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INTERNATIONAL NEWS

USA: New Customs Regulations Impacting Brokers Take Effect This Month

New Custom and Border Protection (CBP) regulations this month have implications for customs brokers and importers, and bring out-of-date permitting standards into the modern era.

Changes to the U.S. Code of Federal Regulations (CFR) taking effect on Dec. 19 will expand a broker's responsibility to document relationships with importers. Under the new rules, customs brokers are required to have and maintain direct contact with importers, and must be able to provide records of those relationships if CBP requests them.

"Very often, importers have their primary relationship with a transportation provider—a 3PL, steamship line, freight forwarder," OEC vice president of customs brokerage Matt Haffner told Sourcing Journal. These providers often recommend brokerage groups to clients who need help with customs clearance.

"Brokers obtain new business or new clients through various means, and one of those means is through a freight forwarder you have built a working relationship with," he added. To maintain a competitive edge, freight forwarders have started offering "door-to-door" service, which includes customs clearance facilitated by a broker. Throughout this process, importers and brokers may not be in direct contact, Haffner said.

"In the eyes of U.S. Customs, the Importer of Record is ultimately responsible for every declaration made with their name on it, and what they want to ensure is that the importer doesn't shirk any of their responsibility in that regard," Haffner said, adding that the new rule is also "putting the brokers on notice that they need to deal with importers directly, not through a customer who may be a freight forwarder."

The objective is to "make sure that the broker has a direct line of communication with an importer so that [they can] reach out and verify a classification, valuation or any substantive piece of information related to an entry, " Haffner said. The rule encourages brokers not to rely on freight forwarders or 3PLs as middle men, and to go directly to the source for important information that could impact whether a shipment makes it into the U.S. or incurs certain duties.

According to Haffner, CBP and the National Custom Brokers and Forwarders Association of America (NCBFAA) have tussled over the details of the regulation for roughly five years. Brokers will have 60 days from the Dec. 19 implementation data to confirm power of attorney with importers, and establish communication that clarifies and proves the relationship. CBP has not yet released details on how it plans to verify compliance, though it could ask for documentation on a needs basis or through customs broker audits, Haffner said. He believes many importers are not aware of the rule, and they may hear of it for the first time from their brokerage partners in the coming months.

Another rule impacting customs broker licensing will also take effect on Dec. 19. CBP will transition all brokers to a single national permit, expanding the national permit authority's scope and allowing all permit holders to conduct any type of business throughout the customs territory of the U.S. In order to do this, CBP is eliminating broker districts and district permits.

"To operate on a national level, a broker needed to have what's called a national permit, and then at each location where it chose to operate, you were also required in that operation to have a qualifying license holder to act as a local permit qualifier," Haffner said. That permit qualifier is now being eliminated. "All brokers, whether you are a mom-and-pop broker or you are a huge multinational broker with thousands of employees, in the U.S., regardless, you will all be converted to only a national permit." The change could have the effect of "evening the playing field, regardless of what size broker you are," he added.

Customs brokers will now also be required by law to notify CBP and importers of any breaches to their physical or digital systems that could impact sensitive data. "All of our databases, our ERPs whether it includes freight forwarders' data, customs brokerage data and the client information behind that is all electronic in nature," Haffner said. If a data breach includes any information related to an importer, a broker must contact the agency and provide a designated point of contact at the brokerage for record-keeping.

A broker must provide notification to CBP within 72 hours of discovering the breach of electronic or physical records, and the notification must include the Employer Identification Number (EIN) of any compromised importer. Within 10 days of the notification, brokers must provide an updated list of any additional EINs found to be compromised after the initial outreach. Other additional information pertaining to a data breach, if found, must be turned over within 72 hours of discovery.

“It’s very similar to what’s happening in the in the commercial world,” Haffner said. Breached retailers, for example, must quickly report that activity to consumers and retail industry regulatory authorities.

“This is U.S. Customs saying it’s time to update and get into 21st century as far as how we operate from a regulatory perspective,” he added.

Source: sourcingjournal.com- Dec 13, 2022

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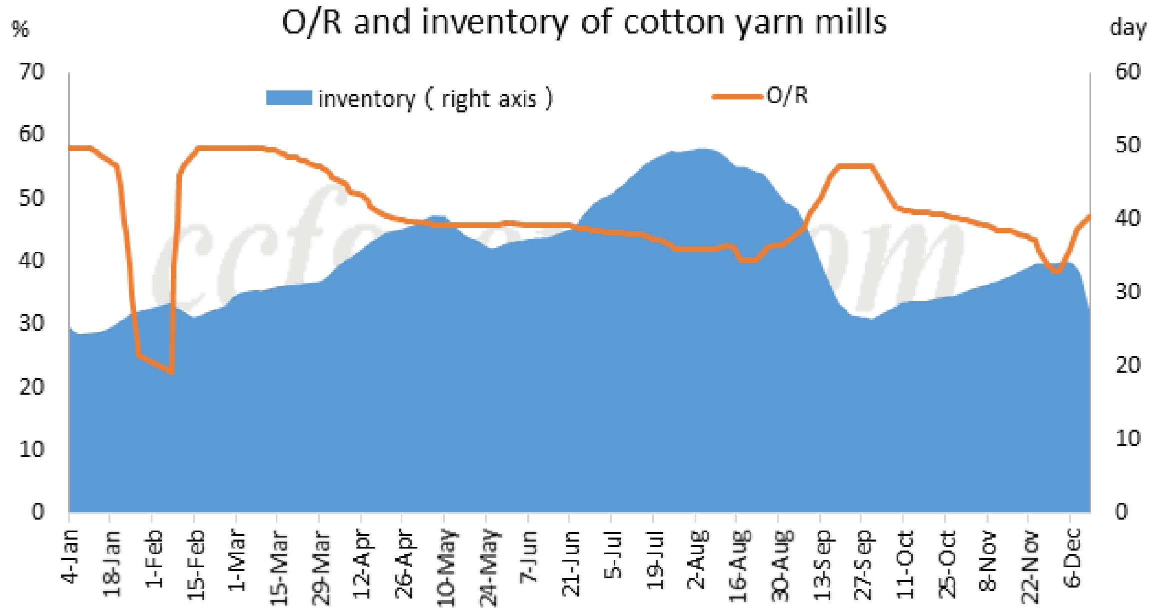
China: Cotton yarn market improves with the release of epidemic control policy

Epidemic control policy turned over suddenly since last week, and the constant release of epidemic control in different cities of China made prices rise in financial markets including commodity and stock market. The influence on spot cotton yarn market delayed slightly, but the improvement was showed this week. So how much effect did the release of epidemic control have on current cotton yarn market?



1. Operating rate of cotton yarn mills moves up

In the second of Nov, epidemic broke out in different regions of China, making main cotton yarn producing places including Shandong, Henan, Hebei and Hunan affected by it.

The suspension of production in cotton yarn mills was always heard, making the operating rate of cotton yarn mills reduce continuously to the lowest level within the year. (Exclude Spring Festival) Epidemic control policy has released since the second half of Nov, and the control time of cotton yarn mills was not long and mostly lasted for 7-10days., Suspension of production in some enterprises was over Last week, and some mills recovered operation and production.

Epidemic control policy continued to release this week, and Guangdong Zhongda fabric market will reopen soon. The recovery of operation continuously increased in textile enterprises of other regions that suspended production at previous stage due to epidemic. Cotton yarn mills in Xinjiang gradually recovered, and the operating rate rose obviously, and will continue to move up in the future. However, the recovery of operation still needed a period of time due to long-term production suspension and loss of workers. Some Chinese cotton yarn mills still didn't recover to normal production due to the loss of spinning and the difficulty of procuring cotton. As end-Dec is about to come, it is hard for mills to recover operating rate to the high level in Sep.

2. Trades improve, and the inventory of cotton yarn mills reduces

On the one hand, the expectation on future cotton yarn market turned from pessimistic to slightly optimistic as the release of epidemic control policy increased the confidence of market participants and ZCE cotton futures were firm.

