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INTERNATIONAL NEWS

USA: Apparel Bucks First Production Falloff Since May 2020

Economic activity in the U.S. manufacturing sector contracted in November for the first time since May 2020, after 29 consecutive months of growth, the nation's supply executives said in the latest Manufacturing Institute of Supply Management (ISM) "Report On Business."

"The November Manufacturing PMI (Purchasing Managers' Index) registered 49 percent, 1.2 percentage points lower than the 50.2 percent recorded in October," Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee.

Six manufacturing industries reported growth in November, led by apparel, leather and allied products, while among the 12 industries reporting contraction were textile mills, and furniture and related products.

"The past relationship between the Manufacturing PMI and the overall economy indicates that the Manufacturing PMI for November corresponds to a 0.1 percent increase in real gross domestic product (GDP) on an annualized basis," says Fiore. "The U.S. manufacturing sector dipped into contraction, with the Manufacturing PMI at its lowest level since the coronavirus pandemic recovery began. With Business Survey Committee panelists reporting softening new order rates over the previous six months, the November composite index reading reflects companies' preparing for future lower output."

ISM's New Orders Index contracted for the third consecutive month in November, registering 47.2 percent, a decrease of 2 percent compared to October. A New Orders Index above 52.9 percent usually coincides with an increase in the Census Bureau's series on manufacturing orders.

Of the 18 manufacturing industries, only one reported growth in new orders in November–apparel, leather and allied products, while 14 industries reported a decline.

The Production Index registered 51.5 percent in November, down 0.8 percent from October, but indicating growth for the 30th consecutive month.

The ISM Prices Index declined 3.6 percent in November to 43 percent, indicating raw materials prices decreased for the second time in 29 months. This was the index's lowest level since a reading of 40.8 percent in May 2020.

Over the past eight months, the index has decreased 44.1 percent, including a combined 26 percent plunge in July and August. A Prices Index above 52.6 percent generally coincides with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

"Price declines continue to be driven by relaxation in energy markets, copper, steel, aluminum, plastics and corrugate, as well as volatility in freight costs," Fiore said. "Notably, 87 percent of respondents reported paying the same or lower prices in November, compared to 80 percent in October."

The 10 industries reporting paying decreased prices for raw materials in November were topped by textile mills and included furniture and related products. Seven industries, including apparel, leather and allied products, reported no change in prices for the month.

ISM's Employment Index registered 48.4 percent in November, 1.6 percent lower than October. An Employment Index above 50.5 percent is usually consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

"Labor management sentiment continued to shift, with a number of panelists' companies reducing employment levels through hiring freezes, attrition and now layoffs," Fiore said. "In November, layoffs were mentioned in 14 percent of employment comments, up from 6 percent in October. Turnover rates remained consistent, with 30 percent of comments citing backfill and retirement issues, generally the same rate since September. For those companies expanding their workforces, comments continue to support an improving hiring environment."

Apparel, leather and allied products led the list of seven of the 18 manufacturing industries reporting employment growth in November. The five industries reporting a decrease in employment in November were topped by textile mills, while furniture and related products were among the six industries reporting no change in employment month to month.

The delivery performance of suppliers to manufacturing organizations was faster for a second straight month in November, as the Supplier Deliveries Index registered 47.2 percent, 0.4 percent higher than October. Prior to October, the last reading under 50 percent was in February 2016. It was also the first time the index has spent consecutive months in “faster” territory since October-December 2015.

Six of 18 manufacturing industries reported slower supplier deliveries in November, topped by apparel, leather and allied products and textile mills. The 11 industries reporting faster supplier deliveries in November compared to October included furniture and related products.

The Inventories Index registered 50.9 percent in November, 1.6 percent below October. The index recorded its lowest level since July 2021, when it registered 49.1 percent. An Inventories Index greater than 44.4 percent, is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories.

“Panelists’ companies continue their efforts to reduce their total supply chain inventories, indicated by the contraction in new orders, slow expansion in manufacturing inventories and the ‘just right’ level of customers’ inventories,” said Fiore.

Of 18 manufacturing industries, the eight reporting contracting inventories in November included textile mills, and apparel, leather and allied products.

ISM’s Customers’ Inventories Index registered 48.7 percent in November, up 7.1 percent from October. The index recorded its highest level since April 2020, and led Fiore to conclude “the current index level is no longer providing positive support to future manufacturing expansion.”

Six industries reported customers’ inventories as too high in November, led by textile mills.

ISM's Backlog of Orders Index registered 40 percent in November, a 5.3 percent decrease compared to October, indicating order backlogs contracted for the second consecutive month after a 27-month period of expansion

Only two industries reported growth in order backlogs in November– apparel, leather and allied products, and machinery. Twelve industries reported lower backlogs in November, including textile mills and furniture and related products.

ISM's New Export Orders Index rose 1.9 percent to 48.4 percent in November.

"Weakness in European economies and China's economic sluggishness, as well as the strong dollar, continued to constrain new export order activity and negatively impact new order rates," Fiore said.

Apparel, textiles and furniture were among the 10 industries reporting no change in new export orders for the month.

ISM's Imports Index fell 4.2 percent to 46.6 percent in November. The four industries reporting growth in imports in November were led by apparel, leather and allied product.

"The index moved into contraction in November after five months of expansion, dropping to its lowest level since May 2020," Fiore added.

Source: sourcingjournal.com- Dec 02, 2022

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USA: Why a Global Business Identifier Could 'Modernize' Trade

U.S. Customs and Border Protection (CBP) will be collaborating with a dozen partner agencies to pilot a single business identifier solution designed to create a "common language" between government and industry, pinpoint high-risk shipments and facilitate legitimate trade.

The so-called Global Business Identifier Evaluative Proof of Concept program, authorities said Friday, seeks to "modernize" trade processes by evaluating unique business identifiers that could replace, at some future point, the decades-old Manufacturer/Shipper Identification (MID) number currently used to track customs information.

