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INTERNATIONAL NEWS

Disruptions turn global economy on its head

In the last five years, three successive waves have swamped the world, affecting global growth, shattering lives and shaking the confidence of people.

Governments, administrators and policymakers are still struggling with various policy options to minimise the impact of the waves of challenge to growth.

The first wave

US-China trade war (2018-2019)

The trade dispute between two of the world's largest economies — the US and China — soon escalated into a trade war with both sides imposing tariffs and retaliatory tariffs on a host of goods.

Importantly, no one wins a trade war; not even the bystanders. Some diversion of trade may temporarily benefit some countries. Tariff reversals usually take years to unwind especially in a slow growth environment.

Roughly half of US imports from China subject to tariff are intermediate goods, while a third are capital goods and the rest consumer goods. These tend to be more differentiated and are often dominated by China, making diversion of imports more difficult.

In contrast, a majority of the targeted Chinese imports from the US are agricultural products (including soyabean and cotton) for which diversion is easier and faster.

The US-China bilateral trade conflict has multilateral ramifications. Tariffs have allowed US importers and Asian exporters to gradually (and partially) adapt to the new trading environment even in sectors where diversion tends to be more difficult (intermediate and capital goods). Semiconductor trade is a case in point.

The second wave

Covid-19 pandemic (2020-2021)

The novel coronavirus (Covid-19) pandemic not only led to a global health crisis but also devastated the economic well-being of individuals and nations. The ‘cursed’ year spilled into 2021.

National lockdowns, restrictions on movement of people, alarming dislocation of global shipping and transportation, and disruption to established supply chains all combined to force a sharp downturn in economic activities with varying sectoral impacts. We saw massive loss of human lives, loss of jobs and incomes, closure of businesses, stalled investments, contraction in trade and not the least, sharp de-growth of economies.

With governments and central bankers initiating in a coordinated fashion a series of fiscal, monetary and administrative measures, life began to normalise in the second half of 2021 following large-scale vaccination worldwide.

The sense of gloom gradually gave way to cautious optimism. Major economies provided fiscal and monetary stimulus, liquidity was enhanced and interest rates slashed to near-zero.

As confidence picked up, markets boomed and asset prices skyrocketed which was essentially liquidity-driven. Whether the stimulus-induced optimism will sustain or wane over a period of time is debatable. The positive effects of the stimulus packages will, inevitably, begin to fade over time.

The third wave

Russia-Ukraine conflict (2022)

Early 2022, even as the world started to believe that the pandemic-inflicted devastation was behind us and that recovery in economic activities and, thereby, global growth would register an uptick with the help of monetary and fiscal stimulus, came the Russia-Ukraine conflict.

The conflict has polarised nations. Sanctions have been slapped on Russia; but Europe is constrained to trade with Russia given its dependence on Russian supply of natural gas. The industrial metals market too is impacted. Production of energy intensive metals like aluminium has taken a hit.

Russia and Ukraine are important suppliers of many primary and intermediate goods. Russia is a large exporter of crude oil, natural gas, pig-iron, palladium, nickel, enriched uranium and wheat. Also, Russia has a large share in global export of coal, platinum and refined aluminium.

Ukraine is a key exporter of wheat, maize, barley, pig iron and the largest in sunflower oil. Russia and Belarus are important suppliers of fertilisers (nitrogen, potash).

The Russia-Ukraine war has caused major disruption in supplies of energy, fertiliser, food and metals from the Black Sea region. Supply risks persist even now. Prices of several commodities propelled higher because of supply disruption, risk premium in market pricing and flow of speculative capital.

There is now a supply-demand mismatch in several key commodities leading to heightened levels of inflation in developed and emerging nations.

In recent months, governments and central bankers have begun to fight inflation (which in the US reached a 40-year high) by unwinding the stimulus packages and hiking interest rates.

Central bankers have faced the classic growth versus inflation dilemma; and more often than not, they have voted for inflation control. Concerned over rate hike by the Fed and other central bankers and adverse impact it exerts on economic growth and on emerging market currencies, the UN has warned that any further increase in policy rates may push the global economy towards recession.

On its part, China is slowing to multi-decade lows; but its growth will still be in the positive territory. India, too, will register a positive growth in 2022-23.

While the Russia-Ukraine conflict continues, the world is beset with major economic challenges including high inflation, high energy prices, sharply rising interest rates and unprecedented dollar strength. The dollar is now at a 20-year high while emerging market currencies have depreciated. A weaker currency makes imports so much more expensive.

To be sure, Europe is at the threshold of recession while the US is bracing for one sometime in 2023. We don't as yet know whether recession will be mild or severe. The timing is also unclear.

Global growth is widely expected to slow in 2023 and a little beyond. Growth slowdown will have consequences for global demand, trade and investment.

Source: thehindubusinessline.com - Nov 04, 2022

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Euro zone downturn deepens, points to winter recession

LONDON: The downturn in the euro zone economy has deepened as high inflation and fears of an intensifying energy crisis hit demand, adding to evidence the bloc is heading for a winter recession.

A closely-watched survey showed euro zone October business activity contracted at the fastest pace since late 2020. German industrial orders also slumped more than expected in September as foreign demand sank, putting Europe's largest economy on course for recession.

S&P Global's final composite Purchasing Managers' Index (PMI) for the euro zone, seen as a good guide to economic health, fell to a 23-month low of 47.3 in October from September's 48.1, albeit just above a preliminary 47.1 estimate.

Anything below 50 indicates contraction. "The final euro zone PMIs for October paint a clear picture of falling activity and sky-high inflation," said Jack Allen-Reynolds at Capital Economics. "While it does not yet point to the 0.5% q/q contraction that we have pencilled in for Q4, the new orders and future output PMIs suggest that worse is to come."

Asked what type of recession the euro zone would endure, 22 of 46 respondents in an October Reuters poll said it would be short and shallow while 15 said it would be long and shallow. Eight said it would be short and deep and only one said it would be long and deep.

