S&P Global added.

Source: fibre2fashion.com- Oct 08, 2022

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US textiles & apparel imports up 28.55% in January-August 2022

The import of textiles and apparel by the US continues to grow at high rate and it rose by 28.55 per cent to $91.733 billion in the first eight months of 2022, compared to $71.361 billion in the same period of 2021. With 24.75 per cent share China continues to be the largest supplier of textiles and clothing to the US, followed by Vietnam with 13.99 per cent.

Apparel constituted the bulk of textiles and garments imported by the US in January-August 2022, and were valued at $69.274 billion, while non-apparel imports accounted for $22.458 billion, according to the latest Major Shippers Report, released by the US department of commerce.

Segment-wise, among the top ten apparel suppliers to the US, imports from India and Indonesia shot up by 56.90 per cent and 56.47 per cent year-on-year respectively. Imports from Bangladesh and Cambodia too grew by 53.54 per cent and 51.64 per cent respectively. Additionally, imports from Pakistan, which is among the top 10 suppliers, registered a growth of 42.16 per cent compared to the same period of the previous year.

In the non-apparel category, among the top ten suppliers, imports from Cambodia soared by 66.78 per cent year-on-year. Imports from Vietnam and Italy too climbed 27.56 per cent and 22.04 per cent respectively. On the other hand, imports from Turkey dipped by 9.23 per cent.

Of the total US textile and apparel imports of $91.733 billion during the period under review, man-made fibre products accounted for $46.868 billion, while cotton products were worth $40.048 billion, followed by $2.738 billion of wool products, and $2.077 billion of products from silk and vegetable fibres.

In 2020, the US textile and apparel imports had decreased sharply, mainly on account of the COVID-19 pandemic induced disruption, to $89.596 billion compared to imports of $111.033 billion in 2019. But imports rebounded again in 2021 to surpass the pre-pandemic level and ended at $113.938 billion.

Source: fibre2fashion.com- Oct 10, 2022

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German industrial production down by 0.8% in Aug over Jul

Production in the German industry in real terms was down by 0.8 per cent in August over July on a price-, seasonally- and calendar-adjusted basis after being unchanged month on month in July, according to provisional data of the Federal Statistical Office (Destatis). The increase in calendar-adjusted industrial production was 2.1 per cent in August compared to the same month last year.

In August this year, production in industry excluding energy and construction was down by 0.1 per cent in seasonally- and calendar-adjusted terms compared with July.

The production of consumer goods was up by 1.8 per cent and that of capital goods by 1.2 per cent. The production of intermediate goods decreased by 2.4 per cent, Destatis said in a release.

In the energy-intensive industrial branches, production declined by 2.1 per cent in August compared with July. This decrease was much larger than in industry as a whole.

Production in the energy-intensive industrial branches has dropped by 8.6 per cent since February 2022.

Production is still affected by the extreme shortage of intermediate products. Enterprises still face difficulties completing their orders as supply chains are interrupted because of the war in Ukraine and distortions persist that have been caused by the COVID-19 crisis.

Sixty-two per cent of the industrial enterprises surveyed complained of bottlenecks and problems in procuring intermediate products and raw materials in August this year, according to the Ifo Institute for Economic Research.

Source: fibre2fashion.com- Oct 10, 2022

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EU's retail trade volume down 0.2% MoM & 1.3% YoY in Aug 2022

The volume of retail trade in August 2022 decreased by 0.2 per cent in the European Union (EU) month-on-month (MoM) compared with July 2022, while it went down by 1.3 per cent year-on-year (YoY) when compared with August 2021, according to estimates from Eurostat, the statistical office of the EU.

While the seasonally adjusted volume of retail trade in the euro area dipped by 0.3 per cent in August 2022 when compared to July 2022, the calendar adjusted retail sales index in the region slipped by 2 per cent compared with August 2021.

In July 2022, the retail trade volume decreased by 0.4 per cent in the euro area and by 0.2 per cent in the EU, according to a press release by Eurostat.

Among member states for which data are available, the largest monthly decreases in the total retail trade volume were registered in the Netherlands (-2.2 per cent), Germany (-1.3 per cent), and Malta (-1.1 per cent). The highest increases were observed in Slovenia (+7.0 per cent), Luxembourg (+3.8 per cent), and Ireland (+3.5 per cent)

In the euro area in August 2022, compared with August 2021, the volume of retail trade decreased by 3.0 per cent for non-food products, while it grew by 5.1 per cent for automotive fuels.

In the EU, the retail trade volume decreased by 2.6 per cent for non-food products, while it grew by 5.5 per cent for automotive fuels.