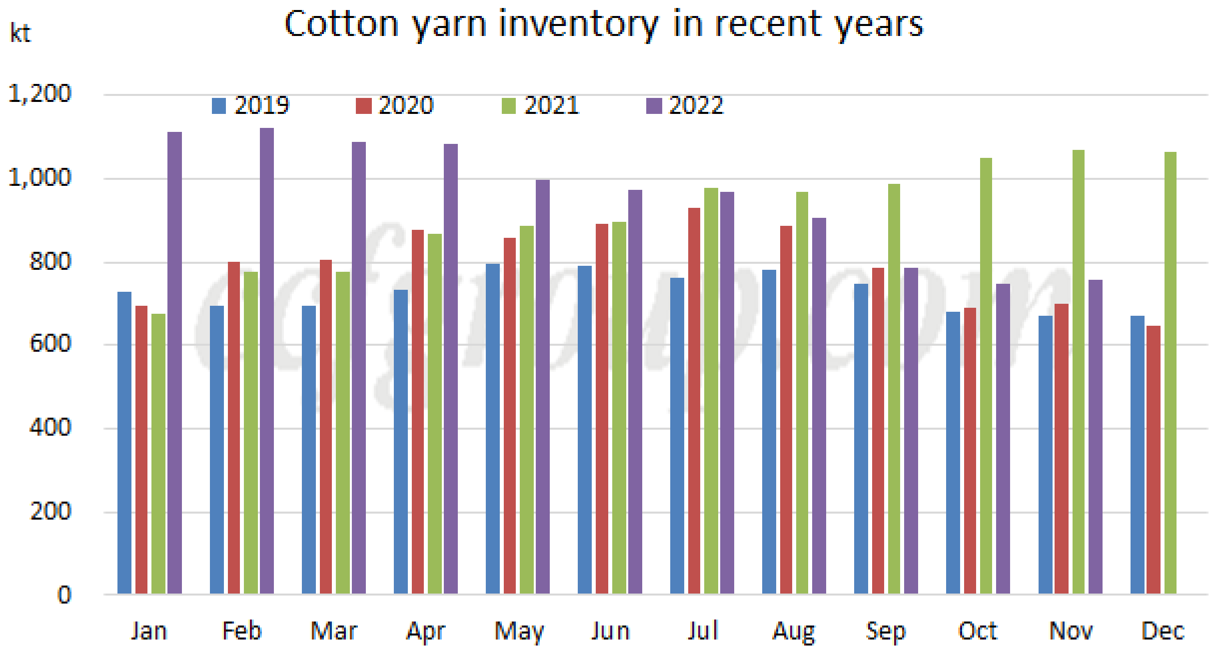
Downstream fabric mills and traders had few stocks in hand, and the stocking willingness increased obviously compared to previous stage. On the other hand, it was heard that orders in fabric mills improved, and the holiday planned at previous time delayed.

Guangdong Zhongda fabric market had few stocks, so the traders there had firm demand for restocking after the opening of market. The rigid demand improved on the whole. Besides, the operating rate of cotton yarn mills was still relatively low, and the inventory began to reduce amid the improvement of demand.

3. Some offers rise, but actual traded prices follow slowly

Price-rising sentiment moved up with the improvement of sales and firm ZCE cotton futures. Offers in some mills rose by 200-500yuan/mt, and the discounts given at previous stage were cancelled. Actually, the trading sentiment was still not as good as that in previous year.

The inventory of cotton yarn mills was not low, and cotton yarn prices were still hard to rise. If future market sustains, cotton yarn prices may usher in rising. After all, overall cotton yarn inventory pressure has released compared with early this year in terms of overall stocking volume.



Source: ccfgroup.com- Dec 13, 2022

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Why America is getting tough on trade

Remember when Donald Trump's trade wars were front-page news? At this point, concerns over Trump's tariff policy seem almost quaint: Who cares if an insurrectionist is also a protectionist?

But some of the tariffs Trump imposed are still in place, and on Friday the World Trade Organization, which is supposed to enforce rules for global commerce, declared that the official rationale for these tariffs — that they were needed to protect U.S. national security — was illegitimate.

And the Biden administration, in turn, told the WTO — in startlingly blunt language — to take a hike.

This is a very big deal, much bigger than Trump's tariff tantrums. The Biden administration has turned remarkably tough on trade, in ways that make sense given the state of the world but also make me very nervous. Trump may have huffed and puffed, but Biden is quietly shifting the basic foundations of the world economic order.

Since 1948, trade among market economies has been governed by the General Agreement on Tariffs and Trade, which sets certain ground rules for, um, tariffs and trade. In 1994, the GATT was folded into the rules of the WTO.

The GATT/WTO system doesn't mandate any particular level of tariffs. It does, however, forbid countries from imposing new tariffs or other restrictions on international trade — in effect, it locks in the results of past trade agreements — except under certain specified conditions. One of these conditions, laid out in Article XXI, says that a nation may take action "which it considers necessary for the protection of its essential security interests."

If that sounds open-ended, that's because it is. And Trump clearly abused the privilege, claiming that we needed tariffs on steel and aluminum to protect us from the menacing threat of … imports from Canada.

As it happens, the tariffs on Canadian metals are gone, as are most of the similar tariffs on Europe (although the agreement there stops short of full free trade). But the tariffs on China are still in place.

More important, the Biden administration has declared that the WTO has no jurisdiction in the matter: It's up to America to determine whether its trade actions are necessary for national security, and an international organization has no right to second-guess that judgment.

Wait, what? According to the right, Biden and company are globalists, soft on China and unwilling to stand up for America. Why have they gotten so tough?

Part of the answer is that U.S. policymakers are more aware than ever before of the threats autocratic regimes can pose to the world's democracies. Russia's invasion of Ukraine has shown that dictators sometimes resort to military force even when it doesn't make rational sense, and Vladimir Putin's attempt to punish Europe by cutting off the flow of natural gas highlights the risk of economic blackmail.

China isn't Russia, but it's also an autocracy (and seems to be becoming more, not less, autocratic over time). And the Biden administration is trying to limit China's ability to do harm, with a special focus on semiconductors, which play such a central role in the modern world.

On one side, America is now subsidizing domestic production of semiconductors, aiming to reduce reliance on China among other suppliers. Even more drastically, the U.S. has imposed new rules intended to limit China's access to advanced semiconductor technology — that is, we're deliberately seeking to hobble Chinese technological capacity. That's pretty draconian; you can see why I'm a bit nervous.

The thing is, it's easy to imagine China appealing to the WTO, arguing that these actions violate international trade rules. But the United States has signaled in advance that it doesn't care — that it considers these policies to be outside the WTO's jurisdiction.

But wait, there's more. The Biden administration's biggest policy achievement so far is the enactment of the Inflation Reduction Act, which despite its name is largely about fighting climate change. It does so mainly by subsidizing clean energy, which is fine. But the subsidies have a strong nationalistic aspect — for example, tax credits for electric cars are restricted to vehicles assembled in North America.

Almost surely, this economic nationalism — which allows climate activists to point to all the jobs created by green energy subsidies — was essential to getting the bill passed. But does it violate trade rules? I'm not sure how the Biden administration will defend the policy if challenged, but it might say that protecting the environment is a national security issue.

That may also be the defense offered for a proposed U.S.-Europe agreement to impose "climate-based tariffs" on Chinese steel.

But if the United States, which essentially created the postwar trading system, is willing to bend the rules to pursue its strategic goals, doesn't this run the risk of protectionism growing worldwide? Yes, it does.

Nonetheless, I think the Biden administration is doing the right thing. The GATT is important, but not more important than protecting democracy and saving the planet.

Source: economictimes.com- Dec 13, 2022

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Global cotton benchmarks remain unchanged in Nov 2022: Cotton Inc

Trading activity in the cotton industry has shifted from the December NY/ICE contract to March. Prices for the March NY/ICE contract have been volatile, routinely changing two per cent or more on a daily basis. However, values were rangebound over the past month, moving higher and lower within a band between 80 and 87 cents/lb, as per Cotton Incorporated.

In early November, values were at the upper end of the range. More recently, values shifted towards the lower end and have traded near 82 cents/lb. The A Index followed the pattern of movement in NY/ICE futures and was also rangebound, with values shifting between 98 and 105 cents/lb, according to a report titled 'Cotton Market Fundamentals & Price Outlook December 2022' by Cotton Incorporated.

