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## INTERNATIONAL NEWS

# INTERNATIONAL NEWS

## World economy is headed for a recession in 2023: Research

The world faces a recession in 2023 higher borrowing costs aimed at tackling inflation cause a number of economies to contract, according to the Centre for Economics and Business Research.

The global economy surpassed $100 trillion for the first time in 2022 but will stall in 2023 as policy makers continue their fight against soaring prices, the British consultancy said in its annual World Economic League Table.

"It's likely that the world economy will face recession next year as a result of the rises in interest rates in response to higher inflation," said Kay Daniel Neufeld, director and head of Forecasting at CEBR.

The report added that, "The battle against inflation is not won yet. We expect central bankers to stick to their guns in 2023 despite the economic costs. The cost of bringing inflation down to more comfortable levels is a poorer growth outlook for a number of years to come."

The findings are more pessimistic than the latest forecast from the International Monetary Fund. That institution warned in October that more than a third of the world economy will contract and there is a 25% chance of global GDP growing by less than 2% in 2023, which it defines as a global recession.

Even so, by 2037, world gross domestic product will have doubled as developing economies catch up with the richer ones. The shifting balance of power will see the East Asia and Pacific region account for over a third of global output by 2037, while Europe's share shrinks to less than a fifth.

The CEBR takes its base data from the IMF's World Economic Outlook and uses an internal model to forecast growth, inflation and exchange rates.

China is now not set to overtake the US as the world's largest economy until 2036 at the earliest — six years later than expected. That reflects China's zero Covid policy and rising trade tensions with the west slow, which have slowed its expansion.

CEBR had originally expected the switch in 2028, which it pushed back to 2030 in last year's league table. It now thinks the cross-over point will not happen until 2036 and may come even later if Beijing tries to take control of Taiwan and faces retaliatory trade sanctions.

"The consequences of economic warfare between China and the West would be several times more severe than what we have seen following Russia's attack on Ukraine. There would almost certainly be quite a sharp world recession and a resurgence of inflation," CEBR said.

"But the damage to China would be many times greater and this could well torpedo any attempt to lead the world economy."

It also predicted that:

- India will become the third $10 trillion economy in 2035 and the world's third largest by 2032
- The UK will remain the world's sixth largest economy, and France seventh, over the next 15 years but Britain is no longer set to grow faster than European peers due to "an absence of growth oriented policies and the lack of a clear vision of its role outside of the European Union."
- Emerging economies with natural resources will get a "substantial boost" as fossil fuels play an important part in the switch to renewable energy
- The global economy is a long way from the $80,000 per capita GDP level at which carbon emissions decouple from growth, which means further policy interventions are needed to hit the target of limiting global warming to just 1.5 degrees above pre-industrial levels.

Source: economictimes.com- Dec 26, 2022

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# Foreign financial institutions raise China's 2023 GDP growth forecasts

Based on an anticipated rebound in business activity next year and the accelerated optimisation of COVID-19 control measures, foreign financial institutions have raised their forecasts for China's gross domestic product (GDP) growth for 2023. Nomura Securities has also upgraded its forecast for China's 2023 annual GDP growth to 4.8 per cent from the previous 4 per cent. China's Central Economic Work Conference, which concluded on December 16, decided the country's economic priorities for next year.

UBS Securities said the signals to stabilise the economy reiterated at the conference echoed messages delivered at a meeting of the Political Bureau of the Communist Party of China central committee in early December, an official Chinese media outlet reported.

Backed by robust infrastructure investment, resilient growth in manufacturing and the recovery of consumption, China's GDP growth will reach about 5 per cent next year, exceeding UBS' previous prediction of 4.5 per cent, the company estimates. Morgan Stanley, which anticipates a 'V-shaped' recovery in China next year, also raised its forecast for the country's GDP growth rate in 2023 to 5.4 per cent, up from its previous projection of 5 per cent.

A sharper rebound in business activity, expected to materialize late in the second quarter of next year, and more movement of people starting in early March, are major reasons for the company's upgraded forecast. China's economic activity will return to the pre-pandemic level from the second quarter of 2023, and the upward momentum will continue until the end of the year, Morgan Stanley experts added.

Goldman Sachs raised its 2023 China GDP growth rate estimate from 4.5 per cent to 5.2 per cent. China will restart its growth given the outlook of a stronger A-share market, a mild rise in interest rates, increased demand for commodities, especially energy, as well as the renminbi's expected appreciation against the US dollar, said Shan Hui, the company's chief China economist.

Source: fibre2fashion.com- Dec 26, 2022

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## 2nd round of Cambodia-UAE CEPA talks conclude

The second round of formal negotiations for the Cambodia-United Arab Emirates Comprehensive Economic Partnership Agreement (CAM-UAE CEPA) concluded recently. Progress was made on provisions concerning key areas for sustainable and inclusive socio-economic development like trade in goods and services, investment, agriculture, e-commerce, industry and energy.

The three-day follow-up round of talks was held in Phnom Penh, nearly two months after the first one organized in Abu Dhabi.

The latest talks ironed out several points of disagreement to help ensure a comprehensive and long-term yet flexible framework for the CEPA that better establishes common positions and interests, the Cambodian commerce ministry affirmed in a statement.