Among member states for which data are available, the largest yearly decreases in the total retail trade volume were registered in Denmark (-6.0 per cent), the Netherlands (-5.8 per cent) and Finland (-4.7 per cent). The highest increases were observed in Slovenia (+31.8 per cent), Poland (+8.0 per cent) and Cyprus (+5.1 per cent).

Source: fibre2fashion.com - Oct 10, 2022

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Can Cambodia beat Bangladesh, Vietnam in apparel exports to Canada?

As Cambodia is trying hard to push exports to Canada, it would be interesting to see whether it can overtake Bangladesh and Vietnam in terms of apparel exports to Canada. During 2021, Cambodia was on fourth position in Canada's apparel imports, while Bangladesh and Vietnam were in the second and third positions respectively, ahead with only a minor margin.

According to Fibre2Fashion's market insight tool TexPro, Canada had imported apparel worth $9.599 billion last year. Cambodia supplied apparel worth $1.047 billion, which was 10.91 per cent of the total. The country remained on fourth position while China, Bangladesh and Vietnam stood at first, second and third position respectively in terms of apparel supply to Canada. Bangladesh supplied 13.38 per cent (value of $1.284 billion) and Vietnam 12.49 per cent ($1.199 billion).

Looking at the figures, it is possible for Cambodia to beat Bangladesh and Vietnam in apparel supply to Canada in near future. In its efforts to push garment exports, the Cambodian Chamber of Commerce (CCC) had opened a representative office in Toronto, Canada. Key talks are likely to be held with Canadian Prime Minister Justin Trudeau when he attends the ASEAN Summit in Cambodia next month.

Canada-Cambodia bilateral trade is already on fast-track mode. Cambodia's merchandise exports to Canada grew 22.61 per cent in the first eight months of this year. The apparel exports to Canada also increased 20.06 per cent year-on-year to $1,047.663 million in 2021.

According to TexPro, Cambodia's apparel exports were recorded at $872.980 million in 2020 compared to $1,009.641 million of 2019, $899.339 million in 2018 and $815.269 million in 2017. Canada was the third largest market of Cambodia for apparel exports with the share of 9.44 per cent of its total shipment of $11.102 billion in 2021.

Source: fibre2fashion.com - Oct 09, 2022

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Logistics sector in China sees renewed growth momentum in Sept

The logistics sector in China witnessed renewed growth momentum in September with a recovery in market demand and improved business operations, according to industry data. The index tracking the country's logistics market performance was 50.6 per cent in the month—a rise of 4.3 percentage points from the August figure, reversing a two-month losing streak.

A reading above 50 indicates expansion, while a reading below reflects contraction.

According to the China Federation of Logistics and Purchasing (CFLP), most sub-indices rose in September.

The sub-index for new orders was 50.1 per cent, up by 3.2 percentage points from the August figure, indicating a rise in orders and demand recovery in the logistics market, official Chinese media reported.

In September, the sub-index for employees increased by 1.4 percentage points to near 50 per cent, indicating that the employment situation in the sector was stable as well, CFLP added.

Source: fibre2fashion.com- Oct 09, 2022

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FTA may boost Cambodia's apparel exports to South Korea next year

The Cambodia-Korea Free Trade Agreement (CKFTA), likely to come into effect from December 1 this year, may boost Cambodia's apparel exports to South Korea, which could not fully recover from the COVID-19 disruption in 2021. This year, Cambodia's apparel exports to South Korea may touch the pre-COVID level despite volatility in monthly shipment.

The CKFTA will remove tariffs on 95.6 per cent of products imported from Cambodia, while Cambodia will eliminate duties on 93.8 per cent of imported goods. South Korea's National Assembly recently ratified the FTA which was signed in October last year. Cambodia had ratified the agreement much earlier.

According to Fibre2Fashion's market insight tool TexPro, Cambodia had exported apparel worth $187.650 million in 2019 to South Korea, but the value of exports declined to $169.716 million in 2020 due to the COVID-19 disruption. The export improved last year but could not fully recover when the shipment touched $167.151 million. This year, Cambodia registered exports of $128.860 million in the first eight months.

On a monthly basis, Cambodia's outbound shipment of apparel to south Korea gained in July 2022 to $18.630 million and further improved to $19.422 million in August. The monthly export remained below $12 million in April, May and June this year.

As per TexPro, South Korea is a very minor market for Cambodia's apparel exports. The eastern nation is currently positioned at 13th place in terms of apparel exports from Cambodia. South Korea accounted for mere 1.51 per cent ($167.151 million) out of Cambodia's total apparel exports of $11.102 billion in 2021.