In France, the bloc's second biggest economy, earlier data showed industrial output declined in September although its PMI indicated services sector growth slowed less than initially forecast in October.

Spanish services sector activity contracted for the second straight month in October, weighed down by high inflation again, its PMI showed.

INFLATION FAR ABOVE TARGET

Inflation in the 19 countries using the euro currency surged more than expected last month, reaching 10.7% and more than five times the European Central Bank's target. Consequently, the ECB is likely to press ahead with more interest rate rises, which will add to the burden faced by indebted consumers.

The ECB was the last among its peers to begin raising rates in this cycle, waiting until July. By year-end the deposit and refinancing rates were forecast to be at 2.00% and 2.50% respectively.

In contrast, the United States Federal Reserve, which began hiking in March, raised interest rates by three-quarters of a percentage point again on Wednesday in what has become the swiftest tightening of U.S. monetary policy in 40 years.

In the euro zone, high operating expenses due to energy, wage and transport costs pushed services firms to raise charges sharply again.

Its output prices PMI was 62.7, the fifth highest reading in the survey's 24-year history and just below September's 63.2.

With no end in sight to the Russia-Ukraine conflict, nearly 65% of 34 respondents in the October Reuters poll said the cost of living in the euro zone would worsen or worsen significantly.

Since Russia's invasion of Ukraine in February, energy costs have soared and with winter nearing several European governments have announced new measures to limit the increase in prices.

"The input and output price PMIs remain extremely strong. While they have fallen from their recent peaks, they are a very long way above their previous highs," Allen-Reynolds said.

"The upshot is that Europe looks set for a painful winter of weak activity and strong inflation."

Source: economictimes.com - Nov 05, 2022

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September Slowdown: Overstocked US Sees Apparel Imports Fall

With brands and retailers increasingly concerned about tepid demand and high inventories heading into the holiday homestretch, the pace of U.S. apparel imports continued to decline in September, according to new data released Thursday by the Commerce Department's Office of Textiles & Apparel (OTEXA).

Imports of apparel processed at U.S. ports of entry increased 16.89 percent year to date in September to 25.24 billion square meter equivalents (SME), down from the 20.58 percent gain in the first eight months of the year compared to the same period in 2021 and a 24 percent increase in the first half of the year.

Columbia Sportswear said last week that inventories increased 47 percent to $1.06 billion at the end of the third quarter compared to last year, citing late inventory receipts and slower consumer demand causing greater than anticipated order cancellations and higher inventory levels.

To align inventory levels more closely with anticipated demand, the company said it is adjusting inventory purchases and utilizing outlet stores to sell excess merchandise. Columbia said it expects inventory to remain elevated for the next several quarters, as it balances reducing inventory levels with maintaining profitability.

OTEXA data showed No. 1 supplier China's shipments were up 11.52 percent in the nine months to 8.91 billion SME. This compared to a 19.3 percent increase year to date through August.

Imports from Vietnam rose 18.84 percent in the nine-month period to 4 billion SME. This outpaced Vietnam's increase of 18.09 percent reported in the eight-month cycle. Imports from surging Bangladesh slowed slightly to a 33.95 percent hike to 2.5 billion SME, after rising 36.35 percent through August.

Rounding out the Top 10 Asian producers, India's shipments were up 33 percent to 1.24 billion SME, Cambodia's increased 24.16 percent to 1.13 billion SME and imports from Pakistan rose 13.2 percent to 732.6 million SME.

Imports from Western Hemisphere suppliers in the Top 10 were sluggish. Shipments from Honduras increased a year-to-date 10.42 percent in September to 719.55 million SME, while imports from Nicaragua rose 15.1 percent in the period to 513.76 million SME and goods arriving from Mexico were down 3.95 percent to 610.21 million SME.

Overall imports from the Western Hemisphere were up 4.3 percent in the period to 3.29 billion SME. Within that, imports from Central American Free Trade Agreement countries increased 6.91 percent to 2.21 billion SME.

Source: sourcingjournal.com - Nov 04, 2022

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Growth softens in ASEAN manufacturing after ending Q3 2022 strongly

Growth softened in manufacturing firms across the Association of Southeast Asian Nations (ASEAN) after ending the third quarter strongly this year, according to the latest S&P Global purchasing managers' index (PMI) survey data. At 51.6 in October, down from 53.5 in September, the headline PMI signalled the slowest improvement in operating conditions across the region since the current series of expansion began in October 2021.

A majority of the ASEAN member nations recorded an improvement across their manufacturing sector during October, with the exception of Myanmar and Malaysia.

Singapore remained the strongest performer for the eleventh successive month. However, adjusted for seasonality, the headline PMI fell to 56 in October. While the indicated expansion was sharp overall, it was also the weakest since March.

The Philippines moved up the ranking table, registering the second fastest growth of all seven nations. Despite the rate of expansion (52.6) easing marginally from September's three-month high, goods producers reported a modest improvement in the health of the manufacturing sector.

The latest upturn across Indonesian manufacturers also lost momentum during the latest survey period (51.8). Similarly, Thai manufacturers registered a slower upturn than in September.

Growth was sluggish across Vietnam's manufacturing sector (50.6). The latest rise ticked down from September to the slowest in the present 13-month series of expansion, S&P Global said in a release.

Malaysia and Myanmar reported contractions for the second and sixth consecutive months respectively. Malaysian manufacturers saw a quicker downturn during October (48.7). Adjusted for seasonality, the headline PMI for Myanmar increased from September's recent low, but continued to signal a strong deterioration across the sector (45.7).

Production levels rose sharply—albeit to a lesser extent—across ASEAN manufacturing firms during October amid evidence of improved demand conditions.

The slower rise in acquisitions of raw materials and semi-finished goods impacted inventory levels. Stocks of pre-production inventories contracted for the first time in four months, having a negative impact on the headline PMI.