The third round of talks is set to be held in the UAE next year.

The country is exploring the export potential for agricultural products, textile-related items and general components to the UAE and the Middle East.

Source: fibre2fashion.com- Dec 26, 2022

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# Global textile industry capacity increases in 2021: ITMF

The global number of installed short-staple spindles has grown from 219 million units in 2020 to 225 million units in 2021. The number of installed open-end rotors slightly increased from 7.9 million to 8.3 million. These positive trends contrast with the previous years, mainly because capacities are growing in Asia and Oceania again, led by China, as per a recent report by the International Textile Manufacturer Federation (ITMF).

The tendencies observed in other regions are stable. The number of installed air-jet spindles increased in all regions in 2021. The ITMF has published its report on International Textile Industry Statistics (ITIS) on productive capacity and raw materials consumption in the short-staple organised (spinning mill) sector in virtually all textile-producing countries in the world.

The substitution between shuttle and shuttle-less looms continued in 2021. The number of installed shuttle-less looms increased from 1.62 million in 2020 to 1.72 in 2021 while installed shuttle looms reached 927,000.

Total raw material consumption in the short-staple organised sector is back to expected levels after the pandemic and increased from 41,4 million tons in 2020 to 45,6 million tons in 2021. Consumption of raw cotton, synthetic, and cellulosic short-staple fibres increased by +14 per cent, +4 per cent, and +11 per cent, respectively.

Source: fibre2fashion.com- Dec 23, 2022

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## China's Horgos port sees foreign trade exceed $38 bn in Jan-Nov 2022

The import and export volume handled through the Horgos port in northwest China's Xinjiang Uygur Autonomous Region (XUAR) between January and November this year was worth 271.94 billion yuan (about $38.95 billion)—up by 5.8 per cent year on year (YoY), local customs authorities said. The exported commodities included high-tech products and textile yarn.

The port witnessed the total cargo volume rise by 2.5 per cent YoY to about 36.95 million tonnes during the period, ranking first among Xinjiang's border ports for six consecutive years.

Imports through the port were worth 10.68 billion yuan in November—up by 21.5 per cent YoY, while exports were worth 16.83 billion yuan—up by 0.5 per cent YoY, the customs department was quoted as saying by an official news agency.

The imported commodities mainly consisted of mechanical and electrical products, unwrought copper and copper material, and metal ore and ore.

Source: fibre2fashion.com- Dec 25, 2022

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# Indonesia's apparel imports from Vietnam rises 4x to $10 mn

Indonesia's apparel imports from Vietnam jumped more than four times to reach $10.057 million in September 2022 compared to the shipment of $2.354 million in August 2022. The imports already amounted to $41.394 million in the first nine months of 2022.

The monthly imports of Indonesia from Vietnam were at $5.257 million in July 2022, $3.801 million in June 2022, $1.232 million in May 2022 and $2.719 million in April 2022, according to Fibre2Fashion's market insight tool TexPro.

The upward trend was also noticed in July-September 2022 when the imports reached $17.669 million from $7.753 million in April-June 2022. They amounted to $15.972 million in Q1 2022, $13.308 million in Q4 2021, $12.089 million in Q3 2021 and $17.115 million in Q2 2021.

The annual apparel imports of Indonesia from Vietnam were recorded at $53.543 million in 2021, $41.611 million in 2020, $62.720 million in 20219, $48.155 million in 2018 and $33.267 million in 2017, as per TexPro.

As for Indonesia's apparel exports to Vietnam, they were at $12.873 million in the first three quarters of the current year. Last year, the exports reached $14.455 million. Indonesia is a net importer in bilateral textile trade with Vietnam.

Source: fibre2fashion.com- Dec 24, 2022

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# Vietnam's e-com revenue grows by 15% in 2022: VECOM

Vietnam's e-commerce revenue this year witnessed a rise of about 15 per cent compared to last year and its market is projected to see a fast and stable double-digit growth rate during the 2016-2025 period, according to the Vietnam E-commerce Association (VECOM). The revenue growth last year was 16 per cent year on year at $13.7 billion, VECOM said.

Despite the economy being badly affected by the COVID-19 pandemic in 2020, the country's e-commerce revenue grew by about 15 per cent to $13.2 billion over the 2019 figure.

However, many enterprises with quality goods and products still do not know how to use information technology and e-commerce and are not ready to opt for trade promotion on online platforms, according to a report in a Vietnamese media outlet.

Therefore, Ecommerce Expo 2022, a fair on conducting trade using e-commerce applications, is being organised by VECOM from December 16 to January 1 next year.

At the fair, online exhibitions are combined with traditional exhibitions to create opportunities for manufacturing and service enterprises in expanding their business activities.

Source: fibre2fashion.com- Dec 24, 2022

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# Bangladesh: Manufacturing squeeze signals slowdown

Large-scale, medium industries saw over 4.0pc Sept fall over August

Manufacturing contraction in large-scale and medium industries amid high inflation at home and abroad, coupled with various other adversities, raises worry about economic slowdown.

September data available last week showed such manufacturing shrank over 2.0 per cent compared to a year earlier and over 4.0 per cent compared to last August.