Source: fibre2fashion.com- Oct 09, 2022

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Bangla-China JV to invest $15.63 mn to set up garment accessories unit

Bangladesh-China joint venture company Jinqiu Global Textile Bangladesh Ltd will invest $15.63 million to set up a garment accessories manufacturing unit at the Ishwardi Export Processing Zone (IEPZ) in Paksey of Pabna district.

The company will annually manufacture 250 million metres and 2 million cones of garment accessories and generate employment jobs for 981 people.

The Bangladesh Export Processing Zones Authority (BEPZA) and the company recently signed an agreement in Dhaka to this effect, according to a press release from the former.

IEPZ, one of the eight EPZs of BEPZA, started operation in 2001.

At present, 22 enterprises are running and 16 others are under implementation stages in that EPZ, the press release said.

Source: fibre2fashion.com - Oct 08, 2022

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Cambodia: Hopes high for Bangladesh FTA

The government's initiative towards formal talks with Dhaka on a Cambodia-Bangladesh Free Trade Agreement to diversify the Kingdom's export markets and lure more investment inflows has been met with enthusiasm and optimism from officials, the business community and other observers.

At a recent meeting on the sidelines of the 77th UN General Assembly (UNGA) in the US' New York City, Prime Minister Hun Sen and his Bangladeshi counterpart Sheikh Hasina voiced enthusiasm at the prospect of establishing a bilateral free trade agreement (FTA) with the Kingdom.

Hasina stressed that the deal would help her country consolidate relations with ASEAN. Of note, Bangladesh is also forging ahead with preliminary work on proposed FTAs with Thailand and Malaysia.

Ministry of Commerce spokesman Penn Sovicheat told The Post on October 6 that although Cambodia and Bangladesh have fairly similar export baskets, the pact could lead to sizeable economic gains, expanding trade flows in either direction, mutually reinforcing supply-and-demand relationships, and spurring investment between the two countries.

Royal Academy of Cambodia economics researcher Ky Sereyvath said the two countries have a similar production and export structure, but noted that Bangladesh is the larger exporter of garments and other textile-related goods.

He said the proposed FTA may prove a boon for Cambodian agricultural goods, especially spices, considering Bangladesh's insatiable appetite for these aromatic or pungent vegetable substances.

"At the same time, Cambodia can also import Bangladeshi merchandise that we cannot produce and re-export it at high prices, so the two countries would be diversifying exports for mutually economic benefits," Sereyvath said.

Amru Rice (Cambodia) Co Ltd CEO Song Saran welcomed the expected deal, noting that the Kingdom could ramp up production of milled rice for export to Bangladesh, in part driven by investment from the South Asian country.

“It’d be swell if the two countries can strike a deal on cooperation in the supply and production of rice, trade and transport to Bangladesh.

“Once the countries are signed on, I’ll also be conducting a detailed study on shipping, logistics, the milled rice types and other standards to ensure that their [the Bangladeshi market’s] needs and delivery times are met, and explore the possibility of Bangladeshi players directly investing in the processing of rice and transport back to their home country,” he said.

The commerce ministry reported that trade between the two countries topped $22 million in the first nine months of 2022, up nearly 56 per cent from the more than $14 million recorded in January-September 2021.

Source: phnompenhpost.com - Oct 09, 2022

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NATIONAL NEWS

India to accord top priority to national interest in FTA negotiations; Government will not diverge from this approach for the sake of deadlines: Shri Piyush Goyal

The Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and textiles, Shri Piyush Goyal today said that India would accord top priority to national interest in FTA negotiations. FTAs to be entered into after thorough consultation with all stakeholders including industry and the government will not diverge from this approach for the sake of deadlines, he added.

The Minister was speaking at the meeting held to review India's Export Performance in the first six months of this financial year with key representatives from Export Promotion Councils and Industry Associations in New Delhi today.

At the meeting, the Minister emphasised on sustaining the export momentum and said that the interaction with Export Promotion Councils has given the confidence that Indian exports will be able to wither the global headwinds and will surpass last year's exports by a big margin.

He added that India must keep prospecting for new opportunities in the world market and utilize all such possible chances to expand trade. He also emphasised on doing a deep dive of services import and see the areas/sectors in which they are increasing.

The industry participants were assured that Government is committed to address the issues raised by them. While concluding the session, the Commerce and Industry Minister urged the trade and industry to implement innovative ways of marketing, increase quality standards and take full benefit of Free Trade Agreements to achieve higher export growth in this financial year.

At the review meeting, the Director General of Foreign Trade (DGFT) gave a presentation on year-on-year export trends vis-à-vis the major export markets of India, along with sectoral growths. The leading and laggard export markets/ sectors were specifically highlighted for specific attention and possible corrective actions.