The problem with the MID in its current form is that it only includes the importer's name, address and country of origin, meaning that it lacks the "data richness and uniqueness" that could provide officials with more accurate supply-chain insights. There can be issues with consistency, as well: Names and locations can change over time, resulting in the same MID for multiple entries.

"The complexity of modern, global supply chains requires innovative solutions to increase transparency," said AnnMarie R. Highsmith, executive assistant commissioner at the CBP Office of Trade. "Our hope for this pilot program is that it will give us a more complete picture of goods making their way into the U.S. so that we can focus enforcement efforts on high-risk shipments while ensuring the free flow of legal trade that supports our economy."

CBP has narrowed down the list of entity identifiers it wishes to explore. There's the Data Universal Numbering System, or DUNS, a nine-digit numeric and non-indicative identifier that uses more than 200 reference data elements to identify unique business establishments. Another option, the Global Location Number (GLN), offers a string of 13 digits with underpinning reference data elements that are customizable by location, function and operations. A third, the Legal Entity Identifier (LEI) revolves around a 20-digit alphanumeric identifier with underlying reference data elements unique to the target entity.

Importers of record and licensed customs brokers who wish to participate in the program can apply to obtain the DUNS, GLN and LEI numbers, which they can submit alongside their MIDs from Dec. 19 through July 21. CBP will then assess the "optimal combination" of identifiers for capturing data of interest, including the identity of the main legal entity, specific business locations and relevant supply chain roles and functions. Participants will also be able to provide feedback on the GBI program's design and scope.

The ultimate goal of the project, authorities said, is to achieve greater visibility into U.S. supply chains, strengthening enforcement capabilities such as counterfeit detection and commodity tracking while allowing the trade community to better manage and validate its data.

"With the GBI pilot, we expect improved data quality, industry cost and time savings, streamlined supply chain tracking and increased protection from counterfeiting–wins for both the trade community and the U.S. government," Highsmith said.

Source: sourcingjournal.com- Dec 02, 2022

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US' real GDP up 2.9% YoY in Q3 2022; exports rise, imports fall: BEA

US' real gross domestic product (GDP) increased at an annual rate of 2.9 per cent in the third quarter (Q3) of 2022, according to the second estimate released by the Bureau of Economic Analysis (BEA). In Q2 2022, real GDP decreased by 0.6 per cent.

The increase in real GDP reflected increases in exports, consumer spending, and other expenses that were partly offset by decreases in investments including private inventory investment, according to a report titled 'Key Source Data and Assumptions' on BEA's website. Imports decreased.

Within private inventory investment, the decrease was led by retail trade (mainly clothing and accessory stores as well as 'other' retailers). Within imports, a decrease in imports of goods (notably consumer goods) was noted.

The increase in exports reflected increases in both goods and services. Within exports of goods, the leading contributors to the increase were industrial supplies and materials (notably nondurable goods), 'other' exports of goods, and nonautomotive capital goods.

Current-dollar GDP increased 7.3 per cent at an annual rate, or $450.5 billion, in Q3 to a level of $25.7 trillion, an upward revision of $35.7 billion from the previous estimate.

The price index for gross domestic purchases increased 4.7 per cent in Q3, an upward revision of 0.1 percentage point from the previous estimate. The personal consumption expenditure (PCE) price index increased 4.3 per cent, an upward revision of 0.1 percentage point.

Source: fibre2fashion.com- Dec 01, 2022

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China's manufacturing PMI falls to 48 in Nov 2022: NBS

China's purchasing managers' index (PMI) for its manufacturing sector dropped to 48 in November 2022 from 49.2 in October as a result of domestic COVID-19 cases and other global issues as per the National Bureau of Statistics (NBS). A PMI reading below 50 points towards contraction whereas that above 50 shows expansion.

The sub-index for production was recorded at 47.8 in November—a decline of 1.8 percentage points month-on-month (MoM). Moreover, demand has also decreased as the sub-index for new orders stood at 46.4—down by 1.7 percentage points from October.

"Enterprises have reported rising difficulties due to disrupted logistics and production, financial strains, and lack of demand. The PMI for large, medium, and small enterprises dropped by different extents, with small enterprises facing greater pressure," NBS senior statistician Zhao Qinghe was quoted as saying by several Chinese media reports.

Source: fibre2fashion.com- Dec 02, 2022

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69% globally expect inflation to continue to rise in 2023: Survey

A new 36-country Ipsos survey in partnership with the World Economic Forum (WEF) has found 69 per cent of respondents expect inflation to continue to rise next year. This is highest in Singapore (81 per cent), South Africa (81 per cent) and Argentina (80 per cent). Those who think unemployment will grow in their country in the next 12 months rose to 61 per cent from 56 per cent in June.

Seventy-nine per cent of workers are expecting their real income to fall in 2023.

Ipsos, an acronym of Institut Public de Sondage d'Opinion Secteur, is a multinational market research and consulting firm headquartered in Paris.

The COVID-19 pandemic is seen as less of a cause of inflation. The same number of people blame excessive business profits (62 per cent) as blame coronavirus (61 per cent) for the rising cost of living.

One in three (32 per cent) globally expect their standard of living to fall, a figure unchanged from earlier waves. Negativity about their current situation is highest among Europeans. One in two in Turkey (52 per cent), Hungary (50 per cent), Poland (48 per cent), Belgium and Great Britain (both 47 per cent) think their standard of living will go down, an Ipsos release said.

More than one in two in Great Britain (58 per cent), Ireland (56 per cent) and Belgium (51 per cent) feel like they will have less disposable income next year. Thirty-seven per cent globally think the money they have in their pocket after paying bills will decline.

While many western markets have seen historically low rates of unemployment in 2022, there is a growing expectation that 2023 will be a different story. Six in ten (61 per cent) think the number of people out of work in their country will rise over the next year, a figure that is up five percentage points since June.

Four in ten (38 per cent) workers expect their pay not to rise in the next year to help cope with rising prices (38 per cent). A third (33 per cent) are expecting a pay rise but at lower than the rate of inflation in their country.