Chinese prices represented by the China Cotton Index (CC 3128B) were steady around 96 cents/lb. In terms of RMB/ton, values slipped from 15,400 to 14,900. The RMB strengthened against the USD over the past month, from 7.30 to 6.98.

Indian spot prices (Shankar-6 quality) moved higher and lower between early November and early December but ended the period at the same value that it began (103 cents/lb). In terms of INR/candy, values traded between ₹66,000 and ₹69,000. The INR was steady near ₹82 per USD over the past month.

Pakistani prices moved a little lower, falling from 92 to 90 cents/lb over the past month. In domestic terms, prices traded between 16,700 and 16,500 PKR/maund. The PKR held near 223 PKR/USD over the past month.

Source: fibre2fashion.com- Dec 13, 2022

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UK launches call for input ahead of enhanced FTA with South Korea

UK has started preparations for negotiating an enhanced free trade agreement (FTA) with South Korea by launching an 8-week consultation from businesses, organisations, and individuals to help shape the UK's negotiating aims ahead of talks. The enhanced FTA will ensure a fit-for-purpose deal that builds on the UK's existing £14.3 billion trading relationship and meets the specific needs of the UK.

The new agreement is expected to include dedicated help for smaller businesses, and provisions for investment and digital trade, which will support economic growth and jobs, UK's department of international trade said in a press release.

The UK is already a top destination for South Korean green investment and could become an even more attractive country to do business in under a new deal.

South Korea and the UK have already signed an agreement to strengthen supply chain resilience confronting global shortages.

The agreement will help to ensure the smooth flow of key supplies between the two countries, which will support businesses and public services to avoid supply shortages.

"South Korea is a growing market for top-quality British products and services and forms a key part of the UK's renewed focus on the Indo-Pacific region, securing stronger ties with economies of the future. The opportunities presented by increasing our trade with South Korea are significant, not least in digitally delivered trade, which accounted for 79 per cent of UK services exports to South Korea in 2020," said minister for trade policy, Greg Hands.

Source: fibre2fashion.com- Dec 13, 2022

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EU-ASEAN summit to build trade ties amid global tension

Leaders from the European Union and the 10-member Association of Southeast Asian Nations (ASEAN) are kicking off their first ever in-person summit in Brussels on Wednesday, commemorating 45 years of diplomatic relations.

"I see it as an opportunity for the EU and ASEAN to commit to their strategic partnership and shared commitment of following the rules-based international order amid current geopolitical tensions," an EU official told reporters prior to the summit.

"We are glad, too, that our ASEAN partners share our concerns on Russia's aggression in Ukraine," the official said, adding that Europeans also need to pay attention to security challenges in Myanmar, the Korean Peninsula and the South China Sea.

However, geopolitical and economic tensions in the Indo-Pacific region are centered firmly on China. Amid icy relations with Beijing, boosting trade relations with ASEAN is a priority for EU leaders.

Charles Santiago, chairman of the ASEAN Parliamentarians for Human Rights (APHR), told DW that countries in Asia need a counterweight against China's influence in the region, particularly the South China Sea, and the EU is looking to lure ASEAN away from forging stronger ties with Russia.

However, Santiago said that an ASEAN-EU free-trade agreement is not yet on the negotiating table.

"Europe wants to keep its trade relations with ASEAN based around a couple of things. First, the EU is looking for a source of raw materials like lithium, which ASEAN can provide. At the moment, any trade talks will focus on containing China and Russia's overwhelming influence," he said.

No EU-ASEAN free-trade deal, for now

ASEAN is the EU's third-largest trading partner after the US and China, trading goods worth more than €215.9 billion ($229.9 billion) in 2021.

Chemical products, machinery and transport equipment are the EU's main exports to ASEAN countries, while imports include machinery and transport equipment, agricultural products, textiles and clothing.

Both blocs began negotiations on a free trade agreement in 2007, but instead opted for bilateral trade deals.

However, according to the European Commission, these bilateral trade and investment agreements could serve as a foundation for a future EU-ASEAN trade agreement.

The EU began trade negotiations with individual ASEAN countries like Singapore and Malaysia in 2010, Vietnam in 2012, Thailand in 2013, the Philippines in 2015 and Indonesia in 2016.

While agreements with Singapore and Vietnam have been completed, at the summit tomorrow, the EU hopes to resume trade talks with Thailand and the new governments of the Philippines and Malaysia. Ongoing trade talks with Indonesia are also expected to be discussed bilaterally.

"There is still a lot of untapped potential in the ASEAN, which is on track to become the fifth largest economy in the world in the next four or five years, and we want to complete more bilateral trade agreements. It is also important for us to diversify our supply and demand chains," an EU official told reporters.

European Commission President Ursula Von Der Leyen is also expected to put forward an EU investment package to develop renewable energy, transportation, the digital sector and infrastructure with ASEAN countries, the official added.

Human rights taking a back seat?

Human rights organizations like Frontline Defenders have issued a statement calling on ASEAN leaders to also discuss human rights issues during the summit.

The coup in Myanmar, and the recent passing of a new criminal code in Indonesia that criminalizes criticism of the government and sex outside marriage, are two of several human rights issues confronting ASEAN countries.

However, according to Santiago, human rights and democracy issues are not a priority when trade and economics are on the agenda.

"Democracy takes a back seat, and good governance and human rights take a back seat, when the priority is trade," he said.

"Whether it's ASEAN or the Europeans, amid the current geopolitical situation of containing China for the ASEAN and weaning off dependency from Russia for the EU, boosting trade ties and connectivity are on the main agenda both blocs are keen to push," he added.

"But regarding Myanmar, I was in touch with a European commissioner, focusing on the situation in Myanmar and talks on the country's future in ASEAN and human rights violations will be held at the summit. Whether it will lead to a final agreement between both blocs on dealing with Myanmar is still unknown," Santiago said.

An EU-ASEAN joint statement which will also focus on boosting multilateral ties, is expected to be issued after the summit.

Source: dw.com- Dec 13, 2022

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Cambodia's apparel exports up 16.56% to $8.366 bn in Jan-Nov 2022

Cambodia's apparel exports increased by 16.56 per cent year-on-year to $8.366 billion during January-November 2022. This constituted 40.89 per cent of Cambodia's total foreign income of $20.457 billion during the period under review, according to data from the general department of customs and excise under the ministry of economy and finance.

Cambodia's exports of apparel and clothing accessories (knitted) earned $5.943 billion in the first eleven months of this year, which was 13.7 per cent higher than the exports worth $5.227 billion during the corresponding period of last year. The country's exports of apparel and clothing accessories (not knitted) rose by 24.2 per cent to $2.423 billion in the period under review. Last year, in this category, the country exported apparel worth $1.950 billion.

However, the exports of apparel and clothing accessories (knitted) recorded a negative growth during standalone month November 2022 which reflects the sluggish demand in the global market. The exports slipped by 9.5 per cent to $430.131 million in November 2022 from $475.236 million in the same period of last year. However, the shipment of non-knitted apparel grew by 14.6 per cent to $188.635 million in the period under review.

As for the imports, the country's knitted or crocheted fabric imports during January-November 2022 were valued at $2.709 billion, which was 1.5 per cent higher than the imports worth $2.670 billion in the same period last year.

Likewise, manmade fibre imports grew by 10.9 per cent to $1,102.303 million, against $994.344 million in January-November 2021. But cotton imports slipped 4.6 per cent to reach $460.240 million during the period under review, compared to $482.411 million in the same period of 2021.

Source: fibre2fashion.com- Dec 14, 2022

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UK goods imports fall by 2.6% in Oct 2022; exports fall by 2.2%

The value of UK goods imports decreased by £1.4 billion, or 2.6 per cent, in October this year, according to the Office of National Statistics (ONS).

However, removing the effect of inflation, imports of goods rose by £0.9 billion, or 2.3 per cent. The value of goods exports fell by £0.7 billion, or 2.2 per cent in the month, with exports to both European Union (EU) and non-EU countries falling.

After removing the effect of inflation, exports of goods decreased by £1.3 billion, or 4.7 per cent.