Sources say the concern about economic slowdown is accentuated especially by the volatility on the foreign-exchange market and the highest-ever costs of raw materials and other inputs globally, which all affect trade and consumption.

The main contributors to the sluggishness were food (down by 8.25 pc), beverage (down by 18 pc), textiles (down by 3.6 pc) chemical products (down by 50 pc) and apparel (down by 2.2 pc), according to the data released by Bangladesh Bureau of Statistics or BBS, the country's national statistical organisation.

Bangladesh's major industrial-production growth moderated below 4.0 per cent year on year in July, the first month of the current fiscal year (FY 2022-23). Usually the growth remains in double-digit territory.

The high-frequency data depict dearth-driven domestic consumption contraction while the external demand was slightly up as apparel and textiles grew despite a global crunch stemming from the Ukraine war in lockstep with the global pandemic.

The production estimation for medium and large-scale industries was made using the new base year 2015-16.

Eight major sectors out of 22 see decline in broad-based slowdown.

In the fiscal year 2021-22, the manufacturing sector had nearly 23-percent share in the gross domestic product or GDP, and large-scale manufacturing segment accounted for nearly 11 per cent. Small, medium and micro had nearly 8.0-percent contribution. The cottage industry had around 4.0-percent share.

The apparel sector, accounting for more than 80 per cent of export-market share, shifted into almost a reverse trend, shrinking over 2.0 per cent in September over a month earlier in August. In August, it rose over 43 per cent.

Beverage sector also saw a reversal in September.

However, paper and related industry grew by 93 per cent in September over its corresponding period a year before.

The printing and linkage industry surged 16 per cent in September. And motor vehicles, trailer and semi-trailer industry expanded 25 per cent in September.

Economists view that higher inflation usually discourages investment and expansion, leading to sluggish growth.

Dr Zahid Hussain, former lead economist of the World Bank, explains the factors that slow the pace of production and consumption in an economy. "Higher inflation usually discourages expansion while the volatility on the forex market forced many to go slow," he told the FE.

Syed Nazrul Islam, first vice president of BGMEA, says the September production was poor. "We had received huge orders in March and April and production was good until August last."

Production reflects after three to four months.

"Actually, our bad time started in November with the buyers showing less interest following poor demand for clothing in Europe and the USA," Mr Islam told the FE, indicating the impacts of steep inflation in the export-destination countries amid the global dearth.

Aameir Alihussain, managing director of BSRM Group--the largest rod maker in Bangladesh-says production is okay but sales dropped in recent months as many shy away from making investment in the construction sector.

"Actually, our production was huge up to July as there was adequate demand for our rods, but now it slowed down significantly."

Mr Aameir also points out load-shedding and lower pressure of gas as dampers on the construction-backward-linkage industry.

Source: thefinancialexpress.com.bd- Dec 24, 2022

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# Pakistan's textile exports may fall 'below $1b a month' from Jan 2023

"A very substantial number of jobs have already been lost and many more are to follow if remedial measures are not urgently undertaken," APTMA's Patron-in-Chief Gohar Ejaz said in the letter.

Ejaz said that the international economic situation "primarily caused by the Ukraine crisis combined with the floods in Pakistan have combined to formulate the perfect storm for our economy".

APTMA attributed the decline to supply chain disruptions, liquidity constraints, energy shortages, and the non-functioning of new projects in the letter.

It said that recent floods destroyed the cotton crop with only five million bales available this year whereas the industry required 14 million bales.

Meanwhile, it added, foreign exchange issues have curtailed the import of cotton and other essential inputs for exports. "The cost has increased by 20% due to demurrage/detention and delays," it said.

APTMA urged the premier to clear all imports of export-oriented sectors which have arrived at parts whether against Letter of Credit (LCs) or cash against documents.

On liquidity constraints, APTMA said that a much higher quantum of funds is stuck in work in progress as a consequence of a 17% sales tax and devaluation on all inputs.

APTMA called for the restoration of SRO 1125, zero rating for the textile value chain while collecting sales tax on domestic sales at the point of sale. It urged to immediately refund all deferred sales tax, tuff and other dues.

The textile association said that the government should also provide the textile sector with a moratorium on capital repayment from July 1, 2022 to June 30, 2023.

"Due to marked differences in RLNG/gas rates being offered to textile mills in Sindh and Punjab, Punjab-based industries are no longer viable and have no option but to close down as they are no longer competitive and available orders are shifting or in process of shifting to the cheaper alternatives internationally and within Pakistan."

APTMA requested the implementation of Weighted Average Cost of Gas while extending Regionally Competitive Energy Tariffs (RCET), across the country to enable new industrial units, expansions and Punjab-based industries to compete.

The association also said that the textile sector invested $5 billion, in the past two years, in setting up new factories. "Some of the machinery of new plants/ expansions is still stuck at ports, LCs are being delayed for spare parts, and electricity and gas are not being provided to these new units.

"Machinery that has arrived at ports and is not being cleared delaying projects and incurring capital costs to a level where they have become uncompetitive," it said

APTMA further said that Long Term Financing Facility (LTFF) be provided where LCs are already opened and loans approved by banks.