Expectation of a pay rise below inflation is highest in Argentina (59 per cent) and Turkey (49 per cent), two countries with extremely high inflation. Argentina's rate of inflation was 88 per cent in October, while Turkey's rate was 85.4 per cent. Expectation of an at or above inflation pay rise is highest in Colombia and Brazil

Over four in ten (43 per cent) workers globally say they are certain/likely to look for a job with a new employer in the next 12 months. Likelihood to look for new work is lowest in Europe, with Romania (42 per cent) the highest figure in the region.

Back on a global scale, more than one in two of those likely to look for a new job are expecting a reduction in their pay or that their salary will stay the same.

Inflation is perceived as being a global problem, with the state of the global economy (74 per cent) and the Russian invasion of Ukraine (70 per cent) seen as the primary causes of rising prices.

Five countries selected their government's policies as the biggest factor in causing inflation. Eighty-four per cent in Great Britain say this is the case.

Source: fibre2fashion.com- Dec 02, 2022

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Cotton Australia discusses myBMP at 2022 Textile Exchange Conference

Trade association Cotton Australia had featured at the recently held 2022 Textile Exchange Conference, a sustainability conference and trade exhibition, thanks to its Cotton to Market programme. Over 300 brands, retailers, and interested parties heard Cotton Australia's strategy lead Brooke Summers present on myBMP and the industry's ongoing efforts in biodiversity.

More than 1,000 people attended the 2022 Textile Exchange Conference, hearing strong messages from Australia that farmers need to co-design strategies at the global level to ensure they are meaningful at the farm level, according to a press release by Cotton Australia.

The conference attendance is one of the activities funded by the government ATMAC grant that has enabled Cotton Australia and ACSA to attend events like this to share Australia's experiences.

"myBMP (best management practices) is a voluntary farm and environmental management system which provides self-assessment mechanisms, practical tools and auditing processes to ensure that Australian cotton is produced according to best practice," according to the myBMP website.

The 2022 Textile Exchange Conference was held at Colorado Springs in the US from November 14–18, 2022.

Source: fibre2fashion.com- Dec 02, 2022

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Turkiye's GDP rises by 3.9% YoY in Q3 2022

Turkiye's gross domestic product (GDP) with chain-linked volume index increased by 3.9 per cent in the third quarter (Q3) this year compared with the same quarter last year. The GDP was 4 trillion 258 billion 168 million TRY at current prices in Q3 2022. Export of goods and services increased by 12.6 per cent, and imports increased by 12.2 per cent during the quarter.

Financial and insurance activities increased by 21.6 per cent in Q3. The value added increased by 0.3 per cent in the industry.

Seasonally- and calendar-adjusted GDP decreased by 0.1 per cent in Q3 2022 compared with the previous quarter. Calendar-adjusted GDP increased by 3.6 per cent compared with Q3 last year.

The country's GDP increased by 120.5 per cent at current prices and reached 4 trillion 258 billion 168 million TRY.

Source: fibre2fashion.com- Dec 03, 2022

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Forced Labor Update: UFLPA, Uzbekistan and Due Diligence Demands

From managing new regulations and detentions to success stories, forced labor was one of the top topics at the United States Fashion Industry Association's 2022 Apparel Importers Trade & Transportation Conference.

Top of mind for the industry is the Uyghur Forced Labor Prevention Act (UFLPA), which went into effect in June and targets goods tied to China's Xinjiang Uyghur Autonomous Region (XUAR). But the overarching issue is global. Citing the Department of Labor's 2022 report on child and forced labor, Janet Labuda, head of compliance at Maersk Customs Services, said that 78 countries are involved. She added that forced labor oversight has now extended from finished products to the production of components. These findings and more were discussed att he United States Fashion Industry Association's 2022 Apparel Importers Trade & Transportation Conference earlier this month.

Labuda expects "more enforcement activity" in the new year. "There is a bipartisan political pressure to strictly enforce the law," she said.

Mark Jaeger, vice president, stakeholder engagement at WRAP (Worldwide Responsible Accredited Production), noted that the German Supply Chain Act is soon going into effect, requiring companies to have due diligence and take action to fix any problems in their entire matrix And more broadly in Europe, an EU directive will establish similar sustainability responsibilities for companies.

"If I had to say what's the transformation trend that I see for the fashion space, I would say...it's the movement from voluntary compliance to mandatory compliance when it comes to social compliance and forced labor issues," said Jaeger.

U.S. Customs and Border Protection's executive assistant commissioner for trade AnnMarie Highsmith explained in a keynote that the agency's efforts to tackle forced labor go beyond seizures of goods. "If merchandise that is violative or inadmissible comes to the border, we've already lost that battle," she said. "Our goal is to prevent that merchandise from coming to the border in the first instance, but really to prevent that merchandise from being manufactured in the first place.”

Earlier this year, CBP worked with civil society organizations to address forced labor at an apparel factory in India. In line with its mission to change manufacturing practices, CBP also restarted its factory visits last fiscal year.

UFLPA

UFLPA established a rebuttable presumption that all goods made at least partly in the XUAR are barred from entry to the U.S.

Customs lawyer Arthur Bodek, partner at Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP, said that forced labor has transitioned from something that very rarely came up in his three-decade career to a topic that now takes up half of his workday.

Bodek noted that one “pragmatic issue” with UFLPA is that when Customs detains goods, it targets an entire line of entry. However, in fashion, that one line could encompass tens of SKUs, all of which potentially have different manufacturing processes.

“We’ve been having some back and forth with Customs as to whether there’s some rational way to segment the risk. Even within that one line, maybe half of it has no China connection at all, we don’t need to look at those, and just give us the other half,” he said. “And that’s an ongoing conversation. But certainly, CBP has not made any concessions along those lines.” He added that to improve efficiency, “it would be in everyone’s best interest if CBP were to identify what link in the chain gave them pause.”