Goods imports from non-EU countries fell by £3.4 billion, or 11.6 per cent, primarily because of falling gas prices in October after peaking in September.

Goods imports from the EU rose by £2.0 billion, or 8.3 per cent in October, following a subdued September.

Source: fibre2fashion.com- Dec 13, 2022

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President Marcos to ask EU to retain zero tariff on Philippine exports

Philippine President Ferdinand 'Bongbong' Marcos Jr., who is on a visit to Belgium to attend the ASEAN-EU Summit, recently said he will ask the European Union (EU) to retain the Philippines from enjoying the benefits of the Generalised Scheme of Preferences Plus (GSP+), which include zero tariff on thousands of Philippine exports to the West.

The EU Parliament in February had obliged the Philippines to ensure its adherence to the 27 international conventions on human and labour rights, the environment and good governance. It had expressed concern over the extrajudicial killings and other serious human rights violations in the country.

Marcos told reporters human rights and GSP+ status "should be related to the other but we'll see," Philippine media outlets reported. "We'll bring it up with the EU," he added.

Source: fibre2fashion.com- Dec 13, 2022

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Bangladesh textile mills call for raising EDF loan cap, refund period

Bangladesh textile millers recently urged the central bank to extend the repayment tenure of loans from the Export Development Fund (EDF) up to 270 days as they often do not receive timely payment from exporters. They also sought continuation of foreign currency support to export-oriented manufacturing sectors, especially textile and apparel exporters.

Companies in these sectors import raw materials like cotton, synthetic fibre and dyeing chemicals. The repayment tenure is generally 180 days now and an additional 90 days are allowed subject to approval by the Bangladesh Bank. Many banks allegedly are unwilling to offer additional time.

In a few cases, the mills cannot pay back the EDF loan on time as they do not get timely payment from exporters, Bangladesh Textile Mills Association (BTMA) president Mohammad Ali Khokon told a press briefing.

The current limit of the EDF—set up with only $300 million in 1988 and with a corpus of $7 billion now—for textile millers is $25 million.

The export-oriented sectors, especially the members of BTMA, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), are the beneficiaries of the special loan facility.

"The local textile and RMG sector is passing through an unusual situation now due to the high prices of raw materials, energy and dollar amid the Russia-Ukraine war and a declining trend in remittance inflow," the BTMA president was quoted as saying by Bangladeshi media reports.

Readymade garment exporters pay for yarn and fabric using US dollar after receiving the export proceeds and textile millers repay the EDF loan accordingly, Khokon added.

Source: fibre2fashion.com- Dec 13, 2022

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NATIONAL NEWS

Shri Piyush Goyal meets UK's Secretary of State, Ms. Kemi Badenoch to discuss India-UK FTA negotiations

The Minister for Commerce and Industry of India, Shri Piyush Goyal, and UK Secretary of State for International Trade, Ms. Kemi Badenoch, MP, met today in New Delhi to discuss India-UK FTA negotiations.

Discussions were carried out on the India-UK FTA negotiations and the range of bilateral trade and economic relations. Both Ministers reaffirmed their commitment to the ongoing India-UK FTA negotiations which would unlock the full potential of boosting jobs, investments and exports between the two countries.

It was noted that the 6th Round of India-UK FTA negotiations is presently underway in New Delhi. While expressing satisfaction on the state of negotiations it was agreed that the negotiations will continue further with the aim to conclude the same at the earliest.

The Ministers urged the negotiating team to work together with an aim to iron out the differences in the spirit of mutual accommodation based on the principle of reciprocity and respect for each other's sensitivities, for a balanced, mutually beneficial, fair and equitable outcome.

The bilateral meeting was followed by interaction of the two ministers with the India and the UK Businesses.

The Minister for Commerce and Industry, Shri Piyush Goyal mentioned that India and UK investment and economic relations are already strong and grown over the years. India has adopted an export led strategy to spin its growth story which is inclusive and sustainable.

The Indian Government has also come out with many policies and reforms including PLI scheme, National Infrastructure Pipeline, Development Finance Institution and privatization of non-strategic sectors PSU.

Further, various Ease of Doing Business initiatives have been taken including digitization of processes and clearances, simplification of procedures, weeding out of old and archaic laws, etc.

He urged the businesses in India and the UK to take advantages of these initiatives for economic prosperity of both countries.

Source: pib.gov.in- Dec 13, 2022

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In doing FTAs, India should avoid earlier errors

After a hiatus of many years, India is back to pursuing free trade agreements with gusto. Following the Economic Cooperation and Trade Agreement with Australia and the Comprehensive Economic Partnership Agreement with UAE, under active negotiation are pacts with the EU, UK, Canada and Israel.

In the pipeline are possible pacts with the Eurasian countries, and South Africa and neighbouring republics. Of particular interest, going forward, is the strategy adopted by the Indian side with respect to talks with the EU and UK, as they have picked up some momentum.

India appears keen to stitch the two trade and investment pacts for at least two reasons. First, India and the Western blocs, it believes, are complementary rather than overlapping in the products and services they offer, which distinguishes it from India's dealings with China and the ASEAN economies.

The fiasco over the earlier FTA with ASEAN has in some measure been attributed to the lack of complementarities. While this principle is fine, India's internal competitiveness too needs to gear up. Second, India as well as the West are keen to wean themselves away from China, both for economic and strategic reasons, and create a new web of supply chains.

However, FTAs are meant to be about give and take. India's key gain would lie in getting the Western countries to open up movement of professionals and students.

The EU, India's second largest trading partner with a bilateral trade of $116 billion in FY22, seeks access in automobiles, wines and spirits and agriculture, while India will want an opening in markets for textiles and garments, and leather. A slashing of duty from 4-5 per cent (MFN rates) to nil in textiles and clothing is expected to put India on an even keel with Bangladesh and Vietnam, provided the product matches market needs.

This advantage was lost in India's FTAs with Japan and Korea. The EU is especially keen to explore new markets, as it remains mired in recession with a greying population. Post-Brexit UK has run into a skilled labour deficit, a gap that India can hope to fill with its scientific and technological expertise.

However, UK-EU will not hesitate to impose environment, labour and gender standards as a protectionist measure. On Tuesday, the EU cleared the decks for a tax on imports that do not conform to its climate protection standards.

India should be wary of such tactics. In conceding government procurement, as India has done with the UAE, it should be meticulous about the terms in order to protect MSMEs. Strict IPRs can perhaps be carefully negotiated, to arrive at a middle ground that debars 'evergreening' and allows minor patents.

As for tariff cuts, it should be noted that most of their tariffs are zero-rated anyway, whereas India needs to climb down from higher levels, therefore conceding more. The EU has expressed reservations over data localisation, while not yet declaring India as 'data secure' for sharing data. This will be a major trade issue.

Source: thehindubusinessline.com- Dec 13, 2022

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Indian textile industry monitoring FTA negotiations with Canada

India and Canada are negotiating a free trade agreement (FTA) to boost bilateral trade and Indian textile industry has given its suggestions on various rules related to the agreement. Conditions of the proposed FTA will determine if it will be helpful in getting more export orders or not. Currently India's apparel exports to Canada are negligible.

Recently, officials from the Indian ministry of commerce and industry organised a consultation on the proposal. The representatives of textile industry, including the Confederation of Indian Textile Industry (CITI), clarified their stand. CITI has given some suggestions on rules of origin and product specific rules (PSR).

The FTA can be expected to boost India's exports to Canada. India's share in Canada's total apparel imports was just 3.60 per cent during January-September 2022.

Canada imported apparel worth $9.192 billion in the same period and its imports from India were merely $330.895 million which is negligible. However, India was among the top five suppliers for Canada. China, which had a lion's share of 31.16 per cent ($2.864 billion), topped the supplier's list, according to Fibre2Fashion's market insight tool TexPro.

Canada's home textiles imports were at $1.918 billion in the first nine months of this year. India was the third largest supplier of home textiles to Canada with a share of 13.26 per cent, which amounted to $254.527 million. China exported home textiles worth $747.891 million (38.98 per cent) to Canada in the same period.