Industry was apprised on the healthy growth of around 15.5 % seen in the first six months of this financial year, as compared to previous year. The industry however was alerted on the dip in export performance in September 2022.

Highlighting the healthy growth seen in some markets such as Latin America and Africa, it was informed that the evolving economic and geo-political environment required the industry to be attentive and optimistic so that growth opportunities in such new markets are not missed.

An engaging round of discussion was held subsequently with EPCs and industry representatives on challenges, opportunities and way forward for increasing exports from India. Industry has flagged certain issues related to the rising of cost of raw materials and subdued demand in certain key export markets due to high inventory levels.

Industry requested for including left out sectors under RoDTEP and rationalisation of existing RoDTEP rates, exploring possibility for increased support under Interest Equalisation Scheme(IES) and under Market Access Initiative (MAI), and operationalisation of Production-Linked Incentive (PLI) Schemes for additional sectors.

The meeting was also attended by the Minister of State for Commerce & Industry, Smt. Anupriya Patel and Commerce Secretary, Shri Sunil Barthwal.

Source: pib.gov.in- Oct 07, 2022

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Won't just sign FTAs to stick to deadlines: Goyal

The government will accord top priority to national interest in negotiations to forge free trade agreements (FTAs) and it won't "diverge from this approach for the sake of deadlines", commerce and industry minister Piyush Goyal said on Friday.

The statement comes at a time when it's becoming increasingly clearer that a proposed FTA between India and the UK will miss the Diwali deadline. As FE has reported, both the sides are yet to wrap up negotiations for the FTA text. Usually, once the text is finalised, it's subject to legal scrubbing and other internal processes like Cabinet clearances before it's ready to be signed.

Goyal was speaking at a meeting with export bodies and senior government officials, convened by him to brainstorm ways to boost exports. It was held just days after data showed merchandise exports shrank 3.5% in September from a year before to $32.6 billion, the first such monthly drop since November 2020.Top executives of export bodies who attended the meeting asked the government to facilitate the introduction of an export refinance facility to ensure greater flow of cheaper credit to the export sector, and also push for a mechanism for the rupee trade with not just Russia but also countries like Sri Lanka, Nepal and others that are facing forex crisis of varying degree.

A Sakthivel, president of the apex exporters' body FIEO, suggested that the Reserve Bank of India (RBI) bring in the export refinance facility under which the rupee credit provided to the export sector may be refinanced by the central bank to lenders at the cheaper repo rate. It would help exporters in the rising interest rate scenario.

He also sought exemption from GST payment on export freight, saying the refund of it through the ITC mechanism takes 2-3 months, thus blocking the working capital.

Mahesh Desai, chairman of the engineering exporters' body EEPC India, called for the rollback of the 15% export tax on certain stainless-steel products, a key raw material for some engineering exporters. He argued that they have "very low domestic consumption" and they have not added to inflation woes. Engineering goods, as a whole, account for about 20-25% of the total merchandise exports.

He also asked for a review of the tax remission scheme RoDTEP and suggested a full rebate on the taxes, including certain embedded levies.

He also recommended the inclusion of the steel sector in the RoDTEP It was also recommended to include the steel sector under RoDTEP as steel is the most widely used raw material in the engineering industry.

Source: financialexpress.com- Oct 08, 2022

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India-UK trade pact set to miss Diwali date

The proposed free trade agreement (FTA) between India and the UK is likely to miss the Diwali deadline.

Official sources told FE that both sides are yet to wrap up negotiations for the FTA text. Usually, once the text is finalised, it's subject to legal scrubbing and other internal processes like Cabinet clearances before it's signed.

Also, the concerns over "open migration policy", expressed by Britain's home secretary Suella Braverman on Thursday, cast a doubt on the FTA. The statement suggests that Braverman is unlikely to endorse any further visa concession, a critical area of interest for India under the proposed FTA.

Officially, both sides are still sticking to the October 24 deadline, set in April by the Prime Ministers of both countries to hammer out the FTA. This is despite concerns in certain quarters about the slow pace of negotiations in recent months due to a change of guard in the UK and national mourning following the death of Queen Elizabeth-II last month.

In an interview to The Spectator magazine on Thursday, Braverman said: "I have concerns about having an open borders migration policy with India because I don't think that's what people voted for with Brexit."

Braverman has made the statement even though new British Prime Minister Liz Truss has been keen on firming up the FTA with India to deepen bilateral commerce. It also goes against what the British negotiators have been conveying to their Indian counterparts all along – that there is broad-based support for the FTA, even across party lines.
India has been keen on easier entry for both its students and high-skilled professionals in the UK, as part of an enhanced two-way exchange across different sectors.