Robert Chin Quee, senior vice president, U.S. Customs brokerage product at Geodis, pointed out the three options companies have when goods are detained: they can rebut the detention, export the goods or destroy them. He cautioned that companies should make sure the Manufacturer Identification Code (MID) is unique and actually signifies their factory supplier, since it’s possible for the formula used to generate the same code for different shippers. “You don’t want your MID to represent someone who Customs was targeting for detention or for any other issue,” he said.

To help the industry navigate the new requirements tied to this law, Customs is developing digital aids. One will be an interactive tool—expected to launch early in 2023—that will show data on the number and value of goods targeted in each industry, allowing importers to see where there is greater risk and enforcement. Other additions will include a chatbot, videos and expanded information about forced labor on the agency's website.

CBP received $8.3 million in funding to implement technology related to UFLPA, $5 million of which was allocated towards the agency's laboratories for DNA testing to genotype cotton. Genetic fingerprinting is already being used for other crops—such as saffron—but CBP is exploring how effectively it will translate to apparel, including whether it can meet scale, speed and cost requirements.

The agency is also piloting artificial intelligence and machine learning solutions that could help improve its targeting.

Traceability

Supply chain visibility is now critical to navigate UFLPA as well as other due diligence laws. "You have to know and understand your supply chain. You have to be informed about where you're making and sourcing goods," Jaeger said. "It's not going to stop at Tier 1; you're going to have to get upstream, and you're going to need efficient processes to do that."

Labuda also noted the need for enhanced supply chain insight. "There's very little ability to track the trade data through supply chains," she said. "I believe that we're going to start seeing some shifts, as we usually do when we have a legal dynamic. We know that people try to circumvent, and I expect we'll have illegal transshipment that will occur. And we need something that's going to give us insights into how goods move."

One solution that is aiming to bridge this data gap is Altana AI, a platform that blends shipping and logistics information with corporate registry data to give entities a better understanding of supply chains. For forced labor in particular, geolocation details can help pinpoint which facilities might be located in the XUAR and which suppliers are connected to them.

"We're really working very closely with regulators, as well as enterprises to really break down the division between the private and public spheres, so that they can most proactively mitigate forced labor and have productive conversations with respect to trade," said Kristen Daniels, business development lead at Altana AI.

Uzbekistan

Since 2007, the Cotton Campaign has worked to eliminate forced labor in Uzbekistan cotton harvesting. At the time of the organization's founding, about 1 million adults and children were being forcefully recruited to pick cotton. One of the Cotton Campaign's efforts was the Company Pledge Against Forced Labor in the Cotton Sector of Uzbekistan, which was signed by 331 retailers including American Eagle Outfitters, Gap Inc., Levi Strauss & Co. and VF Corporation, who agreed to boycott Uzbek cotton.

In the 2021 harvest season, the Uzbek Forum for Human Rights found no evidence of systemic forced labor in the country. As a result, the Cotton Campaign has ended the pledge, opening the door for companies to again source cotton from the country.

"That boycott joined by you played an absolutely instrumental role in getting the message to the government of Uzbekistan that it could not be able to fully participate and benefit from the global cotton trade, investment flows, industry, and would not have full access to markets in certain countries, especially the U.S.," said Bennett Freeman, co-founder of the Cotton Campaign, in a virtual address to the audience.

Abby McGill, program officer at worker rights organization Solidarity Center, which is a Cotton Campaign member, cautioned that despite the success in Uzbekistan, state-imposed forced labor remains an issue in Turkmenistan and withhold release orders are in place for cotton produced there.

In Uzbekistan, the Cotton Campaign continues to do work to improve labor conditions and human rights. This includes engaging the government on topics like freedom of association, collective bargaining and creating channels for workers to report grievances. "There's a long way to go yet to create a full enabling environment that you responsible apparel brands and others in the industry expect, require in order to begin sourcing in a new country," said Freeman.

"WRAP is working already to provide social compliance verification in Uzbekistan for those factories that are very keen on meeting global standards to export to the U.S.," said Jaeger.

McGill suggested building from the "ground up," firstly ensuring that workers understand their rights. Another piece of the puzzle for establishing more responsible material sourcing, including traceability, is demand. She noted, "The producers on the ground need the assurances that there's going to be a market for those goods that will probably be a little bit more costly for having all of these oversight mechanisms in place."

Source: sourcingjournal.com- Dec 02, 2022

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Vietnam: Decline in orders kicking in for footwear, garment, textile industries

Enterprises in the textile, garment and footwear industries are facing difficulties on a variety of fronts, including a reduction in export orders, and the plight is likely to continue until the first half of next year.

Pham Van Viet, Chairman of Viet Thang Jean Co., Ltd., reported that orders at his firm have decreased since June. He said that orders are waning in key markets, adding they are down some 60% in Europe and 30-40% in the US market.

Currently, Viet Thang is operating at only 80% of its designed capacity. Because customers cancel orders in light of high inventory, Viet Thang always has to closely follow market information.

To maintain operations and ensure employees' income, the company is looking for orders in new markets. Orders are coming in from Canada and Australia, but they have not been able to offset the decline from the US and European markets, he said.

Other businesses in the footwear industry are also facing similar problems.

Nguyen Chi Trung, Chairman of the Board of Directors of Gia Dinh Group Joint Stock Company, said most markets have reduced orders by 30-40% compared to the same period in 2021. This trend is likely to continue, with orders likely to decline further in the coming months.

Due to a reduction in export orders, the company’s workers must now alternate shifts, he said, adding that it has nearly 5,000 employees.

Enterprises in most sectors said that import and export activities in the second half of the fourth quarter of 2022 and the beginning of 2023 will face many difficulties compared to the third quarter of this year. Key export industries are forecast to witness a large decrease in orders, especially textiles, footwear, furniture, iron and steel and cement. Currently, many businesses have to reduce the number of workers and production scale to wind down in the last months of 2022.

Phan Thi Thanh Xuan, Vice President and Secretary General of the Vietnam Leather-Footwear and Handbag Association (Lefaso), said that it is necessary for manufacturing enterprises to diversify the markets in the context that export markets are shrinking and demand is on the decline.

Lefaso is coordinating with the Ministry of Industry and Trade to deploy trade promotion programmes to support businesses to access more markets.