Source: tribune.com.pk- Dec 25, 2022

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# Pakistan: Fall in textile exports

At a time when the country is faced with immense economic challenges and looking towards the IMF and friendly countries for inflows of dollars to meet its external liabilities, the continuous fall in our textile exports is alarming which will only add to economic woes. According to available data, textile exports plunged by nineteen percent in November as compared to corresponding period last year.

All Pakistan Textile Mills Association (APTMA) has now written a letter to Prime Minister Shehbaz Sharif warning that textile exports could fall below one billion dollar a month from January 2023 onwards. Textile sector plays a significant role in supporting the economy and continues to be in the spotlight owing to country's dependence on foreign exchange.

This vital sector, which also provides massive job opportunities to our people had contributed around sixty one percent to total exports of $31.8b during last fiscal year. In fact rupee devaluation against the US dollar would have given our textile exporters a competitive advantage over its competitors in terms of pricing yet plunge in exports indicate that sector is faced with crisis, and same have been enumerated by the APTMA in its letter to the PM that include liquidity constraints, energy shortages and non functioning of new projects.

The recent floods have also destroyed cotton crop with only five million bales available this year whereas demand of industry is above fourteen million bales. The foreign exchange issues have curtailed import of cotton and other essential inputs. The situation is such that government cannot turn its back, as doing so will amount to criminal negligence.

The government officials must sit with APTMA and address their genuine concerns immediately to reverse the downturn in textile exports.

Interventions also need to be made to increase domestic production of cotton that fully caters to requirements of the industry, which should also be fully supported in order to see a massive jump in textile exports.

Source: pakobserver.net- Dec 22, 2022

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# NATIONAL NEWS

## Indian industry should scale up capacity: MoS Textiles at CII event

There are tremendous opportunities in the global market, and the Indian textile industry should scale up capacity to tap the same, Minister of State (MoS) for Textiles Darshana Jardosh has said. Stating that the government will provide all possible support, she added that the Production Linked Incentive (PLI) scheme will support in building large capacity.

Jardosh was speaking at the 14th Edition of Texcon, jointly organised by the Confederation of Indian Industry (CII) and the Ministry of Textiles in New Delhi on Friday. The theme of the conference was "Capitalizing the Emerging Opportunities to Create a Competitive Textiles & Apparel Sector".

She said that the government will cover the entire value chain under the second version of PLI scheme (PLI-2), so who were left out in the first version of the scheme can also benefit.

She said that India has capability to become hub of technical textiles, geo textiles and man-made fibre. The country can grow in silk textile export also. She underlined the government's thrust to enable the industry to tap the opportunities during the changing geo-political scenario.

She informed that for the first time the textile and agriculture ministries came together recently to streamline the entire value chain starting from cotton (fibre) to garment. She mentioned that branding of Indian textiles is also a focus area, so global market can acknowledge its capability.

In the inaugural session of the conference Textiles Secretary Rachna Shah said that the industry should diversify and focus on emerging markets. "Currently, 50 per cent of our exports are to the developed countries." She said that the National Technical Textile Mission (NTTM) will focus on the emerging sector. At present, the Indian industry is more focused on cotton-based textiles, but MMF and technical textiles also have vast opportunities.

The secretary said that Indian industry will have to scale up its capacity to tap the opportunity created as most global brands are looking for China Plus One sourcing base. According to her, PM MITRA and PLI schemes will give big push to scale up production capacity. "The government is working at an advanced stage to finalise awardee states under PM MITRA scheme. The scheme has been planned to build textile park of at least 1,000 acres," Shah told Fibre2Fashion on the sidelines of the event.

In the inaugural session, consultancy company Wazir Advisors Co-founder & Partner Prashant Agrawal said that India's golden time is coming. In post-COVID world, India is the only country that can substitute China for supplies to global brands. He estimated that India will have to invest around $100 billion to build up large-scale capacity for grabbing the opportunity.

Gautam Nair, Managing Director of Matrix Clothing, said that India's signing of the Free Trade Agreements (FTAs) with the United Kingdom and the European Union will provide support to Indian exporters. PLI scheme will also provide necessary support to the industry for capacity building.

During another session on 'Global Geo-Political Shift: India's Growth Opportunity, Shubhra, Trade Advisor of Ministry of Textiles advised the industry to come out of its comfort zone to face the challenges and tap the opportunity. The industry needs to think out of the box and take risk, so it can gain from the new opportunity available in the present world.

Raja M. Shanmugham, Managing Director of Tiruppur-based company Warsaw International and President of Tiruppur Exporters' Association (TEA), said that the government should replicate Tiruppur like clusters in other parts of the country. He also advised that the government should focus on day-to-day problems faced by the exporters. "They face challenges of higher cost of production, lower productivity and unavailability of mid-level skilled staff to increase capacity."

Pallabh Banerjee, Joint Managing Director of Pearl Global Industries Ltd, pointed out there is longer gestation period in India compared to Vietnam and Bangladesh, if anyone plans to set up a new unit.

During the session on 'Diversification of Supply Chain: Scaling up MMF and Cotton', Manmohan Singh, Chief Marketing Officer, Grasim Industries Ltd, said that viscose fibre segment witnessed slower growth despite its cotton-like properties. India has capacity to build large scale capacity in the segment. He also shared Grasim's initiative in research and development.