Only on October 4, new UK trade minister Kemi Badenoch had backed the FTA and said the Diwali (October 24) deadline was "not arbitrary". "It was set quite a while ago. But doing a trade deal is not a simple and easy thing.

So what we want to do is something that lifts both countries. It may not be everything that the (UK's) services sector wants." Badenoch had also indicated that any deal that was agreed could also be expanded at a later date.

However, responding to questions on visa flexibility for students and entrepreneurs under an India-UK FTA, Braverman said: "I do have some reservations. Look at migration in this country — the largest group of people who overstay are Indian migrants … We even reached an agreement with the Indian government last year to encourage and facilitate better cooperation in this regard. It has not necessarily worked very well."

The secretary was referring to the Migration and Mobility Partnership (MMP) endorsed by her predecessor, Priti Patel, and external affairs minister S Jaishankar in May last year. That agreement, while seeking to encourage talent into the UK, was also aimed at cracking down on those abusing the immigration system.

India has already pipped China as the country that has received the highest number of student visas issued by the UK. About 118,000 Indian students received UK student visas in the the year through June 2022, up 89% from a year before.

Given the vast pool of skilled professionals, India has been grabbing a large share of visas for skilled migrants in the UK.

Both India and the UK launched formal negotiations in January for the FTA, which could ultimately cover more than 90% of tariff lines. They aim to double bilateral trade of both goods and services to about $100 billion by 2030. The India-UK trade is dominated by services, which make up about 70% of the overall annual commerce.

Source: financialexpress.com- Oct 07, 2022

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PLI scheme for textiles: Letters of approval sent to 54 applicants

The Centre has sent letters of approval to a total of 54 applicants under the Production Linked Incentive (PLI) scheme in August and investments of around ₹700 crore have already been made, according to official sources.

"Of the total 64 applicants with a proposed investment of ₹19,798 crore selected by the Selection Committee chaired by Textiles Secretary earlier, as many as 54 have received their letters of approval by August. At the moment, about ₹700 crore have been invested and the amount will steadily go up," the source told businessline.

The PLI scheme for textiles is intended to promote production of manmade fibre (MMF) apparel and fabrics and technical textiles' products in the country to enable the textile industry to achieve size and scale to become competitive and to create employment opportunities, according to the Textiles Ministry.

Amongst States, Madhya Pradesh, Gujarat, Maharashtra and Andhra Pradesh have attracted the most investments under the PLI scheme.

Although an outlay of ₹10,683 crore was approved for the PLI textiles scheme as incentives, the Textile Ministry has estimated that it would be using a little over ₹6,000 crore. It is thus envisaging a PLI 2.0, but this time the scheme may be extended to cotton garments and made-ups as well, source said.

The minimum investment limits and turnover limits to qualify for the incentives is also likely to be lowered in the second part of the scheme to allow MSMEs to also benefit.

Interestingly, under the existing scheme, which has two parts, as many as 50 are in the second category where minimum investment requirement is ₹100 crore. In the first part, where minimum investment requirement is ₹300 crore with higher incentives, total number of projects approved is 14.

Source: thehindubusinessline.com- Oct 06, 2022

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Department for Promotion of Industry and Internal Trade (DPIIT) asks businesses and citizens to flag issues faced in starting and running a business

Government of India is committed to improve Ease of Doing Business and Ease of Living across the country. Multitude of reforms have been implemented over the last few years to improve Government's interface with businesses and citizens.

To further improve Ease of Doing Business and Ease of Living, DPIIT is inviting suggestions from businesses and citizens on issues in starting and running a business.

Any minor violation under different provisions/sections can be suggested for decriminalization. The aim is to make 'New India' a preferred investment destination across the globe and ensure hassle-free service delivery to the ultimate beneficiary. Suggestion campaign is live on Innovate platform of MyGov till 15th October 2022.

Campaign link: https://innovateindia.mygov.in/suggestion-box/

Following are some suggestive broad areas that can be seen to further improve Ease of Doing Business and Ease of Living:

- Getting Permissions, Approvals
- Renewal of Certificates, Licenses
- Decriminalization of minor offences
- Filings/Returns
- Inspections/Audits
- Online systems/process
- Maintaining Registers & Records
- Applying for Incentives
- Payment of Incentives
- Procedural/Guidelines related
- Payment mechanism
- Others

Source: pib.gov.in- Oct 07, 2022

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Global trade slowdown: Exporters seek cheaper credit, higher input duty remission

Exporters have sought government intervention to help them face the global demand slowdown through measures such as making available cheaper credit, extending GST exemption on freight, restoring interest equalisation rate to 5 per cent and increasing the rates of input duty remission under popular schemes.