Businesses must improve their competitiveness to take full use of the advantages brought about by free trade agreements, Xuan said, adding that they are expected to have a development strategy for the textile and footwear industries which will enable the two sectors to develop appropriate production and business development plans in the coming time.

Source: en.vietnamplus.vn- Dec 03, 2022

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Men's apparel exports from Pakistan to China up 17% in Jan-Oct 2022

Pakistani men's apparel exports to China amounted to $21.03million, up more than 17% in the first 10 months of 2022 as compared with the same period in 2021, as per the General Administration of Customs of the People's Republic of China (GACC).

According to the General Administration of Customs of the People's Republic of China, men's or boys' apparel (commodity code 61034200), increased by 15.29% worth $11.85 million while last year in the same period it was $ 10.28 million.

Data further showed that men's or boys' trousers, and breeches, nes, of cotton (commodity code 62034290) up 16.42% and crossed $6.49 million in the first 10 months of 2022, whereas in the same period last year it was $5.58million.

The bilateral trade in textile sectors improved very fast. Women's garments exports from Pakistan to China crossed $8.32 million while home textiles crossed $6.74 million, witnessing an increase of 29% as compared with last year in the same period which was $5.25 million.

Asif Muhammad Sulehri CEO of Brizbane Group of Companies in Sialkot and textile exporter told China Economic Net that three major factors are behind the increasing export of Men's clothing to China. Pakistan is a major producer of cotton crops, and it is cheaper as compared to China so it has a benefit over them, he said, adding that Pakistan has cheap labor compared to China which is cost-effective for men's apparel exports to China.

"In January 2020, Pakistan and China entered into the second phase of the China-Pakistan Free Trade Agreement (CPFTA2), under which China has eliminated tariffs on 313 priority tariff lines of Pakistan's export and out of the 313 high-priority products that Pakistan can now export without duty payments to China, 130 are from the textiles sector," he stated.

Sulehri said that the reduced tariffs on textile products, an expected surge in Chinese investment into Pakistan, and the potential shift of production base from China to Pakistan, may change the regional dynamics of textiles trade.

"Under the CPFTA2, many Pakistani textile products will now enjoy duty-free access to China, which has extended similar tariff reductions to other trading partners. Tariffs on readymade cotton garments (HS codes 61, 62, and 63), have been massively reduced, and men's ensembles of cotton (HS code – 62032200), Pakistan's top world export, were traded with China at 17.5 percent (MFN rate) which was reduced to 12 percent under Phase-I of FTA and has dropped to 0 percent in Phase-II of FTA," Asif mentioned.

"Pakistani government's target is raising the country's textile and clothing exports from USD 13.5 billion in 2018 to USD 25 billion by 2025. As China has the world's largest textile industry—in terms of both production and export—it is an inevitable trading partner for Pakistan to meet this 2025 target", he added.

It is to be noted that Pakistan's cotton yarn exports to China is one of the major items of Pakistan's exports to the Chinese market.

Source: ce.cn- Dec 02, 2022

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Pakistan: Exports shrink for third month in a row

The country's exports shrank for the third month in a row on a monthly basis, slightly dropping by 0.63 per cent to $2.37 billion in November, official data showed on Thursday.

On a year-on-year basis, the exports dipped for the second consecutive month, as they fell 18.3pc from $2.9bn a year ago.

In contrast, imports rose 11.3pc to $5.25bn in November compared to October, meaning a monthly trade deficit of $2.88bn.

However, the imports were 33.6pc lower than the November 2021 figure of $7.89bn, meaning the annual trade gap was 42.5pc down in November. Imports rise in November after dropping for two months; July-Nov trade gap comes in at $14.4bn

In the first five months (July to November) of the ongoing fiscal year, exports were down 3.5pc at $11.93bn compared to $12.36bn in the corresponding period last year. The drop shows the government would find it difficult to achieve the export target this fiscal year.

Imports during the same period were $26.34bn, a decrease of 20pc from a year ago. The trade deficit during July-November also shrank 30pc to $14.406bn.

Exporters believe that one of the main reasons behind falling exports was the exchange rate instability. The discontinuation of duty drawbacks on local taxes and levies by the government has also created liquidity issues for the export sector.

No official statement was issued from the commerce ministry to explain the reasons for the decline in ex¬port proceeds. Com¬merce Minis¬ter Naveed Qamar since taking responsi¬bility for the ministry has constantly been on foreign tours.

In the previous fiscal year (2021-22), Pakistan not only achieved its export target but also exceeded the psychological barrier of $30bn, as proceeds rose 26.6pc to $31.85bn from $25.16bn a year earlier.

However, the import bill also jumped 43pc to cross $80bn in 2021-22, up from $56.12bn a year ago.

The non-payment of sales tax refunds was another contributory factor to the falling exports from the country. There are multiple reasons for the decline in exports. Globally retailers are carrying huge inventories as retail sales have suffered due to high inflation.

According to the finance ministry's monthly outlook for November, sluggish foreign demand and domestic supply issues, following the floods-induced destruction of exportable crops, are responsible for the weak export performance. However, in the coming months, it is expected that exports will improve on account of targeted policies announced recently by the government to stimulate exports.

But these dynamics may be hindered if the economic conditions in the main export markets remained volatile and uncertain, it noted.

Source: dawn.com- Dec 02, 2022

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Pakistan-Vietnam trade volume set to cross $1 billion mark'

The trade between the two countries had improved despite hitting hard by the Covid-19 pandemic, she added while speaking to a meeting during her visit to Karachi Chamber of Commerce and Industry (KCCI).

"A lot of potential and opportunities are available for improving Pakistan's exports to Vietnam, which is less than 1 percent of Vietnam's total imports," she said.

Vietnam imports $1.7 billion worth leather, of which Pakistan's export share is just 1.5 percent. Similarly, Vietnam imports pharmaceutical products of around $3.3 billion but Pakistan's export share is 0.25 percent only, while the stainless-steel surgical products worth $638 million are also being imported by Vietnam but Pakistan's export of them is hardly 0.18 percent, according to Ha.