Ajay Sardana, President & Head Strategy and Business Development - Polyester, Reliance Industries, said the government's focus should be on providing a level playing field for all the segments of the textile sector. He said India has capacity in polyester segment, and the government should start mission to boost polyester segment also.

Kulin Lalbhai, Chairman, CII National Committee on Textile & Apparel and Executive Director of Arvind Ltd, said during a special session that the industry has got target to expand annual textiles export from $40 billion to $100 billion by 2030. Now, it is for the industry has to chalk out strategy and work in a planned manner to achieve the target.

There was in-depth discussion between industry experts during the sessions on 'Textile Recycling - Perspectives and Challenges' and 'FTAs - A key driving force for future investments'.

Source: fibre2fashion.com- Dec 24, 2022

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# Customs notifies Rules of Origin for India-Australia trade pact

With the India-Australia interim trade deal set to kick off later this month, the Central Board of Indirect Taxes and Customs has notified the Rules of Origin.

The notification, which relates to the eligibility requirement to claim the preferential customs duty on trade in goods, under the economic cooperation and trade agreement (ECTA), will come into effect from December 29. This is when the ECTA will also come into effect.

RoAs specify the threshold for value addition in the country concerned to qualify for the tax concessions under the FTA, so that the benefits are not misused by firms based in other countries.

Called the Customs Tariff (Determination of Origin of Goods under the India-Australia Economic Cooperation and Trade Agreement) Rules, 2022, the notification by the CBIC lays out the origin criteria based on which the product would be eligible for the preferential customs duty.

India and Australia had in April this year signed the ECTA, which is expected to cover 90% of the bilateral trade between the two. India will benefit from preferential market access provided by Australia on 100% of its tariff lines.

India will be offering preferential access to Australia on over 70% of its tariff lines, including lines of export interest to Australia which are primarily raw materials and intermediaries such as coal, mineral ores and wines.

Experts said the notification by the CBIC would help businesses evaluate the benefits of the ECTA for their products.

Once the tariff notification is rolled out for the ECTA, Indian businesses need to evaluate the benefit extended on the inbound and outbound trade from the perspective of supply chain optimisation and enhanced access to a new market, covering a large cross section of goods or sectors," said PwC in a note.

Abhishek Jain, Partner Indirect Tax, KPMG in India said, “It is important to note that each FTA has its own origin rules and nuances thereof, and given the CAROTAR provisions which were introduced by the Indian government in 2020, the onus is on Indian importer to ensure that the said rules are duly complied with. As such, for Companies looking to take benefit of the Indian- Australia FTA, a detailed perusal and compliance of the origin rules remains indispensable.”

Australia is the 17th largest trading partner of India and India is Australia’s 9th largest trading partner. India-Australia bilateral trade for both merchandise and services is valued at $ 27.5 billion in 2021.

Source: financialexpress.com- Dec 26, 2022

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# DPIIT seeks views of ministries on draft national retail trade policy

The Department for Promotion of Industry and Internal Trade (DPIIT) has sought the views of 16 departments and ministries on its draft national retail trade policy, which is aimed at the overall development of all formats of the sector, an official said. After getting comments from all the departments and ministries, DPIIT would seek approval of the Union Cabinet on the policy, the official added.

The policy would focus on formulating strategies to provide a globally competitive and sustainable environment for the overall development of retail trade through targeted efforts.

The objectives of the policy include ensuring easy and quick access to affordable credit, facilitating modernization and digitisation of retail trade by promoting modern technology and superior infrastructural support; development of physical infrastructure across the distribution chain; promotion of skill development and improve labour productivity, and providing an effective consultative and grievance redressal mechanism for the sector.

India is the world's fifth-largest global destination in the retail space.

According to a report of CII-Kearney on retail, a cohesive national retail policy can help generate 30 lakh more jobs by 2024. The report was released in November 2020. The retail industry is likely to see 10 per cent annual growth to reach about USD 2 trillion by 2032, according to a BCG-RAI report.

Besides the retail policy, the DPIIT is also working on formulating a national e-commerce policy to promote the growth of the online retail sector in the country.

A new industrial policy is also on the anvil, the official said. This will be the third industrial policy after the first in 1956 and the second in 1991.

Source: business-standard.com- Dec 25, 2022

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# Govt strengthens efforts to counter slump in exports

The government has stepped up efforts to ensure greater geographical diversification of India's exports after top markets — the US and the EU — witness a sharp deceleration in economic growth. It has also started brainstorming sessions with industry to expand the country's product basket to cater for a wider buyer base, official sources told FE.

Senior officials of the commerce ministry have started in-depth, product-wise analysis to identify export opportunities in markets beyond the traditional ones, sources told FE.

"The ministry is closely reviewing exports with various export promotion councils and overseas missions," said one of the officials. Given that the large markets are likely to see a demand slowdown even in the next fiscal, the diversification efforts assume significance.

Interestingly, the fresh push comes at a time when the export pecking order has changed dramatically. The Netherlands has emerged as India's third-largest export destination this fiscal, ahead of China and Bangladesh. But what comes as a greater surprise is that Brazil, which occupied the 21st spot in FY22, is now India's 8th biggest export market. Similarly, Indonesia has moved up seven notches to grab the 7th position this fiscal.