Countries with hard currency deficit showing interest in rupee trade

UAE, Sri Lanka, Maldives, Saudi Arabia, some African & Latin American nations have responded positively, say officials

Representatives from export bodies met Commerce & Industry Minister Piyush Goyal on Friday to highlight their concerns and discuss ways to make them more competitive.

Repo rate hike impact

The increase in repo rate last Friday will affect the base rate of banks and consequently the lending rates for export credit and needs to be countered, pointed out exporters' body FIEO in a presentation . "We request you to consider requesting RBI for introducing 'export refinance facility' to banks so that the value of credit provided to the export sector in rupee may be refinanced by the RBI to banks at which it lends to banks.

Such a measure will be extremely beneficial for our small exporters as the interest rates in many competing countries are much lower than in India...," FIEO President A Sakthivel said.

The FIEO President also pointed out that non-extension of notification relating to GST exemption on freight for exports had caused panic and uncertainty adding to the liquidity challenges of the exporters and made a case for its restoration.

India's goods exports declined by 3.52 per cent to $32.62 billion in September 2022, per preliminary data released by the Commerce Department earlier this month. Although exports during April-September 2022-23 increased by 15.54 per cent to $229.05 billion, growth in July and August have been marginal.

The WTO's revised forecast of world trade growth of 1 per cent in 2023, as opposed to 3 per cent predicted earlier, has added to the exporters' concerns.

RoDTEP scheme

EEPC India, in its representation, stressed on the need for the government to a re-look at the rates under the popular Remission of Duties and Taxes on Exporter Products (RoDTEP) scheme and give a full rebate on the taxes that still remain in the export production chain. It also recommended that the steel sector should be included under RoDTEP as steel was the most widely used raw material in the engineering industry.

It also proposed that interest equalisation rate should be restored to 5 per cent from the current 3 per cent for cheaper finance.

Source: thehindubusinessline.com- Oct 07, 2022

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India's freight availability, rates uptick in September as festive season kicks in

India' freight activity inched up in September after maintaining a stable course in the second quarter of the current fiscal year. With the onset of the festive season, the freight rates as well as the freight availability showed a marginal increase, according to CRISFrex.

The pan-India freight index by CRISIL showed an uptick in the freight rates due to a rise in the fast-moving consumer goods and durables (FMCD/FMCG).

The freight availability also inched up on the back of Agri-products, parcel/loose goods, and cement, the CRISIL index highlighted. However, the scenario for commodities such as textiles, petroleum, mining products, auto carriers, market load did not show any on-month improvement and was flat.

Among various commodities, the freight rates for FMCG/FMCD witnessed a sharper increase when compared to others, the CRISIL report noted.

A slight increase in freight rates was witnessed for parcel/goods, petroleum tankers, textiles, and Agri-products. According to the CRISIL freight index, steel was the only commodity that saw a dip month-on-month in freight rates.

The improvement in the CRISFrex index also improved the free cash flows (FCFs) of transporters in September. The industry's free cash flows (FCFs) maintained the three-month course and stayed at 20 per cent.

The CRISIL index also highlighted how the freight rates have been strictly aligned with the fuel rates over the past few months. The utilisation levels also remained healthy, with commodities like Agri-products and parcel/loose goods witnessing a marginal improvement. The average number of trips per truck also improved slightly from the August levels.

The pan-India index by CRISIL is constructed by factoring in the views and data of 100-150 transporters to get insights into the freight dynamics and operational aspects such as key cost heads, trips, and commodities being carried.

The operating cost includes things like driver, toll, maintenance, fuel, among other things. The index is built on the back of 159 route-commodity combinations spanned across 32 routes and 11 commodity types.

The indicators mentioned in the index highlight the momentum of the economic activity in the country and the overall trucking scenario in India.

Source: financialexpress.com- Oct 09, 2022

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An economic storm

The Covid pandemic's sudden and severe outbreak gave very little time to both monetary and fiscal authorities to deliberate on the appropriate doses and combination of two sets of public policies. Both monetary and fiscal policies were ultra-accommodative to deal with the catastrophe.

Besides fiscal deficit, the balance sheet size of the US Fed alone went up from less than $4 trillion to nearly $9 trillion during the pandemic. The policy profligacy on most parts of the world arrested the contraction of GDP, but asset/commodity prices quickly flared up globally.