A renewed fall in the level of unfinished work was registered across the ASEAN manufacturing sector in October, indicating spare capacity. Backlogs have now fallen in three of the past four survey periods.

Shipping delays, port congestion and material shortages continued to add pressure on supply chains.

Source: fibre2fashion.com - Nov 04, 2022

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Australia expects large cotton crop despite floods

The Australian cotton industry is still expecting a large cotton crop despite persistent rain which has delayed picking and planting.

Only two years after a severe drought, cotton farmers celebrated good water availability resulting in a record crop of 5.5 million bales last season. However the rain has persisted. Every inland river catchment is either full or flooded with 99 active warnings and nine major flood warnings in place.

Farmers have suffered loss and damage due to the floods but at this stage the major damage appears to be to winter crops like wheat and barley. The northern half of NSW has a wider planting window and that means growers have till the later half of November to get their crops in and maintain a healthy yield for the coming season.

They can achieve that if the rain holds off long enough to get out on their fields and get their crops in the ground. But in the Macquarie Valley south to the Victorian border the planting window closes earlier and yields decrease the later crops are planted in the region. Overall at this stage a ten per cent reduction on crop forecasts for 2023 is expected , and with about a third of that crop forward sold, expectations are for a strong ongoing global demand for the cotton.

Source: fashionatingworld.com - Nov 04, 2022

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Portugal textile exports up 16 per cent

Exports of textile products from Portugal are 16 percent higher than they were the previous year.

Shaken in the last 20 years by competition from Asia, Portugal's textile industry has found its footing again and become a major player, supplying firms not just in Europe but also in the United States.

The industry has benefited from its flexibility and inexpensive labour along with a spirit of innovation focused on limiting damage to the environment. The textile industry's advantages are reactivity and the capacity to adapt. Firms have the ability to use new techniques for sustainable output without compromising on aesthetics.

There is also increased demand from firms in Germany and Italy as well as in the United States. Portugal has the advantage of a workforce that remains competitive by offering quality products at reasonable prices. Portugal's textile sector has made a dramatic comeback. The sector has resumed hiring.

Following the pandemic, which led to delays in deliveries, the industry prefers to use supply chains that are closer to home. Companies have understood that they need to find solutions and partners to reconcile sustainable development with competitiveness. However, the sharp gas and electricity price increases caused by the war in Ukraine penalise a sector heavily dependent on energy.

Source: fashionatingworld.com - Nov 04, 2022

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Tremors of upcoming recession in Western world felt across global textile sector

Worldwide, the textile sector is bracing itself for a challenging time ahead. Whilst industry pundits are assuring that is a short term challenge, the repercussions of the impending recession in the Western world are beginning to hurt nations that rely on textile export for revenue and employment.

The pandemic and the Russo-Ukraine crises have disrupted supply chains, seen raw material prices soar and demands drop. Now, Western consumers are tightening their belts, prioritizing for food and energy and apparel then becomes a distant priority.

Bangladesh a case in point

Small and fragile economies are struggling in this new scenario and Bangladesh is a good case study. Readymade garments and textiles are lead export items and the local textile industry is stressed.

Global recession and inflation means drastic drop in demand for clothes; it also affects affordability of raw material, current trade policies unfavorable towards its industry and internal security concerns is playing havoc.

Around the world millions of textile and garment workers have been affected with manufacturers either operating at lower capacity or just closing their units down.

Predictions state that loss of jobs within one of the largest sectors will be followed by increase in local crime. There is optimism that this crisis is a short-term one and recovery could start as early as the third quarter of 2023 but Bangladesh has major challenges in restoring normalcy.

A silver lining is global home textiles is growing at an annual rate of 3.51 per cent and this growth is expected to continue up until 2025 – Bangladesh is now considering diversifying into this segment to help raise its sinking sector.

India, Pakistan face similar challenges

In India, textile exports face challenges like its neighbors due to a decrease in demand from traditional buyers in the West and China. However, India enjoys a comparative advantage in terms of skilled manpower and in cost of production, relative to major textile producing countries. There was an expectation that India would be able to seize the opportunity when China shed its textile exports but unfortunately, India missed the bus as Bangladesh and Vietnam were quicker to respond.

The Indian government has been proactively encouraging growth in this sector with many beneficial policies. It allows for 100 per cent FDI in the textile sector and introduced production-linked incentives schemes worth $1.44 billion for manmade fiber and technical textiles over a five-year period.

Since Pakistani textiles are mainly exported to China, US, Germany and Spain, it is beginning to feel the backlash of the high inflation and the impending recession about to hit Western importers. Meanwhile China has also steadily declined importing textiles from Pakistan. To add to its woes, domestic production of raw material like cotton has been decreasing and the lack of US dollar reserves makes it difficult for manufacturers to import cotton.

More than 100 mills across Pakistan have shut operations as the sector faces an existential crisis. Additionally, small businesses are finding it extremely hard to get credit and the high premium for securing credit is raising operational costs significantly. Due to the huge devaluation of its national currency, Pakistan is unable to import modern machinery for the sector to diversify towards home and smart textiles.

Overall, governments and manufacturers are coming together to find solutions to ride out this crisis as it involves valuable dollar earning and employment. With many innovative solutions being worked on and the hope 2024 will see the end of the recession about to hit the West, things will hopefully recover, albeit slowly.

Source: fashionatingworld.com - Nov 04, 2022

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Cambodia- RCEP trade up 11 per cent

In the first nine months of 2022, Cambodia's trade with Regional Comprehensive Economic Partnership (RCEP) member countries was up 11 percent from the same period last year.

Cambodia's exports to RCEP member countries were up six percent while its imports from RCEP member countries were up 12 percent. Cambodia's top five trading partners under the RCEP are China, Vietnam, Thailand, Singapore and Japan. The RCEP is a key instrument to boost economic recovery in Cambodia and in the region.