Source: fibre2fashion.com- Dec 13, 2022

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Spinners, apparel hubs in crisis as US and EU orders dry up

If India's exports of goods fell 16.6% on year in October, the first monthly contraction in 19 months, the fall had begun in the two largest labour-intensive sectors — textiles & clothing and gems & jewellery — much earlier and was even sharper. Consider this: the country's exports of readymade garments fell to a 28-month low of $988.7 million in October; cotton yarn exports plunged by 46% to $719 million in the month; knitwear exports from the largest hub Tirupur declined 17.4% on year in August, 33.1% in September and 39.8% in October. Textile and garment exports as a whole contracted 8.5% to $18.3 billion in the first half of FY23 from a year before, far under-performing a 17.8% growth in overall merchandise exports.

Similarly, gross exports of gems & jewellery plummeted 22.4% in October to $3.135 billion.

With the country's top two textiles and apparel export markets — the US and the EU — witnessing a sharp demand slowdown, shipments will continue to remain under pressure in the coming months. Given the multiple shocks that weigh on the global economy and the forecast that growth in world trade volumes will fall to a dismal 1% next year, the short-term outlook for apparel exports is grim. A moderation in input costs, a fall in ocean freight and an easing of congestion at key shipping routes, may give some relief to exporters at this juncture, but may not suffice to avert a crisis.

In fact, there has been an erosion of India's export competitiveness in textiles and apparel segments in recent years and the target to accelerate the shipments to $100 billion in five years looks daunting, if not impossible.

"The current fiscal is the worst in history for the entire textile value chain. Record high domestic cotton prices between April-August added to the woes," says Rahul Shah, member, Textile Export Promotion Council. For the first time in history, India had to import cotton yarn in June and July, he notes.

Sivaramakrishnan Ganapathi, executive vice chairman and managing director at Gokaldas Exports, however, remains optimistic. “Shipping constraints have reduced compared to last fiscal. Also, ocean freights have eased considerably,” he says, adding that the medium- to long-term prospects for Indian apparel exports are likely to remain strong. The company, he says, is “closely watching” the demand scenario in the US market.

A top executive with a leading Ahmedabad-based company says that it will likely be a “long winter in Europe” due to the energy crisis. Moreover, high inflation and resultant tight monetary policy in the US and EU, possible recession in the west and continuous depreciation of euro will make things even tougher for India’s textile and apparel companies, he adds, on condition of anonymity.

Industry players also note that cost of living in Europe has increased considerably in the wake of soaring gas and crude oil prices, caused by the Ukraine war. All these factors, they observe, have seriously dented the overall demand for products in the entire textile value chain — from yarn, fabrics, to made-ups and garments.

Cotton yarn manufacturers are facing even bigger challenges. A sharp decline in exports has reflected on nearly 600-odd spinning mills in Gujarat, where 60% of the total production is exported, mainly to the US and EU, says Gautam Dhamsania, secretary, Spinners Association of Gujarat.

Though domestic cotton prices have fallen compared to all-time high levels a few a months ago, these are still hovering at elevated levels of Rs 68,000-Rs 70,000 per candy (356 kg per candy), higher than international prices. According to Dhamsania, spinning mills in the state are incurring losses of Rs 15-20 per kg of yarn and are running below 60% capacity.

Knitwear exports from Tirupur cluster, one of Asia’s largest export hubs, have been hit hard by the slowdown in the US and the EU, which conventionally accounted for over 70% of the shipments. Year-on year decline in shipments started in August and has since been sharper. Export of knitwear from the hub fell to $0.264 billion in October from $0.329 billion in August.

While new orders have dried up, many buyers in the US and EU have withdrawn past orders citing unsold stocks. Exporters in the town hope that with in the Christmas and Thanksgiving season, the EU and US buyers will be able to clear the stocks and book fresh consignments.

Kumar Duraiswamy of Eastern Global Clothing, one of the major exporters from Tirupur, says: We have been impacted since August. Around 30-40% of the exporters are working with half the capacity, but are still not resorting to layoffs.” Apart from the summer season orders from western markets, Tirupur exporters are also pinning their hopes on demand from West Asia, which accounts for 15% of the exports.

Chintan Parikh, founder and chairman of of Ahmedabad-based Ashima, believes uncertainty is prevailing due to recession in the US market. “It is difficult to forecast exports prospects in the current situation, but we are hoping for things to improve in coming months,” he adds.

Amidst all these odds, the easing of the global logistic movements, a narrowing of the spread between international and domestic cotton prices, and fresh arrival of the fibre are a few positive factors, says Chintan Thaker, group president at Welspun Group. While export sales are down, the ongoing wedding season in the country too has come to the rescue for the Indian textile and garment sector, says Himanshu Bodawala, president of Suratbased South Gujarat Chamber of Commerce & Industry.

Given the difficult situation, the Tirupur exporters have started exploring possibilities in “man-made fibre” (MMF) based exports, shifting away from the traditional cotton-centric approach.

Big US and EU retailers and brands may scale up buying from India if the MMF is used for knitwear manufacturing, according to Tirupur industry circles. “We are going to create an ecosystem to develop MMF-based products,” Duraiswamy adds. Also, thanks to India’s free trade agreement with Australia, the Tirupur exporters are now looking at making a footprint Down Under. The UK market also look promising for exporters from the garment hub.

However, it is clear that the textile and garment industry, the largest employment creator after agriculture, needs policy support to meet the targets set.

A historical policy bias towards the cotton-based value chain when global consumption pattern veers towards manmade fibre and technical textiles products, domination of small and medium businesses with limited scale, inflexible labour rules for decades, and high logistics costs have hurt this sector.

The government came out with a Rs 6,600-crore package for garments exporters in 2016. It also allowed fixed-term employment to address the issue of seasonality in order flows. However, the relief hardly paid off, as other structural bottlenecks continue to persist.

The government announced a Rs 10,683-crore production-linked incentive scheme for only manmade fibre-based and technical textiles products, and selected eligible companies this year. Since the incentive offtake is now expected to be lower, it's planning to roll out a second PLI scheme for the sector.

Source: financialexpress.com- Dec 14, 2022

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A trade wave that wasn't? What a 16.7% plunge in October export numbers mean

After setting record highs in exports, India is now losing speed and is in danger of losing its hard-won lead. Does it signal the end of a good run for an economy that had managed to move past the $300-billion barrier in exports after almost a decade?

The situation demands scrutiny, as the country had achieved a record export target of $418 billion in FY22, but the outbound trade showed modest growth in the first six months of the current financial year. Signs of global demand weakening became more evident in October when exports sharply contracted by 16.7% year-on-year, the first contraction in 19 months. Exports in October 2022 were $29.78 billion against $35.73 billion in October 2021, reflecting the slowdown globally on account of inflationary pressures, mounting recession fears, currency fluctuations and geopolitical turmoil.

Experts point out that the world is facing multiple challenges at the same time. Also, these issues arose after the global economy went through a subdued period during Covid.

Ajay Sahai, DG & CEO, Federation of Indian Export Organisations (FIEO), describes the global situation as being volatile, and people's purchasing power has come down. "The offtake has been low and countries have raised their interest rates as well. Moreover, the advantage that we had last time — when the prices of commodities were high, helping exports — does not exist now. That also affects the value of exports," he says.

This sentiment is reflected in the WTO Goods Trade Barometer, a composite indicator for world trade. The latest reading, released on November 28, revealed that trade growth was likely to slow in the closing months of 2022 and would remain subdued in 2023.

It attributed this to several shocks, including the Russia-Ukraine war, high energy prices, inflation and monetary tightening in major economies. The barometer showed a reading of 96.2, lower than the baseline value of 100 and indicative of slower trade growth ahead.

"The barometer index was weighed down by negative readings in sub-indices representing export orders (91.7), air freight (93.3) and electronic components (91.0). Together, these suggest cooling business sentiment and weaker global import demand. The container shipping (99.3) and raw materials (97.6) indices finished slightly below trend and have lost momentum," it stated.

'Reasonable' growth levels

Experts contend that the huge growth witnessed by most countries after the pandemic was due to the increased liquidity and pent-up demand that followed.