As against the target of about 2 per cent, retail inflation in most developed countries is currently approaching double-digit. Central banks were behind the curve for a while as they misread the current inflation as transitory.

Although originated from severe supply disruptions following the pandemic, retail inflation has been generalised, at least partly due to policy excesses and post-pandemic revival of demand. Despite low-capacity utilisation, supply response has been generally inadequate. The demand-supply mismatch has widened as the post-pandemic recovery has faltered.

The public policy responses to high inflation and low growth are difficult. Nevertheless, most developed countries' central banks have realised that inflation control is a must, even at the cost of growth, to prevent macroeconomic imbalances from aggravating further.

Recession fears

The probability of recession, at least in developed countries, has been accentuated due to the rapid reversal of monetary policy. Can they really sail through the choppy growth scenario ahead and return to a positive real policy rate? Can they achieve price stability if they abort early as pressure to support growth would emerge sooner than later?

The prolonged Russian-Ukraine war added a new dimension to supply disruption. Globally, commodity prices, especially crude oil and gas prices have been ruling high despite the global growth slowdown. Monetary policy in most emerging market economies (EMEs) is also in tightening mode due to inflationary pressures. Is it due to the second-round effect, inadequate supply response vis-à-vis sustained demand or imported inflation due to high crude oil prices?

The US monetary policy has unnerved the rest of the world. The global meltdown of asset prices following successive large Fed rate hikes has begun. Despite the US GDP contraction during the first two quarters of 2022, capital has been flowing unidirectionally toward the US due to the dollar's appreciation.

Trying to sail cautiously in the periphery, the EMEs are facing headwinds on multiple fronts - currency depreciation, capital outflows, export slowdown, imported inflation and above all growth slowdowns.

Among EMEs, India may escape the current global storm with less damage to its economy. India did not go for fiscal excesses during the pandemic. Cash outgo from the Budget was need-based to help the most vulnerable sections of society, combined with several structural reforms to make the economy resilient and self-sufficient.

The repo rate was retained well above its peers, which helped RBI to hike the repo rate not more than 50 basis points at a time, compared to 75 bps by the Fed Reserve consecutively three times so far in 2022.

The excess liquidity has been almost clawed back mainly through forex market interventions. The rupee's depreciation against the dollar is much less compared to many currencies.

As the fastest-growing major economy, India would continue to attract global investment notwithstanding uncertainty about portfolio flows. India's external debt-to-GDP at 20 per cent is modest; hence, there is no cause for concern in servicing external debt despite rising global interest rates.

Source: thehindubusinessline.com- Oct 06, 2022

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Exporters keeping fingers crossed as recession clouds loom over EU

Exporters are keeping their fingers crossed due to "visible" recessionary trends in the European Union (EU) as it could affect demand for domestic goods in that market in the coming months.

The EU is one of major export destinations for Indian exporters, accounting for about 15 per cent of India's total outbound shipments.

"There are visible symptoms of recession in the EU. Energy crisis is looming there. Buyers are delaying orders from India. They are concerned but hopeful," Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said.

He, however, added that the situation in the EU provides an opportunity for Indian exporters to enhance efforts to boost exports to countries like Russia.

"Sanction of Russia gives us an opportunity to tap that market," Sahai said, expressing confidence that India's total merchandise exports would reach USD 470 billion in 2022-23 as against USD 420 billion in 2021-22.

Biswajit Dhar, a professor of economics at Jawaharlal Nehru University, said the government should rework its strategy on the export front as the EU situation is not good.

"It is not just an energy crisis, it is a larger problem of slowing down of the economies in EU countries. That should be a source of concern for us. If major markets like the EU face such recessionary tendencies, our exports could actually suffer," Dhar said.

Sharing similar views, Technocraft Industries founder and chairman Sharad Kumar Saraf said EU buyers are cancelling orders and it would affect the country's exports in the coming months.

"Situation is not good at the export front, particularly for sectors such as textiles and chemicals," he added.

Ludhiana Hand Tools Association President S C Ralhan said EU buyers are delaying accepting consignments, so exporters are a bit worried about the situation there.

India's exports to the EU stood at USD 30.8 billion during April-August 2022. It was USD 65 billion in 2021-22.

Commerce and Industry Minister Piyush Goyal held meetings with exporters on October 7 to discuss ways to promote growth of exports.

He has stated that India must keep prospecting for new opportunities in the world market and utilise all such possible chances to expand trade.

In the meeting, industry has flagged certain issues related to the rising cost of raw materials and subdued demand in certain key export markets due to high inventory levels.

The industry requested inclusion of left out sectors under RoDTEP (Remissions of Duties and Taxes on Exported Products) and rationalisation of existing RoDTEP rates, exploring possibility for increased support under Interest Equalisation Scheme and Market Access Initiative (MAI).