She also asked the Karachi chamber to send a high-ranking business delegation to meet Vietnamese government officials and also leaders of business organisations to explore ways and means for promoting trade between the two countries. Ha urged the Pakistani business community to look into the possibility of sending sellers/buyers delegations to Vietnam for participation or visit to trade fairs and exhibitions.

"Our Vietnam trade office in Karachi has also been regularly participating in My Karachi International Exhibition and wishes to continue to participate in this event in future as well."

She stated that despite being hit hard by Covid-19 pandemic and the GDP growth rate for the first time in the last 30 years going down by 2.58 percent in 2021, Vietnam's economy had remained stable and its international trade in 2021 stood at $689 billion, of which goods worth nearly $400 billion were exported from Vietnam while the imports stood at around $300 billion, Ha stated.

The official informed that the inflow of foreign direct investment into Vietnam was $20 billion in 2021 and the major investor countries included South Korea, Malaysia, Japan, British Virgin Islands, United Kingdom and Taiwan who invested in energy, real estate, automotive and telecommunication sectors etc.

"Pakistani investors have also invested in Vietnam in textile, medical, and healthcare sectors with an investment size of $33 million and ranking Pakistan on 48th position, out of 149 countries/ territories investing in Vietnam."

Earlier, KCCI president Mohammed Tariq Yousuf noted that Pakistan's exports to Vietnam stood at $261.24 million in FY22 and imports from Vietnam grew to$577.93 million.

"Despite sizeable growth in exports and imports as compared to preceding year, the trade volume is still low, which needs to be enhanced as both countries have immense potential to fully exploit the trade and growth prospects."

He further said Pakistan's textile sector had also crossed exports' $19 billion mark in FY22 in terms of exports, which is more than 60 percent of the country's total exports of $32 billion, and had posted a growth of 25 percent compared to the last year.

He was of the view that Pakistan's participation in Global Value Chains (GVC) is low despite a huge potential for growth. "Pakistan can learn from Vietnam's knowledge and experience in creating GVC linkages in textile and other sectors so that a similar presence in the global production and supply networks like Vietnam could be established for boosting trade."

KCCI president stated that small and medium enterprises in Pakistan had shown resilience despite economic issues, and they also offer a growth potential for Vietnam's businesses to look into investment opportunities and joint ventures in sectors such as seafood, paper and board, pharmaceuticals, home appliances, denim, and surgical instruments.

Source: thenews.com.pk- Dec 03, 2022

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NATIONAL NEWS

India-EU FTA: Stock-taking meet to follow third round of talks next week

Negotiators from India and the EU are set to kick off the next round of talks on the proposed India-EU FTA next week focussing on multiple areas such as market access for key industrial and agricultural goods, intellectual property, digital trade, government procurement, data secure status and environment & sustainability issues including labour and gender.

The third round of negotiations, between November 28 and December 9, will also include separate discussions on an investment protection agreement and geographical indications, an official told businessline.

"The third round of negotiations will be crucial as it will be followed by a stock-taking meeting at the Commerce Secretary/Director General level next month or beginning of January 2023 to decide on the way ahead," the official said. About 75 sessions on 19 policy areas are scheduled in the third round, to be hosted by India.

India and the EU re-started negotiations on an FTA in June this year after a gap of nearly nine years. Negotiations which started in 2007 were suspended in 2013 due to differences over several issues including import duty cuts for automobiles and wines and spirits, workers mobility and inclusion of new areas such as labour, environment and sustainability.

While India has now agreed to include several new areas as it already has efficient domestic laws, EU's demand for binding commitments could be of concern. "India is also open to brining down tariffs on wines and spirits and automobiles. But there has to be compatibility between the EU's expectations and India's comfort levels," said a source.

Similarly, in areas such as intellectual property, digital trade and government procurement, ambitions of India and the EU need to be matched. "In the third round of negotiations, both sides would try to bridge the existing gaps in key areas and by the end of it a clearer picture is expected to emerge on where things stand," the source added.

India may also press the EU to extend to it data secure status, as part of the FTA, as it would help the country attract more sophisticated data outsourcing business, the source said. The EU does not want to make deep concessions in the work visa regime, as it says that work permits are under the remit of individual EU states, but India may insist on some commitments.

India is hopeful of making gains in areas such as textiles, leather, sports goods and processed food as the proposed FTA could place Indian exporters at par with exporters from competing countries such as Bangladesh and Vietnam that already have preferential access into EU markets.

India-EU trade in goods posted a growth of 43.5 per cent to touch a high of $116.36 billion in 2021-22. India's export to the EU increased 57 per cent in 2021-22 to $65 billion, according to government figures.

Source: thehindubusinessline.com- Dec 02, 2022

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FTAs and India's global outreach

The India-Australia relationship reached a milestone with the decision to enforce the Economic and Cooperation Trade Agreement (ECTA) from December 29, 2022.

A week earlier, the Australian Parliament had ratified the agreement which was signed between the two countries in April of this year. India will have access to 100% of their tariff lines with duty-free access with the caveat that 113 lines will have duty phase out over five years.

The agreement will provide a boost to Indian industry in 6,000 broad sectors with zero duty access to India for 96.4% of our exports to Australia from the very first day. Currently, our exports are subjected to 4-5% duty in Australia.

In return, India will remove duties for 85% of the tariff lines for Australian exports. This agreement will significantly accelerate bilateral trade between the two countries, and we could see it doubling to $50 billion and beyond in the next few years.

The deepening of economic engagement between the two countries should also pave way for nurturing new growth avenues beyond the realm of conventional trade, such as services, sports, and sustainability.

This development comes close on the heels of the India-UAE Comprehensive Economic Partnership Agreement (CEPA), which was signed on February 18, 2022, and has been another big moment for our country. This strategic partnership is significant as UAE is also a gateway to the expanded Gulf Cooperation Council (GCC) market, West Asia, Africa, and even the CIS region.