This regional mega-trade deal is very beneficial to Cambodia as it has provided the country bigger market access with tariff concessions. For the long term, it will be a main driving force for Cambodia's economic growth.

The Regional Comprehensive Economic Partnership is the world's largest free trade agreement and is set to eliminate 92 percent of tariffs on goods traded among its 15 members. The garment, footwear and travel goods industry is the largest foreign exchange earner for Cambodia, accounting for nearly 60 percent of the country's total export value.

The growth can be attributed to the full resumption of socio-economic activities in the country, trade preferences, and rising global demand as the global Covid pandemic has waned.

Source: fashionatingworld.com - Nov 04, 2022

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Vietnam's manufacturing PMI in Oct 2022 lowest in past 13 months: S&P

Although business conditions in the Vietnamese manufacturing sector continued to improve at the start of the fourth quarter, there were signs of a slowdown amid weaker new order growth. The country's manufacturing Purchasing Managers' Index (PMI) dropped to 50.6 in October 2022 from 52.5 in September 2022 as per an S&P report. New business increased to the least extent in over a year, leading to softer rises in output, employment, and purchasing activity.

Meanwhile, cost pressures remained muted, with firms also raising their selling prices only slightly. Although remaining above the 50.0 no-change mark and thus signalling an overall strengthening of operating conditions during the month, the latest reading was the lowest in the current 13-month sequence of improvement.

Central to the overall growth moderation in October was a softer increase in new orders. Total new business was up only slightly, and to the least extent since the current expansionary period began in October 2021. Where new orders increased, this was linked to stronger demand, competitive pricing, and the securing of new customers. There were signs of demand waning, however, including with regards to exports which also increased at a softer pace.

Manufacturers continued to expand production at the start of the final quarter of the year in response to further improvements in new orders. That said, in line with the trend in new business and amid signs of demand softening, the rate of expansion eased and was at a three-month low. Rises in output were seen across consumer, intermediate, and investment goods producers.

Softer increases in output and new orders were reflected in weaker growth of purchasing activity and employment in October 2022. Input buying rose to the least marked extent in seven months, while the pace of job creation was the slowest since July. Staffing levels were still up solidly over the month, however, contributing to a reduction in backlogs of work as softer new order growth meant a lack of pressure on capacity.

Stocks of both purchases and finished goods decreased in October, reversing the increases seen in the previous survey period. The decline in pre-production inventories was in fact the most marked in 16 months amid softer growth of new orders and purchasing, while stocks of finished goods were often depleted due to a slower expansion of production.

The rate of input cost inflation ticked higher, but remained relatively modest and much softer than seen earlier in the year. Those respondents that saw input prices rise linked this to higher costs for oil, gas, raw materials, and transportation.

Output price inflation also remained muted, and actually softened slightly from September. For the third successive month, suppliers' delivery times shortened marginally in October, representing a continued stabilisation of supply chains following a sustained period of disruption. Softer growth of input buying reportedly reduced pressure on suppliers, although there were still some incidents of delays caused by material shortages and transportation issues, S&P said.

Although expected improvements in new orders and a lack of COVID-19 disruption meant that manufacturers remained optimistic that output will rise over the year ahead, confidence dropped to a 13-month low amid some concerns around signs of waning demand.

"October PMI data provides us with the first signs that weakness in the global economy is starting to impact on growth at Vietnamese manufacturers, with both new orders and exports increasing at the weakest rates in 13 months.

Worries around demand conditions also hit business confidence. That said, continued expansions in output and employment alongside muted price and supply pressures may help the sector remain in growth territory as the end of the year approaches," said Andrew Harker, economics director at S&P Global Market Intelligence.

Source: fibre2fashion.com - Nov 05, 2022

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EU parliament to review Pakistan's GSP+ status

The Ambassador of Belgium, Charles Delogne, on Friday said that the European Union (EU) parliament will be determining new regulations under the 10-year Generalised System of Preferences (GSP+) scheme which is likely to affect the duty-free access for textiles, clothing and leather items currently being exported from Pakistan.

The GSP+ scheme, which is set to expire on December 31, 2023, allows Pakistan to export GSP-eligible products across the EU under preferential tariffs (i.e., reduced or zero import duties). After its expiration, a modified 10-year scheme will apply.

During his visit to the Karachi Chamber of Commerce and Industry (KCCI), the envoy said, "Of course, this change has implications in the field of human rights and the EU will probably be more demanding and would also like to see progress in the environment policy."

The ambassador, who was accompanied by Political Advisor Sylvain Vanrie and Trade Commissioner Abid Hussain, stated that GSP+ was more than a Free Trade Agreement (FTA) and that the EU only signs such agreements with countries perceived as likeminded on a certain number of issues, including human rights and the environment etc.

"The idea is to not only have free trade but to also promote societal values," he said, adding that, because of GSP+, the EU was by far Pakistan's main partner in trade with overall trade of around €7 billion per annum, which was very impressive.

Commenting on trade between Belgium and Pakistan, the envoy said that last year, trade turnover between the two countries stood at €1.4 billion, which was balanced and a positive trend continued until July 2022. "While we don't know what the impact of the floods in Pakistan will have for certain, it is likely to be negative. We hope the impact remains limited as it is very important that the upward trend continues and trade turnover remains balanced," he added.

As a small country, foreign trade is vital for Belgium. "Our only business is to import goods, transform them by adding maximum value and then to export them. That is why foreign trade and free trade are vital for Belgium," he maintained.

The Employers Federation of Pakistan (EFP) President, Ismail Suttar, was of the view that Pakistan must maintain its values while managing favourable relations with its trading partners in the EU.

"It is in Pakistan's interest to take the protection of human rights seriously. The approach will also improve our standing in the world community," said Mukhtar Ahmad Ali, CEO of the Centre for Peace and Development Initiatives (CPDI).