A decline in exports of sectors such as engineering, ready-made garments and rice led to a contraction in the country's overall outbound shipments by 3.52 per cent to USD 32.62 billion in September, while the trade deficit widened to USD 26.72 billion, according to the preliminary data of the commerce ministry.

The Russia-Ukraine war is severely affecting global supply chains. Russia has also slashed the flow of natural gas to Europe.

Source: financialexpress.com- Oct 09, 2022

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India-UK FTA talks face deadlock over data: Report

The Department for International Trade (DIT) reiterated the government stance that any FTA would be agreed only if it meets the UK's interests.

Data localisation and UK companies being allowed to bid for Indian government contracts are among the issues causing a possible deadlock in the final stages of the India-UK free trade agreement (FTA) negotiations towards a Diwali draft completion deadline, according to a UK media report on Sunday.

'The Daily Telegraph' quoted a source close to the talks to say that data localisation rules that prevent foreign companies taking data out of India and allowing UK firms to bid for public sector contracts are two key "sticking points" to a comprehensive deal.

The likelihood of a so-called "thin" trade deal within the symbolic Diwali or October 24 deadline and further "iterative" deals at a later stage is now looking like a likely outcome.

"The stumbling blocks are absolutely to do with digital. How ambitious and comprehensive this deal is in some way a function of time," the newspaper quoted an "insider" as saying.

It follows UK Trade Secretary Kemi Badenoch indicating earlier this week that just because there may be an FTA struck with India, it did not mean "we can't do even more later". The Department for International Trade (DIT) also reiterated the government stance that any FTA would be agreed only if it meets the UK's interests.

"We remain clear that we won't sacrifice quality for speed and will only sign when we have a deal that meets the UK's interests," a UK government spokesperson said this week.

It follows a week of controversial interventions that cast a shadow over the prospect of a wide-ranging bilateral trade agreement, with UK Home Secretary Suella Braverman expressing "reservations" over India being offered some sort of "open borders" visa concessions.

While India countered the minister's claims that a Migration and Mobility Partnership (MMP) between the two countries had not "worked very well" in tackling visa overstayers, strategic experts suggested that the wrangles may well end up in a diluted trade pact. The prospect of Prime Minister Narendra Modi's UK visit towards the end of the month to sign off on an FTA draft around Diwali is also seen as shaky at this stage.

"It now appears likely that the prospective UK-India FTA under the Liz Truss government will not be as substantive nor as comprehensive as envisaged by the previous Boris Johnson government, as negotiations on key issues of mobility/migration and tariffs can be expected to continue towards a non-time bound second-phase of the agreement," said Rahul Roy-Chaudhury, Senior Fellow for South Asia at the London-based International Institute for Strategic Studies (IISS) think tank.

"Negotiations on key issues of mobility/migration and tariffs can be expected to continue towards a non-time bound second-phase of the agreement. But, it will still enable both governments to claim political victory, even though its economic impact may be underwhelming for both," he said.

The Diwali timeline for an FTA was announced enthusiastically by former prime minister Johnson during his visit to India in April. The governing Conservative Party in the UK has since been thrown into turmoil and his embattled successor at Downing Street, Liz Truss, is believed to be very keen to score her big win by clinching a trade deal with one of the world's fastest growing economies – a process she had initiated as former trade secretary.

The focus of the FTA negotiations is on reducing the barriers to trade, cutting tariffs, and supporting easier imports and exports into each other's markets.

According to official UK government data, India-UK bilateral trade currently stands at around GBP 24.3 billion a year and the aim is for that to be at least doubled by 2030.

Source: business-standard.com- Oct 05, 2022

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Southern Gujarat Chamber of Commerce and Industry to hold textile trade fair in Dhaka next year

The Southern Gujarat Chamber of Commerce and Industry (SGCCI) will organise "Indian Textile Trade fair", an exhibition cum fair, in Bangladesh's capital Dhaka from January 11 to 14 next year.

Confirming this, SGCCI president Himanshu Bodawala said that the purpose of organising the textile event in Dhaka is that there is ample opportunity in the textile sector in Bangladesh.

"Bangladesh imports textile fabrics from different countires. Surat can be a part this textile fabrics supply. Major imports of textile fabrics is China, but Bangladesh is searching for other opportunities," Bodawala said.

The SGCCI expects a footfall of 20,000 including garment exporters, manufacturers, importers, distributors, wholesalers, fashion designers and textile businessmen, for the exhibition.

Source: indianexpress.com– Oct 08, 2022

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