Having hit a record $422 billion in FY22, India's exports started faltering in recent months, thanks to the Ukraine war and the interest rate tightening by key central banks that will hit growth in advanced economies. Merchandise exports barely inched up in November from a year before and they had shrunk 16.7% in October. This has dragged down India's export growth to just 11.1% in the first eight months of this fiscal, after a decent performance earlier this fiscal.

The International Monetary Fund has forecast only 0.5% growth for Europe and 1% for the US for 2023, against the projected expansion rates of 3.1% and 1.6%, respectively, for this year. The World Trade Organization (WTO) has estimated only 1% growth in global trade volume for 2023. This will weigh on the prospects for India's export growth as well.

Of course, while India's exports to the Netherlands saw a spurt this fiscal, those to some other EU economies — such as Belgium, Greece, Ireland, Poland and Denmark — have started faltering. In fact, amid a demand slowdown, only two European nations — the Netherlands and the UK — are among India's top ten markets, against 4 in FY22. Germany and Belgium, which featured in the list last fiscal, are out of it now.

Meanwhile, the US and the UAE continue to be the largest and second-largest export destinations, respectively, for India. The exports to the US rose 9% until October (still lower than the rise in overall goods exports) to $47.2 billion, while those to the UAE shot up 18.9% to $18.2 billion.

Interestingly, exports to Australia and Taiwan, who have been seeking to diversify away from a belligerent China, were as high as $8.06 billion and $2.7 billion, respectively, last fiscal–or 165.9% and 142.1% of the respective targets. These markets are expected to be tapped more aggressively by exporters. An interim trade deal with Australia, which will come into force on December 29, is expected to further spur exports.

Source: financialexpress.com- Dec 24, 2022

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# Economic indicators positive, but worries remain

India began this year with optimism and ends with some satisfaction and hope tinged with some anxiety.

The successful vaccination of substantial number of our people raised hopes of robust economic revival in the beginning of this year despite the spread of Omicron, a relatively mild variant of Covid-19. The government stepped up public investment to make up for anemic private investment. Exports showed strong growth with global demand compensating for weak domestic consumption.

The Russian invasion of Ukraine pushed up the prices of food, fuel, fertilizers, and other commodities.

The developed countries imposed severe financial sanctions against Russia but kept the oil trade open. India refused to condemn Russia and in return, got crude oil at discounted prices.

The developed countries started withdrawing Covid-19 induced stimulus by tightening money supply and raising interest rates to try and bring down high inflation. That strengthened the US dollar against many currencies but the Indian rupee weakened much less vis-à-vis the US dollar compared to many other currencies.

The timely actions of our monetary and fiscal authorities helped prevent runaway inflation while nurturing the growth impulses. That is sufficient cause for a sense of relief and satisfaction amongst businesses and administrators.

The government extended the Foreign Trade Policy 2015-20 till the end of this fiscal year and pushed ahead with trade agreements with some countries. Windfall tax was imposed on export of some items to ensure sufficient availability in the domestic markets at reasonable prices. More items came under the import monitoring system. In general, protectionist measures like hike in import duties went up to help domestic producers.

More items were covered under the scheme for Remission of Duties and Taxes on Exported Products (RoDTEP).

The Customs pushed ahead with faceless, paperless, contactless assessment of imported and export goods. The Production Linked Incentive scheme is encouraging private investments and greater output and exports.

The initiative that is likely to positively affect the competitiveness of the exporters, imp-orters, and the trade in general is the government's focus on reducing the logistics costs significantly. The new logistics policy and the GatiShakti programme aim to significantly improve the transport infrastructure and achieve quick last-mile delivery, save time and money of producers and traders, prevent wastage of agro products, and help tourism industry.

The most heartening development is the emergence of young technology savvy entrepreneurs willing to try new ideas and easier availability of venture capital and government support for them. The increased adoption of technology by the governments, businesses, and consumers is bringing about a revolution that will help propel India towards the near-term goal of a $5-trillion economy quickly.

So, there are enough reasons to be satisfied by our performance and trends. However, worries of tepid export performance have emerged due to global economic slowdown, especially in developed countries. It is too early to say that inflation has been controlled.

Domestic consumption and private investment are yet to pick up. Land acquisition problems have not gone away.

Although the government revenues have gone up in nominal terms, the overall fiscal deficit is still high. The monetary authorities have not ruled out further tightening of money supply to control inflation. New variants of Covid-19 have emerged. Despite these anxieties, India ends this year with hopes of better performance in the coming years.

Source: business-standard.com- Dec 25, 2022

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# Textile companies could 'sprint and soar' with FTAs, Govt push

Brokerage firm Emkay Global has initiated coverage on textile firms Vardhman, Gokaldas Exports NSE 1.45 % and Nitin Spinners NSE 3.19 % with a buy rating as the government's incentives for the sector, the shift in business from China to other countries, and trade agreements could help the domestic industry 'sprint and soar'.

The firm said it has been 'gloom and doom' for the domestic industry in the past few months because of high cotton prices and low demand for textiles and apparel in Western countries.