Meanwhile, a delegation of the EU Parliamentary Union met with the FPCCI President Irfan Iqbal Sheikh and expressed an interest in importing textile and pharmaceutical products from Pakistan.

Currently, about 90% of India's pharmaceutical products were exported to the EU. However, the Union is inviting other countries to export their pharmaceutical products as well, the delegation said.

Source: tribune.com.pk - Nov 05, 2022

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Pakistan: Cotton production may plunge to four-decade low

Output slumped 41% to a mere 3.7 million bales in the outgoing season

The Pakistan Cotton Ginners Association (PCGA) reported that in contrast, around this time last year, output stood at 6.26 million bales.

Speaking to the Express Tribune, the former chairman of PCGA, Jassu Mal Leemani said, “We estimate the total cotton output to be around four million bales this year. The current production season ends this month (November).”

According to PCGA, the weight of one cotton bale stands, on an average, at 155 kilograms.

Historical data reveals that the last time Pakistan recorded less than four million bales of cotton production was back in 1983.

The heavy rainfall witnessed by the country in monsoon, followed by flash floods, have damaged a significant portion of standing crop in the fields, mostly in the province of Sindh.

“The demand for cotton from textile mills stood at around 12 million bales this year, meaning they will have to overcome a shortfall of around eight million bales through imports,” noted Leemani.

“Demand for the commodity has dropped by 20% to 12 million bales this year, as compared to 15 million bales last year. The 40-year high inflation in the West, and a fear of recession, resulted in demand for Pakistan-made textiles dropping with textile manufacturers reporting a drop in exports. The US and EU are the two largest textile markets for Pakistan,” he explained.

Before the floods, Pakistan was estimated to produce over seven million bales in the current season. Textiles remain the single largest export earning sector, earning 60% of the country’s total exports. The Pakistan Bureau of Statistics (PBS) reported that the country’s textile exports improved by 3.68% to reach $4.58 billion in the first three months (July-September) of the current fiscal year 2023, as compared to $4.42 billion in the same period last year.

According to PBS data, the import of cotton has increased by 11% to around $380 million in the first three months of the current fiscal year, as compared to $343 million in the same period last year. Import of the commodity in volumetric terms, however, dropped by 14% to 143,166 metric tonnes in the three months under review, as compared to 166,524 metric tonnes in the same period last year.

The breakdown of the latest PCGA data suggests that cotton production in the province of Sindh suffered tremendously, where output dropped by 51% to 1.64 million bales this year, as compared to 3.32 million bales this time last year.

Source: tribune.com.pk - Nov 04, 2022

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NATIONAL NEWS

Commerce Minister calls for enhancing bilateral trade and deepening cultural relations between India and Kyrgyz Republic

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today called for enhancing bilateral trade and deepening cultural relations between India and Kyrgyz Republic.

He was addressing the 10th Session of the India-Kyrgyz Republic Inter-Governmental Commission on Trade, Economic, Scientific and Technological Cooperation (IKIGC).

The 10th session of IKIGC was held in a virtual format. It was co-Chaired by Shri Piyush Goyal and Mr. Imanov Talantbek Oruskulovich, Minister of Digital Development of the Kyrgyz Republic. The talks were held in a warm and friendly atmosphere.

Shri Goyal noted that India and Kyrgyz Republic shared warm and friendly ties. He said that India was among the first Nations to establish diplomatic relationship with Kyrgyz Republic in March 1992 and observed that 2022 marked the 30th anniversary of diplomatic relationships between the two nations.

The Minister said that the visit of Prime Minister Shri Narendra Modi to the Kyrgyz Republic in June 2019 had raised the relationship between two nations to the level of strategic partnership. The Minister pointed out that there was immense potential for expansion of bilateral trade between India and Kyrgyzstan.

He said that India was very enthusiastic about participating in trade shows and exhibitions in Kyrgyztan and invited Kyrgyztan to take part in trade expos in India.

Both sides discussed mutual cooperation and steps to further enhance them in the fields of Trade & Economy, Development Partnership, Investment, Digitalization, Intellectual Property, Agriculture, Healthcare & Pharmaceuticals, Textiles, Education, Environment, Standardization &

Metrology, Banking, Transport, Labour, Mining and Power sectors. Emphasis was given to increase the bilateral trade and investment opportunities. The sides agreed to take necessary measures to increase the interaction of exporters and importers of the two countries and expand the trading basket.

A Protocol of the 10th session of the IKIGC was signed between India and the Kyrgyz Republic. Both the sides agreed to hold the 11th session of the IKIGC on a mutually convenient date.

Source: pib.gov.in- Nov 04, 2022

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Ninth Round of India-ROK CEPA Up-Gradation Negotiation held in Seoul

The 9th round of India-Republic of Korea (ROK) Comprehensive Economic Partnership Agreement (CEPA) up-gradation negotiation was held in Seoul from November 3-4, 2022.

The two sides underlined the need to have negotiations, which are based on win-win approach, are forward looking and outcome oriented. Both sides shared the hope that the CEPA upgradation negotiations would play an important role in strengthening and deepening economic cooperation between both countries. Sub Groups on Trade in Goods, Services, Rules of Origin, Investment, SPS/TBT issues held in-depth discussions.

India raised serious concerns on the growing trade deficit between the two countries and discussed market access issues. Both sides agreed to work closely to address tariff and non-tariff barriers and deepen the relationship in the services sector.

They also shared a common view that both sides should make utmost efforts to expedite negotiations in order to reach a mutually beneficial and satisfactory outcome during 2023, while taking note of the importance of the upcoming 50th anniversary of diplomatic relations between the two countries.

The Chief Negotiators also shared the view that both sides should promote conducive trade environment to enable both sides to fully utilize benefits under the CEPA. It was agreed that the 10th round of CEPA upgradation negotiations will be hosted by India in early 2023.