CEPA is expected to catapult India-UAE bilateral trade from the current $ 60 billion level to $ 100 billion in the coming years. Trade in services is likely to touch $50 billion within the next five years.

In addition to UAE and Australia, countries and economic blocs like United Kingdom, Canada, GCC, and the European Union are also keen to sign economic cooperation agreements with India. We need to look at this enhanced level of relationship across the world as a fundamental shift in our shared vision for the future, both at the bilateral and multilateral level.

India and the UK are working towards concluding a comprehensive free trade agreement (FTA).

The FTA intends to cover a large part of the trade tariff and significantly enhance bilateral trade between the two countries. Presently, the trade between both countries is dominated by services which account for almost 70% of total trade.

The FTA is expected to bring in benefits to India, such as reducing barriers to trade in sectors like automotive, agri-foods, machinery, clean energy, and pharmaceuticals, and increased opportunities in trade in services like financial markets and high-end digitalisation and inter-disciplinary research.

With Canada, India concluded the fourth round of negotiations on an Early Progress Trade Agreement (EPTA) in September 2022, paving the way for India-Canada CEPA. It is expected that when fully concluded, the CEPA will boost export gains in agriculture, natural resources, and manufacturing, among other sectors. It will also help diversify economic engagement to research, technology cooperation, and high-tech manufacturing using advanced materials.

In September 2022, the Indian government also announced its intentions to revive its talks with the EU for an FTA. A well-negotiated agreement will boost trade, and investment flows between India and the EU. Currently, the EU is India's second-largest trading partner after the USA and a major source of technology. It is also India's second-largest destination for exports.

The India-EU FTA negotiations are expected to focus on industrial goods; agricultural tariffs and services; access to each other's markets for goods and services and to public procurement contracts, framework for investment, intellectual property, quality standards, and commitments on sustainable development goals.

Likewise, the economic agreement with GCC is expected to build on the achievements of the CEPA with UAE but will offer India a highly diversified opportunity for cooperation in the areas of manufacturing, infrastructure, energy security, and value-added services. The negotiations on the same are expected to start anytime soon.

India is on the cusp of reaching the inflection point in its journey of becoming the third-largest economy and a middle-income country. The economic agreements, which also stem from India's growing economic clout, underscore a significant shift in our approach towards free trade and multilateralism.

They will enhance India's integration with the world economy and deepen its participation in the global business value chains. Despite the world's retreat from globalisation, India is playing a proactive role in moving to a more collaborative world. Connectedness with cooperation is the mantra.

Source: financialexpress.com- Dec 03, 2022

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India's DGFT modifies SION for waist coat, will provide flexibility

India's Directorate General of Foreign Trade (DGFT) has modified the Standard Input Output Norms (SION) for waist coat (product code J-222) with immediate effect. The authority has issued a notification for the amendment in the SION of J-222 in the handbook of procedures. It modified the description under import items to provide a broader definition of fabrics used in waist coat.

According to the notification issued last week, import items are modified with relevant woven fabric in place of nylon fabric with polyester wadding (quilted). It means that modified SION will provide flexibility for import of materials used to produce waist coats.

Export items are also modified for waist coat in place of waist coat made of nylon. Therefore, exporters can manufacture waist coats with other types of imported materials.

India exported coats worth $48.499 million in 2021. The exports declined to $37.908 million during the pandemic year of 2020 from $54.029 million of 2019. The country's coat exports amounted to $44.752 million in 2018 and $39.996 million in 2017, according to Fibre2Fashion's market insight tool TexPro.

The total exports of coats from India may surpass pre-COVID levels this year as the outbound shipment has already crossed $27.135 million in January-August 2022.

Source: fibre2fashion.com- Dec 03, 2022

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Apparel, technical textile policy unveiled at MIO 3.0

The Handlooms, Textiles and Handicrafts department launched the Odisha Apparel and Technical Textiles Policy-2022 at the Make in Odisha-2022 conclave on Friday. Principal secretary of the department Arabinda Kumar Padhee said, under the policy, prospective investors will be given 40 per cent capital investment subsidy on plant and machinery up to maximum Rs 50 crore in a phased manner for a period of five years from the date of commencement of commercial production.

Under employment cost subsidy, new industrial units will also be eligible for incentive of Rs 6,000 for every female worker per month and Rs 5,000 for every male worker for five years from the date of production. “We aim to promote handwoven fabrics and if anyone wants to set up a handloom industry/factory and employ 200 skilled karigars, we will provide the same incentives to him/her. But under a condition that 90 per cent of the 200 karigars should be Odia. Our aim is to create employment opportunities for Odia youths through this,” Padhee added.

Earlier on the day, speakers at a sectoral session on Odisha’s handloom and handicrafts opined that although India’s best handlooms and handicrafts can be found in Odisha, the state government needs to be proactive in promoting them, particularly in international markets.

Development commissioner and additional chief secretary Pradeep Kumar Jena said, “To avoid losing our rich crafts heritage, we need to ensure more and more people remain in this sector and are provided timely incentives.” Chairperson of Crafts Council of India Gita Ram said Odisha’s handlooms and handicrafts need aggressive marketing. “Any amount of scaling up or capacity building of artisans will not help till there is a big enough market for them,” she added.

Source: newindianexpress.com- Dec 03, 2022

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Garment exporters welcome new textile policy, want focus on creating skilled manpower

Garment manufacturers and exporters in the city on Friday welcomed the new textile policy, approved by the Haryana cabinet on Thursday, and said more government support in terms of easy finance, research and development, and availability of new technology will help the sector, and consequently boost the state economy.

They said there is also a need to have a specific export-oriented component in the policy to help garment makers. Gurugram has more than 1,500 small and large units manufacturing and exporting garments, with a turnover of more that ₹20,000 crore, as per industry watchers.

It also employs more than 200,000 workers and is a major job creator in the city.

The Haryana Aatma Nirbhar Textile Policy 2022-25, announced by the state government on Thursday, plans to focus on man-made fibres and ensure more investments in weaving and knitting. The estimated budget for the policy is ₹1,500 crore with capping for capital incentive cases.