"New FTAs (free trade agreements) would offer opportunities to large established players, capturing a higher wallet share by entering into adjacencies in existing geographies," said Emkay's analysts Abhineet Anand and Chinmay Kabra in a recent note to clients.

"Textile PLI (productionlinked incentive) schemes by the government are largely focused on MMF (man-made fibre) — a weak point presently, for the Indian textile industry — which will help to build an ecosystem similar to cotton textiles', over the medium term."

Source: economictimes.indiatimes.com- Dec 26, 2022

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# China Covid surge stokes supply fears among Indian traders

Indian traders are keeping a close watch on the Covid-19 surge in China as that could disrupt supply of critical imports including active pharmaceutical ingredients (API), electronics, chemicals, and plastics.

Exports, which have been sluggish, could also take a hit as demand from China may plunge, adding to weakness in many developed markets, traders said.

"Engineering goods exports to China dropped 40% in November. China continues to grapple with rising Covid-19 cases and a growing real estate crisis, leading to low demand," said Arun Kumar Garodia, chairman of the Engineering Export Promotion Council India.

Export of engineering goods to China dropped 58.2% to $1.74 billion in April-November of the ongoing fiscal year (FY23) compared to $4.18 billion in year-ago period.

"Many chemical factories in and around Shanghai are operating at 30-40% capacity because of labour shortages. We are watching how the situation evolves," said Ajay Kadakia, chairman of Mumbai-based trading house Vivil Exports, which imports dyestuff from China.

India's imports from China in April-October were worth $60.27 billion, while overall exports were $8.77 billion.

India's exports to China are falling as there is already a slowdown in the Chinese economy, said Ajay Sahai, director-general, Federation of Indian Export Organisations.

"There is no clarity as of now but if the situation there prolongs for a month, then there could be an impact on our trade with China," Sahai said.

The spread of Covid-19 and the upcoming Chinese New Year in the second half of January could lead to further workforce shortages.

"There is 40% absenteeism in our factory in China. There is fear, and people are not going out," said Sharad Kumar Saraf, founder-chairman of Technocraft Industries India, an exporter of engineering goods and textiles.

The company's unit in Quanjiao (in Chuzhou city, Anhui province), with a revenue of ₹250-300 crore, manufactures steel scaffolding systems for the Chinese market.

"There was not much disruption in supply of APIs from China during the earlier waves as they never restricted exports. We are in wait and watch mode now," a representative of the pharmaceutical industry said.

Exporters said India must look at ways to export more food products to China amid the ongoing uncertainty.

"We don't expect an improvement in exports to China as 70% of India's exports are raw material. We must look at ways to increase shipments of broken rice, marine products, tea and tobacco to China because the demand for these products is largely stable," said an industry representative.

Source: economictimes.indiatimes.com- Dec 25, 2022

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## India seeks comments of WTO members on consumer protection in e-commerce

India has sought comments from other WTO member countries on their experiences related to consumer protection in e-commerce, such as countering fakes and counterfeits, data protection, management of returns and dispute resolution, and the role the WTO can play in the area.

In a recent representation to the General Council, India made case for a focussed discussion on consumer protection in e-commerce at the WTO to reinvigorate the ongoing work programme on electronic commerce.

"Consumers, particularly in the developing and the least developed countries, face imbalances in economic terms, educational levels and bargaining powers, namely the sellers who are often better informed and have a stronger position relative to the consumers while conducting commercial transactions," the representation noted, highlighting the need for members to enhance regulatory cooperation between their enforcement agencies relating to consumer protection.

Building capacity

New Delhi's submission is particularly significant as it focuses on vulnerability of consumers when many developed nations, including the US, the EU, Canada and Australia, are trying to push forward a plurilateral agreement on e-commerce rules that would bring down barriers to e-commerce between countries.

Many countries like India, South Africa and Namibia have been strongly opposing the proposed pact. India has been arguing that there is an urgent need to build capacity in areas such as digital skills and digital infrastructure, rather than negotiating binding rules on e-commerce.

In the submission to the General Council, India said it had been noted in reports that the difficulty of developing adequate online trust increased when cross-border transactions were made, particularly if one of the parties to the transaction is from a jurisdiction with a high incidence of counterfeits or a weak rule of law.

International fraud

As per data (from econsumer.gov), there were 36,770 reports of international fraud in 2021 in which 84 per cent of the respondents reported losses amounting to $227.4 million. In the pre-purchase phase, online consumers have to deal with the problem of information asymmetry due to the nature of the internet and complexity of terms and conditions which makes them vulnerable to misleading and deceptive conduct, the submission noted.

With pirated and counterfeit products accounting for 3.3 per cent of world trade (OECD data), and more than $1.5 trillion worth of illicit products sold online globally, online consumers need protection against fake products, it added. In the purchase phase, consumers have to face challenges such as unfair contract terms, online payment security and data protection and privacy, including in non-monetary transactions.

The post-purchase phase of the transaction also presents challenges to the consumer in the form of liability rules and dispute resolution arrangements which may be unfavourable to the consumers, the submission stated.