The Indian delegation was led by Chief Negotiator Mr. Anant Swarup, Joint Secretary, Department of Commerce, Government of India, while the Korean side was led by their Chief Negotiator Mr. Yang Ghi-Wuk, Director General, Ministry of Trade, Industry and Energy (MOTIE), Government of the Republic of Korea.

Source: pib.gov.in- Nov 04, 2022

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Encourage startups and young scientists in the niche areas like Technical Textiles: Union Minister Piyush Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal said we must encourage startups and young scientists in the niche areas like Technical Textiles. He said this during a review meeting of Textile Research Associations (TRA) on 3rd November 2022in New Delhi.

Shri Piyush Goyal asked Textile Research Associations (TRA)to submit proposals to the Ministry for any support they require to reach world class levelsofrobust state-of-the-art labs, modern machinery, amongst others. The Ministeradded that the Bureau of Indian Standards could provide necessary support in modernizing the labs of TRAs.

In consonance with the vision to foster innovation and drive science-centric sustainable growth, Shri Piyush Goyal suggested to create a special fund to increase the number of scientists in TRAs.

Minister pointed out the need to assess the projects till their last mile success and added that the projects may be sanctioned accordingly to make them commercially viable.He noted that for medical textiles the research is incomplete without the clinical trials. Therefore,costs associated with clinical trials may also be taken into account while recommending future projects in Technical Textiles.

He directed the officials to Fastrack the clearance of patents filed by Government related bodies, in a time bound manner.

Shri Goyal asked to explore the possibilities of merging TRAs or fostering partnership among TRAs engaged in similar kind of research in order to bring synergy among these bodies. He also instructed that the quarterly engagement of TRAs with the Ministry be institutionalized.

The review meeting under the Chairmanship of Union Minister Shri Piyush Goyal was attended by Dr VK Saraswat, Member (Science and Technology), NITI Aayog, Prof. Ajay K. Sood, Principal Scientific Adviser (PSA) to the Government of India and representative of 8 TRAs (affiliated bodies under the Ministry of Textile), namely, Ahmedabad Textile Industry's Research Association (ATIRA) Ahmedabad, The Bombay

Textile Research Association (BTRA) Mumbai, Man-Made Textiles Research Association (MANTRA) Surat, Northern India Textile Research Association (NITRA) Ghaziabad, Synthetic & Art Silk Mills Research Association (SASMIRA) Mumbai, South India Textile Research Association (SITRA) Coimbatore,Wool Research Association (WRA), Thane, and Indian Jute Industries' Research Association (IJIRA) Kolkata.

Dr V K Saraswat, Member (Science and Technology), NITI Aayog, said that TRAs need to work ontaking their research at commercially viable level and bring the final product to the market. He highlighted that the focus is required on reducing the imports of important products and increase their indigenous production.

Prof Ajay K. Sood, Principal Scientific Adviser (PSA) to the Government of India, highlighted the importance of having incubation centers in TRAs.He emphasized on the need to research on HEPA Filters, which has a huge potential in future.

He also asked TRAs to identify the products which are mainly imported and urged them to direct their research activities to these products in order to achieve self-sustainability.

During the review meeting, presentations were made by the TRAs, highlighting their performance over the last decade which including their research projects, patents status, machinery and equipment statistics and strategies for future.

Source: pib.gov.in- Nov 04, 2022

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FTA with India to be expedited in next few months: British envoy

India and the United Kingdom are set up for the final ascent on signing a Free Trade Agreement (FTA) and expediting the pact in the next few months is one of the main aims of the two sides, British High Commissioner to India Alex Ellis said on Friday.

He said the two sides have got through the majority of the negotiations, but there are tough issues like the security of investments of British companies where some in the past had found difficulty in regard to the now-scrapped retrospective tax, in an apparent reference to the long-drawn Vodafone case. On extradition to India of economic fugitives like Vijay Mallya and Nirav Modi, Ellis said it is no longer a government matter. The British Home Secretary had signed the extradition of businessman Mallya over three years ago and it is the issue that now lies with the court, he said.

The wheels of justice turn slowly, but they do turn, he said at the India Today Conclave here Mallya, accused of cheating and fraud in India, has been declared a proclaimed offender by a Mumbai court. India and Britain launched negotiations for a free trade agreement (FTA) in January with an aim to conclude talks by Diwali (October-end), but the deadline was missed due to a lack of consensus on several issues. Ellis drew a parallel to the signing of the FTA to long climb up a mountain.

We have walked up the valley. We have now got up to the base camp. And now what we have to do a short and steep ascent. That's tough and it requires trust on both sides. We got to adapt. We have got through the majority of the negotiations already and now we are set up for the final ascent, said the High Commissioner.

The long-pending FTA issue was also discussed during an interaction between Prime Minister Narendra Modi and his UK counterpart Rishi Sunak, who took charge of his new responsibility late last month. So I think there will be a push and when the two prime ministers spoke last week, almost immediately after Rishi Sunak became Prime Minister, they agreed this is one of the main aims for the next few months, Ellis said in response to a question on by when he thinks the negotiations will be completed and the agreement signed.

Stressing that FTA will deliver growth and jobs in both the countries, he said any trade agreement comes down to balance and added the UK wants access to the goods market in India which has high tariffs. India, too, would also like to access the UK market, said the British envoy. The High Commissioner said India nationals topped visas for students, overtaking China this year, and 45 per cent of skilled workers coming into his country on a visa were from India.

On Russia's invasion of Ukraine, which has entered its ninth month, Ellis termed it as unjustified and said it is a matter that affects the entire world. High prices of fertilisers, oil and energy are affecting every country, he said. The British envoy said NATO (North Atlantic Treaty Organization) countries are allowing Ukraine to defend itself from territorial aggression, "a military invasion that is unjustified, unwarranted and deeply harmful to everybody".