A government spokesperson said the policy aims to attract investments worth ₹4,000 crore and generate 200,000 jobs in the state.

The policy aims to provide an impetus for diversification of Haryana's textile industry to the B, C and D category blocks, which are industrially backward. It will also focus on the promotion of technical textiles and support the setting up of textile parks in the state, the government said.

HKL Maggu, managing director, Jyoti Apparels, who has extensively worked with industry bodies in the textile industry, said while increasing investment and research is welcome, more steps are needed to provide financial incentives and subsidy to the manufacturers in the short and long run.

"The government must focus on financial incentives such as increasing duty drawback, increasing interest subvention. There should be more focus on natural fibres as the garment industry in north India is more cotton centric," he said.

The garment exporters also wanted the textile policy to focus on training local workers, skill improvement and providing subsidised housing to workers near industrial areas such as Manesar and across the state. They also said with Haryana among the top cotton producers in the country, the textile policy must put equal focus on taking advantage of this raw material.

Manmohan Gaind, vice-president, Manesar Industries Welfare Association, and a garment exporter, said new textile policy should also focus on attracting labour and providing them affordable accommodation so that workers are motivated to come and work in the state. “Skill centres must be opened to teach stitching and related trades to local people,” he said.

Industry players also said that subsidy on yarn and tax exemptions on samples made by them will help the garment exporters.

Sudhir Sikri, vice-president, Apparel Export Promotion Council, and a garment exporter, also said policies need to change the mindset of local populace and provide them adequate training and skills. “The workers in the state come from outside mostly. There is need to focus on developing local workforce apart from providing other incentives to the industry,” he said.

Source: hindustantimes.com- Dec 03, 2022

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Things to keep in mind while choosing your AD Bank for export-import transactions

Effective participation in international trade is intrinsically linked to the economic development of any country and more so for developing nations. It not only generates employment opportunities but also provides a wide pool of goods and services for customers to choose from. As per the Department of Commerce, Ministry of Commerce and Industry, the overall exports (merchandise and services combined) in June 2022 are estimated to be USD 64.91 billion, exhibiting a positive growth of 22.95% over the same period last year.

The Indian government is proactively taking numerous steps to boost exports and increase India's share in global trade to 10% and taking the country's share of exports in GDP to about 25%.

India’s total exports to GDP was 18.7% in 2020-21. In fact, India’s exports are expected to gain faster momentum on the back of investments under the production-linked incentive (PLI) scheme and RODTEP schemes of the Government. But in order to facilitate cross-border trade, it is crucial for businesses involved in import and export of goods and services to choose an appropriate Authorised Dealer Bank (AD Bank) which makes the cross-border transactions seamless.

Involvement of banks in facilitation of trade is very crucial in terms of meeting a range of short-term to medium-term trade financing requirements, streamlining of the whole export – import process and reduction of financial risks. Therefore, the decision to choose an AD Bank has to be made post evaluation of certain important parameters.

Here are key parameters that any entity engaged in cross border remittances, including export-import transactions, must keep in mind when choosing an AD Bank.

1. Choose a bank with extensive international footprint

The decision to choose an authorised dealer bank for your export – import transactions needs to be based on trust and an exporter must look for a banking partner that you are comfortable engaging with.

A bank with strong international presence makes the cross-border remittances simpler, faster, and cost-efficient. ICICI Bank has a wide international footprint. . It has subsidiaries in the United Kingdom and Canada.

It also has branches in the United States, Singapore, Bahrain, Hong Kong Dubai International Finance Centre and representative offices in the United Arab Emirates, China, South Africa, Bangladesh, Malaysia and Indonesia. ICICI Bank also has a wide correspondent network of foreign banks across countries and maintains Nostro accounts in more than 30 currencies,

2. Choose a bank with a safe and secure digital online platform with customised cross-border solutions

Just like the world is migrating towards a digital economy, likewise banking and trade transactions are also now being digitised.

An AD Bank with maximum trade digital solution is the best bet to go with as it reduces paper work for the exporter – importer and thus enables them to save time and focus more on their business requirements.

ICICI Bank digital platform – Trade Online is one such one-stop solution for all trade needs. It's faster and paperless with no need to make branch visit to submit trade transactions. The best part: it allows you to schedule future dated transactions as well.

ICICI Bank also offers InstaBIZ – the mobile app for business banking transactions on the move. All business banking transactions including trade transactions can be initiated while you are on the go.

3. Simplified process for trade transactions and support for regulatory compliance

Cross-border transactions are subject to various regulations and documentation. In order to ensure that all the regulations are duly complied with, an AD Bank with robust and simplified trade transactions process will ensure seamless processing of trade transactions and comply with all regulations at the same time.

ICICI Bank has a dedicated team to support regulatory compliance needs for both trade and capital account transactions like Foreign Direct Investment , Overseas Direct Investment, etc.

4. Transaction processing time

Time is the essence in any trade transaction to avoid any penalty/ demurrage charges and ensures that the funds/ documents reaches the beneficiary/ exporter/ importer on time. ICICI Bank's unique offering like processing of inward remittances in less than one hour, issuance of bank guarantees in 3 hours and outward remittance within 5 hours are some of the benefits that ensure that customer transactions are processed within the defined turnaround time.

5. Range of trade offerings

As an exporter/ importer, you need various facilities from banks, which would help you to compete in international markets and give you ample time to focus on your business rather than on banking activities. Digital products offered by ICICI Bank like online export bill lodgement, digital export and import bill regularisation, facility to book exchange rates on the go, specific trade accounts to lower your transaction cost, one view dashboards, are some of the unique offerings from ICICI Bank.

Conclusion:

Banks have a critical role to play in cross-border trade as they provide financial services and reduce the risk associated with export and import through different services and solutions they provide. Given their significance, an exporter/ importer should carefully evaluate potential banking partners against a set of key criteria, some of which are stated above. Choosing the right banking partner ensures smooth transactions for both buyers and sellers.

Source: economictimes.com- Dec 02, 2022

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