"There was a significant amount of liquidity in the EU and US owing to the largesse imparted to the economy," says Atul Gupta, Partner, Deloitte India. "Such liquidity in the world market was bound to result in a lot of money chasing a limited amount of production. Now the scenario is vastly different with markets such as the EU, US and China getting riled by their own economic worries of inflation and consumption being hit. Growth parameters for major economies have gone down by almost half of what was previously projected."

One of the major determinants of export performance is the demand and supply equation. Demand is creating the issue now, he says. "I don't see this as a long-term trend. But we will get down to worldwide growth levels, which are reasonable.

You can't think of having a 6% growth in world output anymore, as was the case in 2021. A normal good year of world output is more like 4%. It is estimated at 3.2% in 2022 and 2.7% in 2023, according to the International Monetary Fund," Gupta says.

In fact, the IMF's World Economic Outlook in October had highlighted that this was the weakest growth profile since 2001, except for the global financial crisis and the acute phase of the Covid-19 pandemic.

"The world's three largest economies — China, the euro area, and the US — will slow significantly in 2022 and 2023, with downgrades compared with the predictions made in April and, in most cases, July," it noted.

A look at the numbers in October shows that India's exports have not been insulated from the impact of such developments in major economies. According to the Press Information Bureau, some of the commodity groups exhibiting negative growth in the month included iron ore, gems & jewellery, engineering goods, spices, carpets and ceramic products.

Though a lot of products did not do well, the numbers in labour-intensive products are a cause of concern. The President of FIEO, A Sakthivel, lists the export decline in engineering goods, apparels and textiles, gems & jewellery, petroleum, organic & inorganic chemicals, drugs & pharmaceuticals, marine products, leather & leather products, and agri-product sectors as of particular concern.

"These sectors are key to huge employment generation. At the same time, the growth in exports of electronic goods on a sustained basis is a good sign, besides the growth in exports of some agri product sectors such as oilseeds, oil meals, tobacco, tea and rice," he adds.

Another reason why a fall in exports should be more worrisome than earlier is that outbound trade has a larger say in the economy's growth now. In 2017-18, exports of goods and services contributed to 18.8% of GDP. The 2021-22 provisional estimates peg that number at 21.4% of GDP.

Challenging times

While iron ore showed a steep export decline of 90%, according to official data, handicrafts, excluding handmade carpets, reflected a fall of over 50%; cashews saw a drop of around 41%.

This implies more challenging times are in store for the MSME sector, which contributes 40% to the country's exports. Incidentally, even the rupee depreciation against the US dollar did not have a positive impact on MSMEs as anticipated because of global trade growth slowing and the high inflation this year spoiling business, household and government calculations.

The last two years have been particularly hard for small and medium enterprises, with the virus outbreak posing a severe threat to their survival. Many MSME units either shut down or faced extreme losses during that period. Their woes were further compounded with the Russia-Ukraine war slowing global demand and disrupting supply chains.

Now, with a host of factors contributing to a slower growth in trade, such enterprises would have to traverse a period unheard of in modern economic history.

“The main challenge for MSME exporters is demand. But it is beyond their control,” says Nisschal Jaain, CEO and Founder at Shypmax, a cross-border logistics platform. “The next 12-14 months will be crucial. Cutting costs wherever possible and having a strong supply chain in place can help them steer ahead in this time.”

What to expect

However, despite the global headwinds, industry experts are optimistic that exports will maintain a slow and steady momentum. “I don’t see us missing the target by any huge margin,” says Gupta of Deloitte India.

Labour intensive sectors have seen major contraction in exports.

Sahai of FIEO estimates exports will touch $450 billion in FY23 against the previous target of $470 billion. “According to the current trend, this seems to be the case. But the global situation seems to be quite volatile. It is important to review our targets at every step,” he adds.

The exports body had suggested companies adopt more aggressive marketing measures during this time to stay visible and have a fighting chance. SME exporters in most developing and developed countries get government support for marketing exposure.

“In India, even though such support is provided, the support given under Market Development Assistance (MDA) Scheme with total allocation of less than Rs 200 crore for promoting exports to $460-470 billion is just a drop in the ocean.

There is a need for creation of an Export Development Fund with a corpus of minimum 0.5% of preceding year’s exports,” it had stated at the pre-budget meeting with FM Nirmala Sitharaman in November.

Others are of the view that exporters should reach out to the government seeking clarity over export incentive schemes that can offer a leg up to the sector. “In addition,” says Krishan Arora, Partner, Grant Thornton Bharat, “appropriate representations should be made seeking the limited intervention of the authorities in day-to-day matters for exporters under SEZ and MOOWR (Manufacturing & Other Operation in Warehouse Regulation) schemes. Further, the government should also consider extending the PLI scheme to various other sectors to boost manufacturing, ultimately leading to an increase in exports.”

While it is undoubtedly a time of uncertainty, what remains to be seen is whether this would be a long-term trend or just a cyclical one. Gupta labels it more as a reaction to the unsurpassed growth levels seen after the pandemic. “I don’t see the recession lasting long. It seems that the worst in terms of inflation is tending to get out. If that happens, it would be a healthy sign for exports to pick up,” he says, bullish on the road to recovery in FY 24.

Source: economictimes.com- Dec 14, 2022

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G20 meet: Infra to sustainable finance, global headwinds take centre stage

The global commodity price and supply-chain shock due to the war in Europe, the macroeconomic outlook for 2023, and the financing of sustainable infrastructure were some of the main points discussed on Day 1 of the meeting of the Finance and Central Bank Deputies (FCBD) of the Group of Twenty (G20) in Bengaluru on Tuesday.

This is the first meeting of the Finance Track of G20 under India's Presidentship and is expected to set the agenda for the meeting of the G20 finance ministers and central bank governors, scheduled to be held in Bengaluru as well, in February.

The three-day FCBD meeting will see discussions on the global macroeconomic situation, international financial architecture, sustainable infrastructure and its financing, international taxation, and financial inclusion, the finance ministry tweeted.

The ministry and the Reserve Bank of India (RBI) are jointly co-hosting the FCBD meeting.

Heading the meeting are Economic Affairs Secretary Ajay Seth and RBI Deputy Governor Michael Patra. Chief Economic Advisor V Anantha Nageswaran was also present.

"In the first session on global economy and framework for growth, the G20 finance deputies led the discussions on global economic outlook and risks, besides policy responses, to tackle emerging global challenges.

Members spoke on immediate challenges of global inflation, food and energy security, along with deliberation on the issue of climate change," the ministry said.

As a result of Russia's invasion of Ukraine and the resulting sanctions by Western economies, about a third of the global economy is expected to slip into recession in calendar 2023, according to the International Monetary Fund.

The Finance Track of the powerful G20 grouping is older than the Sherpa Track since G20 was formed with the intention of governance of the global economy.

There are five working groups in the Finance Track, dealing with issues such as infrastructure, climate and sustainable infrastructure financing, global taxation, debt levels, and sustainability, especially in low-income nations, multilateral institutions, cross-border financial crimes, and regulation of cryptocurrency and other digital assets.

Finance Minister Nirmala Sitharaman has spoken about the key focus areas of the Finance Track. Last month, she had said that climate and sustainable development financing, multilateral institution reforms, regulation of digital assets, impact on developing economies from the spillovers of the actions of Western central banks, energy and food security in the backdrop of the war in Europe, and sanctions on Russia and their impact on the global economy could be items on the agenda.

Source: business-standard.com- Dec 13, 2022

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India's exports may be hit as Europe reaches historic deal to put pollution price on imports

European Union policy makers reached a landmark deal to slap an emissions levy on some imports, in an attempt to ensure the bloc's green overhaul doesn't leave its industries at a disadvantage.

After hours of late-night negotiations, EU governments and the European Parliament thrashed out key details of the so-called Carbon Border Adjustment Mechanism. The idea is that carbon-intensive industries forced to comply with Europe's world-leading climate laws won't face unfair competition from producers operating in countries with weaker rules.

The EU's plans have already caused diplomatic unease in nations such as China and India, and there's concern that Russia may not comply. The move comes amid growing tensions over a major US climate package offering subsidies to American manufacturers — seen as putting European counterparts at risk.

"Of course CBAM will have impact on our trade partners, because it's designed to," Pascal Canfin, chair of the EU Parliament's environment committee, told reporters at a briefing on Tuesday in Strasbourg, where the talks took place on the sidelines of the assembly's plenary sitting. "It's important that the EU leads on the connection between climate and trade policies."