Source: business-standard.com- Nov 04, 2022

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Commerce ministry to release exports, imports data once every month

The commerce ministry has decided to resume the practice of releasing monthly exports and imports data only once in a month with a view to providing a clear picture of the country's trade, an official said.

Since October 2020, the ministry was releasing the data twice every month -- the preliminary data in the first week and then the revised numbers by the middle of the month.

The decision assumes significance as stark contrast between the preliminary and final export growth rate numbers was witnessed in the data for the month of September this year.

According to the preliminary data, released on October 3, the merchandise exports contracted by 3.5 per cent in September to USD 32.62 billion. However, the final data released on October 14 showed a growth of about 5 per cent to USD 35.45 billion.

Some variations in export growth rate figures were seen in the previous months as well.

For example, preliminary data released on September 3 showed a decline of 1.15 per cent to USD 33 billion for exports in August. It was revised to 1.62 per cent at USD 33.92 billion on September 14.

Similarly, the commerce ministry's preliminary data showed a dip of 0.76 per cent to USD 35.24 billion for exports in July, which was revised to 2.14 per cent growth at USD 36.27 billion.

"Now monthly data will be released once in a month only. The data for October 2022 will be released by middle of this month," the official said.

Earlier, a senior government official had stated that delay in collection of data from some special economic zones (SEZs) and ports was the major reason for the stark contrast in the preliminary and final export growth rate numbers released by the Centre for September.

Commenting on the decision, Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said there were variations in the preliminary and final figures and "I think it is a good practice to come up with the data when the complete information is there.

Source: business-standard.com- Nov 04, 2022

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Plunging Indian rupee forward premiums spur importers to hedge longer

The fall in the Indian rupee's forward premiums to the lowest level in more than a decade is prompting importers to hedge beyond the near term, analysts said on Friday.

The USD/INR forward premiums have tumbled this year, fuelled by a jump in Treasury yields. U.S. yields have surged in the wake of aggressive rate hikes by the Federal Reserve.

The Reserve Bank of India's forward dollar sales aimed at managing the rupee's volatility without impacting liquidity have further amplified the pressure on the currency's premiums. The 1-year USD/INR implied has fallen to near 2.25%, hovering near its lowest level since 2011.

"Given the fact that the premiums have come down as much as they have, we see that some of our importer clients are more willing to elongate the hedges," a manager at a leading private sector bank said. "Its just that the lower cost of hedging has made importers open to the idea of covering beyond the usual one to two month tenors."

Considering that high rupee volatility and the fall in the cost of hedging, there is "definitely" less reluctance to hedge beyond the near months, Dipti Chitale, senior vice president - risk management advisory at Mecklai Financial, said.

"Importers are covering five to six months forward, which is a change from the past when they would do a maximum of two months." For exporters, the story is the exact opposite, Chitale said, adding that they are now looking at only short-term hedges.

The inverted rupee forward yield was "an added encouragement" to look for longer term hedges, a trader at a separate private bank said.

Rupee short term forward yields are currently higher than long term yields.

Source: economictimes.indiatimes.com- Nov 04, 2022

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Giving a thrust: Exports to account for 48% of nine PLI schemes

Exports will account for 48 cent of the sales value committed by companies — Rs 28.9 trillion — across nine Production Linked Incentive (PLI) schemes spanning various sectors, based on their commitments to the government.

Morgan Stanley's data, derived from government figures, estimates that total exports at the end of the scheme for seven out of the nine PLIs will be to the tune of Rs 13.9 trillion.

The share of exports is expected to be far higher as the government has not given out the incremental export commitments, if any, of the PLI's in textiles, auto and auto components which are key export commodities.

While there are currently 13 PLIs in various sectors, in many of them, such as advanced chemistry cell batteries, solar PV modules or medical devices, the focus is on saving foreign exchange and reducing India's dependence on imports. There is no export commitment.

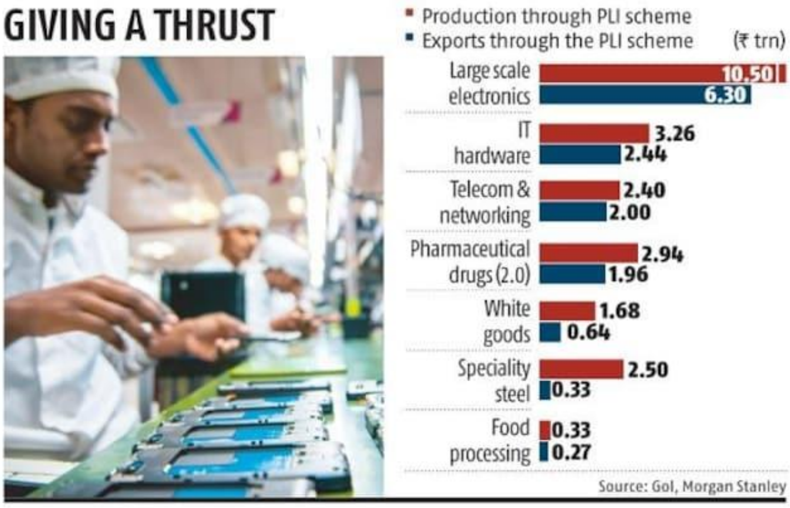
In semi-conductors, the final eligible players and their total production plans are still at the decision stage.

Even here, India is expected to export some of the wafers through buy back arrangements.

A bulk of the exports will come from the PLI for largescale electronic manufacturing which is dominated by mobile devices. The data indicates that they will account for 45 per cent share of the total exports committed under the various PLI schemes.

Mobile device players which include Apple and Samsung have committed to contribute 60 per cent of their production value to exports.

The other three key sectors where exports will play an important role include telecom and network products, pharmaceuticals and drugs, and IT products which will collectively account for 45 per cent of total exports under PLI.