India asked members to share their experiences regarding consumer protection in e-commerce, give suggestions on enhancing regulatory cooperation between enforcement agencies relating to consumer protection and highlight the role that can be played by the WTO in enhancing consumer protection in e-commerce.

Source: thehindubusinessline.com- Dec 25, 2022

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# Textile industry capacity utilisation halves on high cotton prices

The capacity utilisation of the textile industry has plunged 50 per cent with domestic cotton prices ruling much above the international market due to levy of import duty.

Though raw cotton prices are hovering about ₹60,000 per candy (of 356 a kg) from its peak price of ₹1.10 lakh per candy, the rates are still higher than pre-Covid levels.

Cotton in India is selling at a premium compared to competing countries due to the import duty of 11 per cent levied by the government last February.

‘Retrograde measure’

Speaking at the 100th Annual General Meeting of Cotton Association of India, Atul S Ganatra, President, said the import duty on cotton has eroded the competitiveness of value-added products in the international markets and the textile industry is now constrained to work with only 50 per cent of its installed capacity.

Levy of import duty is a retrograde measure not in consonance with free trade policy of the country and sends a wrong signal to the world cotton community, he said urging the government to remove it.

Cotton productivity in India continues to be among the lowest in the world, despite an envious growth of Indian cotton sector over the years that has carved a niche for itself in the world cotton economy.

India’s cotton productivity per hectare is just 468 kg against the world average of 744 kg. India lags behind smaller countries such as Bangladesh, Syria, Sudan in cotton productivity.

All stakeholders including Cotton Association of India have made repeated representations to the Government to revive Technology Mission on Cotton, he said.

GM cotton yield doubled

Introduction of Genetically Modified cotton technology in India had provided the much-needed thrust to increase cotton productivity from 307 kg per hectare in 2001-02 to 566 kg per hectare in 2013-14. The yield has almost doubled in five years after the introduction GM technology in India, he said.

Popularising High Density Planting, farm mechanisation and giving a thrust to research-oriented agronomy are some other important ways forward to increase our cotton productivity, he suggested.

Extra-long staple (ELS) cotton production is much lower than the demand in the country. India requires about 20 lakh bales of ELS cotton to cater the domestic industry. However, the domestic production is about 5 lakh bales and imports the rest from Egypt, US and Australia.

“We have recommended to the Government to identify regions suitable for cultivation of ELS cotton, provide good quality cottonseed and policy support with additional MSP,” he said.

Source: thehindubusinessline.com- Dec 24, 2022

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# Mini textile park in Hulagur to provide employment to women: Karnataka CM

Karnataka Chief Minister Basavaraj Bommai on Saturday said that a mini textile park will be made functional in Hulagur this year aiming to give employment to women.

Speaking after laying the foundation stone for the new Hulagur Police Station building here on Saturday, he said Hulagur village is thickly populated and situated in the middle of Shiggaon, Savanur, and Kundagol taluk.

"It is also an important trade centre. In view of this, the government has initiated a lot of development works. The society and KCC Bank are functioning well and advancing loans to farmers. The minorities are more in number and an Urdu School has been developed. A 30-bed hospital is being constructed and a bus stop has been built," Bommai said.

The Chief Minister said a 1,000-tonne capacity godown has been built in APMC and issued permits to traders to do business with farmers.

"An agricultural equipment centre is under construction. The government has given a lot of impetus to social, economic, health and education sectors," he added.

Union Coal and Mining Minister Pralhad Joshi and other local elected representatives were present on the occasion.

Bommai earlier said the state budget for the next financial year will be tabled in February 2023."Already two rounds of discussions have been held with the Finance Department in this regard," CM Bommai said while talking to the reporters.

He further said that after the current session, talks will be held with all the Departments, associations and organizations.

"Preparations for the pre-budget meeting will be started next month," he added.

The proposed budget session would be the last session of the current Karnataka assembly as the next assembly elections will be scheduled to be held.

As the cases of COVID are rising in countries like China, Japan and Brazil, Bommai said that the test for Influenza-like Illness (ILI) and Severe Acute Respiratory Infection (SARI) tests will be increased as well as ramp up the booster dose.

"Preparedness of the oxygen plants in hospitals, beds, and other health infrastructure is on. The ICU units are getting ready. People must wear masks and maintain social distancing. Whatever protocol was followed in the airports and bus terminals earlier will be re-introduced," he further said.

Source: business-standard.com- Dec 25, 2022

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## India's UP state cabinet clears UP Warehousing & Logistics Policy 2022

India’s Uttar Pradesh state cabinet has approved the 'UP Warehousing and Logistics Policy 2022', according to state's industrial development minister Nand Gopal Gupta, who recently said the objective of the policy is to create a strong transport infrastructure network and upgrade and improve the existing warehousing and logistics infrastructure, Gupta said.

The approval comes ahead of the Global Investors' Summit, to be held in state capital Lucknow in February next year.

He said the policy will prove to be quite useful in creating a global-level business environment and developing a logistics ecosystem in the state, a news agency reported.

"On the other hand, the infrastructure of facilities like storage facilities, logistic park, dry ports and cargo terminal etc. will get an expansion. It will help in making the state a $1-trillion economy," the minister added.

Source: fibre2fashion.com- Dec 25, 2022

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