The idea of putting a price on emissions at the border has been floated in the region over the past two decades but it wasn't until in 2021 that the European Commission put forward a draft regulation.

The measure effectively means that goods imported into the EU from a high-polluting country will face a levy at the border based on its emissions footprint. The proceeds will largely go into the EU's budget.

"It's a very strong message to the rest of the world and I can't imagine that other regions will not follow with a similar mechanism," said Mohammed Chahim, lead negotiator for the parliament on the measure.

The preliminary agreement among negotiators will need the endorsement of ministers from national governments and the full parliament to enter into force. But first policymakers need to iron out a deal on another draft law — a deep reform of the EU carbon market. Talks on that issue are due to take place Friday and Saturday.

The Emissions Trading System overhaul is closely linked to CBAM because it will spell out how and when to phase out emissions allowances that sectors covered by the emissions levy currently get for free to avoid relocation to countries with laxer climate policies. It will also decide how to treat exporters covered by the ETS, as their competitiveness may be at risk when they send goods to countries without carbon pricing.

The CBAM will also include indirect emissions under certain conditions. The commission will assess the methodology for such pollution before the end of the transition period. The measure covers carbon-intensive sectors such as cement, steel, aluminum, fertilizers, electricity production and hydrogen. Reporting requirements will start in October 2023, as part of a gradual phase-in.

Source: economictimes.com- Dec 14, 2022

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Indian cotton rules at premium to global rates leaving trade, millers worried

Indian cotton prices are ruling firm above ₹65,000 a candy (356 kg), but the trend has left the trade divided over reasons for lower arrivals this season. In view of the firm trend in prices, which are 20 per cent higher than global rates, the natural fibre consumption will likely be lower, stakeholders say.

Currently, Shankar-6 cotton, the benchmark for exports, is quoted at ₹67,500 a candy. On the InterContinental Exchange in New York, cotton is quoted at 79.69 US cents a pound (₹52,150/candy) for delivery in March. On MCX, cotton for delivery this month is quoted at ₹31.310 for a bale of 170 kg (₹65,566/candy).

Arrivals lower

At the Rajkot agricultural produce marketing committee (APMC) yard in Gujarat, the modal price (rates at which most trades take place) of raw cotton is currently ₹8,700-8,800 a quintal, at least ₹500 higher than the same time a year ago. "This is because arrivals are low as farmers are holding back the produce," said Rajkot-based cotton, yarn, and cotton waste trader Anand Popat.

"Over 125 lakh bales of cotton have been harvested. But hardly 50 per cent of the harvested crop has arrived in the markets. Looks like farmers want prices like last year, but the chances of cotton prices ruling high are remote," he said.

"Till December 15, 65 lakh bales of cotton may have arrived across APMC yards in the country. Even if 20 lakh bales arrive until December 31, at least 240 lakh bales will have to arrive between January 1 and June 30, taking into account the 340-350 lakh bales production estimate," Ramanuj Das Boob, a sourcing agent for multinationals in Raichur, Karnataka.

Inflow increasing?

This would mean 1.3-1.4 lakh bales of cotton will have to arrive daily from January 1. "It is difficult to see that much cotton arriving. It is doubtful if farmers will hold on to so much cotton.

Probably, the production, which looked bright until two months ago on higher acreage and a quality crop, may have been hit by the vagaries of weather in States such as Telangana and Karnataka," he said.

But Popat said daily arrivals were now between 1.1 and 1.3 lakh bales. "Last week, arrivals were 8 lakh bales," he said. According to Agmarknet data, cotton arrivals till now from October 1 are 57.98 lakh bales, compared with 98.31 lakh bales a year ago. Arrivals are lower in all cotton-growing States this year.

The high prices for cotton are now deterring the textile industry. "Spinning mills are working at 50 to 70 per cent capacity," Popat said.

Plea to scrap import duty

Last week, the Indian Cotton Association President Atul S Ganatra wrote to Union Commerce Minister Piyush Goyal urging the Centre to scrap the 11 per cent import duty on cotton in view of domestic prices ruling over 15 per cent higher than global rates. "The availability of raw materials for our textile industry at a competitive rate has been severely impacted. This has eroded the competitiveness of our value-added products in the international market, and the textile industry is only working at 50 per capacity," Ganatra said in the letter.

"Import duty removal will play a crucial role in determining the competitiveness of the value chain in immediate future order bookings for apparel exports," said Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation.

The current situation has resulted in the US Department of Agriculture (USDA) projecting Indian cotton consumption to decline by nearly 27 lakh bales. "Higher spot prices for cotton relative to other major spinners have eroded India's stature as a competitive yarn exporter to China," it said.
Demand muted

"We expect that Indian cotton consumption will be much lower than the USDA projections due to the continuing trend of lesser capacity utilisation by the spinning sector. Due to the fall in apparel exports, the "knits" segment of the value chain, which is a dominant consumer of cotton due to coarse count yarn production, is running with lesser capacity utilisation leading to lower consumption," said Dhamodharan.

“Domestic demand for cotton is muted this year due to low fabric demand. The high price of cotton compared to other countries is affecting the overall competitiveness when the demand is price sensitive,” said Ronak Chiripal, CEO, Nandan Terry.

This is one of the primary reasons for the decrease in the export of cotton yarn, cotton, and cotton fabric. “Domestic consumption has also suffered as a result of the overall downturn,” said Chiripal.

“Farmers need to understand that if they hold back their produce, they will find it difficult to sell after February since ginning mills will close their operations,” said Popat.

Pink bollworm impact?

The third picking in cotton has begun, and they have begun to arrive, though the quality is a tad inferior. This could affect returns to growers, said a trader. “Indian cotton is still expensive, and we are expecting some more correction in the coming days,” said Dhamodharan.

“It is likely that the crop has been affected by weather and the pink bollworm. We hear that farmers are getting 6-8 quintals a hectare when they should get 10-12 quintals. The situation does look alarming,” Boob said.

While the crop in Gujarat is reported to be good, production in Maharashtra is estimated at 85 lakh bales. “Daily arrivals are only 25,000 bales, though,” the Raichur sourcing agent said.

According to the Committee on Cotton Production and Consumption, a body comprising all textile stakeholders, production this season (October 2022–September 2023) is estimated at 341.91 lakh bales, against 312.03 lakh bales last season. Consumption is projected at 311 lakh bales against 313.77 lakh bales, while closing stocks are likely to be higher at 46.51 lakh bales against 45.6 lakh bales.

Source: thehindubusinessline.com- Dec 13, 2022

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Wedding season set to boost demand for apparel, jewellery

The wedding season has boosted sales growth for categories like apparel, jewellery, large packs of staples and edible oil by up to 30 % in the last fortnight with the industry expecting record number of marriages planned till February that will aid faster recovery in overall demand, industry executives said. Absolute sales are much more than pre-Covid levels in 2019.

Executives said categories like refrigerators, washing machines and televisions have also seen a jump in enquiries and marginal improvement in demand since December, which they said, will pick up pace from January onwards when the number of auspicious days are much more.

"Sales of suits for men and lehenga or ethnic wear indicates that wedding season is stronger even compared to 2019 levels, boosting our average selling price as these are higher ticket items," said departmental chain Lifestyle International chief executive Devarajan Iyer.

Rajendra Kalkar, president (malls) at Phoenix Mills, which operates nine malls in cities like Mumbai, Pune, Bengaluru and Chennai, said there has been around 30-40% year-on-year growth in sales in categories like apparel, jewellery and even luxury brands, driven by the wedding demand.

The recovery in wedding demand has come after two years of covid when celebrations were either muted or postponed. This has created an additional boost for the industry, when demand plummeted after Diwali with a delayed winter in several parts of the country.

Sunil Kataria, chief executive of lifestyle business at fabric and apparel manufacturer Raymond, said the country is expected to have over 30 lakh weddings this season and most of them are not a one-day event but last for 4-5 days.

"While the opportunity was lost in the last two years, demand for both ethnic wear and western attire such as suits is extremely strong now. We have seen a strong start to the season and expect this to continue into next quarter also," said Kataria.