However, the PLI scheme failed to really take off in IT products. Most players did not get the incentive because they failed to meet the investment and production value conditions. The PLI is now being reworked on lines similar to that for mobile devices since many global players have shown an interest in shifting some of their capacity from China to India.

Making India into a global hub for many manufacturing products has been one of the key aims of the government's PLI schemes which offer incentives to companies on the basis of their production value and range from 4-6 per cent on an average, depending on the sector.

The move to push merchandising and especially manufacturing exports by the government is not without reason: except for textiles (number 3) and clothing (number 7), India is not in the top ten exporters in any other segment.

Morgan Stanley Research based on WTO data of 2019 says that India is ranked 16 in manufacturing exports and ranked 18th in the pecking order with a global share of only 1.8 per cent while China is ranked 2 with a share of 18.2 per cent. Even Mexico is better with 2.8 per cent. In iron and steel — for which a PLI has been launched — India is ranked 12, with a 2.9 per cent global share.

Source: business-standard.com- Nov 04, 2022

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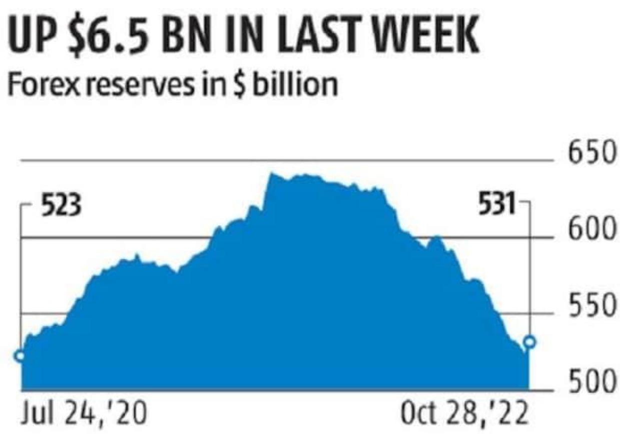
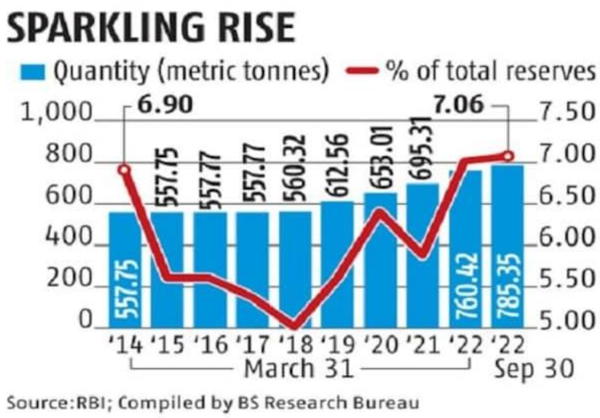
India's foreign exchange reserves jump $6.5 billion to $531 billion





India's foreign exchange reserves increased $6.5 billion for the week ended October 28 to $531 billion, latest data released by the Reserve Bank of India (RBI) showed. The rupee appreciated 0.25 per cent against the dollar during that week.

The increase in reserves is mainly due to a rise in foreign currency assets that went up by $5.7 billion during the week.

Following RBI's aggressive intervention in the foreign exchange market as the rupee came under pressure since the war in Europe, the reserves fell by around $75 billion in the current financial year.

Source: business-standard.com- Nov 04, 2022

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High cotton prices boost yarn trade in south India

Prices of most of the varieties and counts of cotton yarn remained steady today in the South Indian region, with demand improving in Tiruppur and Mumbai. Few counts were quoted higher due to improved buying. Traders said that the recent rise in ICE cotton encouraged buyers in the entire value chain. However, consumers' buying has not picked up yet.

Traders in Mumbai felt that buyers were buying actively but they were cautious due to a lack of confidence. Millers have a huge stock of cotton yarn and there is no hope for price rise for now. "Only 10-20 per cent buyers were active. They are buying from their pocket. Payment from downstream industry is a real issue for the entire industry. Nobody knows when the demand will pick up," a trader from Mumbai market told Fibre2Fashion.

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,620-1,650 and ₹1,550-1,570 per 5 kg (GST extra) respectively. 60 combed warp was priced at ₹350-355 per kg. 80 carded (weft) cotton yarn was sold at ₹1,450-1,480 per 4.5 kg. 44/46 count carded cotton yarn (warp) was priced at ₹300-307 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹290-295 per kg and 40/41 count combed yarn (warp) was priced at ₹312-315 per kg, according to Fibre2Fashion's market insight tool TexPro.

In the Tiruppur market, cotton yarn prices remained stable, but demand improved due to an increase in cotton prices. The entire value chain was active as the demand improved in the last couple of days. A trader from Tiruppur told Fibre2Fashion, "Price rise in ICE cotton supported domestic prices. Higher cotton prices encouraged buyers in the value chain, who were keen to buy yarn and fabric as well. However, end users' buying has not picked up yet. So, we must review the situation every week. Also, demand cannot be predicted for the next week."

Today, 30 count combed cotton yarn was traded at ₹305-310 per kg (GST extra), 34 count combed at ₹315-320 per kg and 40 count combed at ₹320-325 per kg in the Tiruppur market. Cotton yarn of 30 count carded was sold at ₹275-280 per kg, 34 count carded at ₹282-285 per kg and 40 count carded at ₹292-295 per kg, as per TexPro.

In Gujarat, cotton prices strengthened by ₹1,000 per candy of 356 kg due to an increase in ICE. According to market sources, mills were interested in buying. They are ready to pay higher amounts as they see an upside trend in the natural fibre. Cotton prices were at ₹64,500 to ₹65,000 per candy in Gujarat. Seed cotton was traded at ₹1,800-1,900 per maund of 20 kg while seed at ₹4,000 per quintal. Total arrival was estimated at 16,000-17,000 bales of 170 kg in Gujarat mandis.

Source: fibre2fashion.com - Nov 04, 2022

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