Fashion e-commerce platform Myntra vice president (category management) Padmakumar Pal said the premium and heavy Indian wear segment is witnessing around 100% increase in demand. With the wedding season around, the platform reported 300% growth in ethnic wear sales in the first day of its on-going sales over the normal period.

Even fast-moving consumer goods sales such as large packs of staples, edible oil and premium personal care products have shot up. Adani Wilmar chief executive Angshu Mallick said sales of large packs of edible oil, staples and basmati rice have surged by 10-12% in the last few weeks. “While wedding dates are till December 15, post that the celebrations are continuing this year with receptions, especially in NRI marriages,” he said.

Wedding-led jewellery sales have shot up by 10-15% over last year, said Saiyam Mehra, vice- chairman of All India Gem & Jewellery Domestic Council. Ramesh Kalyanaraman, executive director at Kalyan Jewellers, said with return of normalcy across markets, there has been a re-emergence of the mega Indian wedding across markets. “This is further fuelled by an unprecedented shift among consumers from unorganized to organized jewellery retailers,” he said.

In durables, companies said enquiries have gone up including in upcountry markets. LG India vice president Deepak Bansal said sales have started moving, but the bigger surge is expected in January and February when there are more than 30 auspicious days for weddings.

The demand for gold in rural India has gone up as the agrarian community has cash in hand following the kharif harvest. From October onwards, farmers start selling their kharif crops. Government has also increased the minimum support price of most of the kharif crops, which too has increased the purchasing power of rural India, which accounts 60% of gold consumption in the country.

Companies like Tanishq, Shoppers Stop and Aditya Birla Fashion & Retail told analysts last month that pent-up demand this wedding season will drive sales.

Source: economictimes.com- Dec 14, 2022

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Indian exporters on Amazon clock 100% growth in high sales week

Indian exporters on Amazon Global Selling clocked over 100 per cent business growth compared to business as usual (week in November), during the Black Friday and Cyber Monday (BFCM) sale events held globally between November 24 and 28 November.

Customers across Amazon global marketplaces like North America, Europe, the Middle East & Africa shopped the highest from Indian exporters with Australia, Japan and Singapore also reporting high growth for sellers. The highest growth was seen in categories like toys (60 per cent), kitchen (40 per cent, home (25 per cent), jewellery and grocery (20 per cent).

According to Amazon, globally popular Indian brands such as Vahdam, Skillmatics, California Design Den, VirVentures, and Kart It, among others remained in high demand during the sale.

Made in India products

Bhupen Wakankar, Director, Global Trade, Amazon India, said, “The accelerated growth of Indian exporters during the annual BFCM sale events globally is a testament to the momentum we are seeing in our e-commerce exports program.

With Amazon Global Selling, entrepreneurs of all sizes from across India are able to leverage Amazon’s investments in logistics and infrastructure to cater to customers across the world. We are humbled to play a role in taking their Made in India products global as we continue to work towards our pledge of enabling $20 billion in cumulative exports from India by 2025. This year, Amazon slashed the subscription fee for new exporters joining its Global Selling program for the first three months from $120 (39.99 per month) to just $1, among other initiatives.. Amazon said this led to an about 50 per cent jump in new seller sign-ups on the programme compared to the previous month.

Source: thehindubusinessline.com - Dec 13, 2022

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Cotton farmers train to save crop from pink bollworm

Ravindra Reddy, a cotton farmer in Damera village of Hanamkonda district in Telangana, is delighted with the yield of nine quintals of cotton per acre. Last year, the yield was limited to about six quintals per acre owing to pink bollworm, one of the most destructive pests for cotton cultivation.

Reddy says not many farmers were unaware of the pink bollworm or its management last year. This year, intervention from Louis Dreyfus Company (LDC), the Rotterdam (Netherlands)-headquartered French agricultural and food processing company, has helped farmers control the damage.

LDC launched ‘Project Jagruthi’ for cotton growers in India following the pink bollworm outbreak in 2021..

It conducted workshops across Punjab, Haryana, Rajasthan, Gujarat, Maharashtra, Telangana, Karnataka, and Andhra Pradesh, training over 7,500 farmers in over 30 villages on scientific and technical pest control methods. The company also equipped them with over 40,000 pheromone traps for pink bollworm management. It provided eight traps per acre.

“Per acre yield has grown because of the awareness and pheromone traps,” said Reddy. Another farmer, Rajeshwara Rao, agrees, saying the pheromone traps in his two acres helped save 95 per cent of his crop from pink bollworms.

Mergu Rajkumarayya, who has cultivated cotton for almost 20 years now, says the cost of cultivation is multiplying with soaring expenses for pesticides and fertilisers; the pink bollworms added to the problems.

Cotton production, trade

“LDC conducted a series of educational workshops to support cotton farmers in mitigating threats such as pink bollworm and white fly infestations and reduce the cost of cultivation through better farming practices. Specific methods were demonstrated alongside technical advice from experts to minimise yield losses due to pest outbreaks, thereby increasing production and incomes,” says Gangadhara S, LDC’s Head of Cotton Research.

Sumeet Mittal, LDC's Cotton Platform Head in India, said, "Farmers have responded enthusiastically to the project. We are going to scale up the project and reach more farmers." He added that cotton is the pivot of agribusiness in many states and any damage to the crop causes heavy losses to farmers.

Yogeshwar, a farmer,concurs. "Pink bollworm attack destroys almost three portions of the flower and affects the quality and quantity [of yield]. Farmers earlier incurred huge losses. Timely awareness and intervention are key. LDC played a crucial role to save yield in our village," he said.

Role of the private sector

In July this year, at an interactive meeting with stakeholders of the cotton textile value chain, Union Minister for Commerce and Industry, Textiles, and Consumer Affairs Piyush Goyal stressed on the role of private players in improving cotton productivity and the branding of Indian cotton.

He said the private sector must contribute to boosting research on productivity as also farmers' education and branding, with matching support from the government. Calling for an integrated approach, Goyal said the private sector must act in mission mode to strengthen the cotton value chain.

Source: thehindubusinessline.com- Dec 13, 2022

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Cotton yarn prices drop in India amid speculations of global recession

Cotton yarn prices further declined by ₹5-8 per kg today in Mumbai as buyers in the textile value chain were cautious amid speculations of global recession. However, cotton yarn prices remained stable in Tiruppur.

Buying of cotton yarn in south India was limited as buyers further tightened their purchases amid uncertainty regarding revival of demand.

"Buyers remained absent from the market as they were unsure about demand from the garment industry.

Exports were also unviable due to the disparity in prices. Indian yarn cannot be shipped in other countries as domestic cotton is 15 per cent costlier," a trader from Mumbai told Fibre2Fashion.

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,640-1,680 and ₹1,550-1,600 per 5 kg (GST extra) respectively. 60 combed warp was priced at ₹360-365 per kg.

80 carded (weft) cotton yarn was sold at ₹1,520-1,540 per 4.5 kg. 44/46 count carded cotton yarn (warp) was priced at ₹305-310 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹282-288 per kg and 40/41 count combed yarn (warp) was priced at ₹300-305 per kg, according to Fibre2Fashion's market insight tool TexPro.

Tiruppur market remained steady amid weaker demand. Mills were facing disparity as they were unable to increase yarn prices. The recent fall in yarn prices also widened mills' losses. Traders said that buyers were not willing to take risks amid speculations of global recession.

Today, 30 count combed cotton yarn was traded at ₹295-300 per kg (GST extra), 34 count combed at ₹310-315 per kg and 40 count combed at ₹320-325 per kg in the Tiruppur market.

Cotton yarn of 30 count carded was sold at ₹268-272 per kg, 34 count carded at ₹275-280 per kg and 40 count carded at ₹282-285 per kg, as per TexPro.

In Gujarat, cotton was traded at ₹66,500-67,000 per candy of 356 kg. The prices were up by ₹500 per candy since last Tuesday. The ginners were not keen for production due to a disparity of ₹300 per candy.

Spinners bought less cotton as they are not getting enough demand from the weaving industry. According to the traders, there was uncertainty regarding improvement in demand.

Source: fibre2fashion.com- Dec 13, 2022

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