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Currency Watch	
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INTERNATIONAL NEWS

No	Topics
1	China increases trade in Asia as US pushes toward decoupling
2	Over 99% foreign firms optimistic about China's economy in 2023: CCPIT
3	Supply Chain 2022: From Scarcity to Surplus
4	Cambodia's apparel export to Australia up 17% after RCEP
5	Turkiye's manufacturing capacity utilisation rate falls to 75.9%: CBRT
6	Vietnam's exports estimated to reach $371.5 bn in 2022, up 10.5% YoY
7	Easing energy-crisis relieves Bangladesh's apparel units with fresh orders coming in
8	Experts call for review of EVFTA to build on positive results

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NATIONAL NEWS	
No	**Topics**
1	India-Australia interim trade deal kicks in today after eight-month wait
2	Export push. Make the most of India-Aus FTA
3	Turning tide: On India's goods exports
4	How this was the year that bid au revoir to hyperglobalisation
5	Circular economy – Is India ready to come full circle in sustainability?
6	India-Australia pact kicks in; zero duty for 96.4% exported goods
7	Ministry of Textiles inviting Research proposals for Funding for Design, Development and Manufacturing of Machinery, Tools, Equipment, and Testing Instruments under NTTM
8	India's NSWS, a game-changer for growing investment: Commerce Ministry
9	KTR seeks Rs 900 crore Central funds for Kakatiya Textile Park in Telangana

INTERNATIONAL NEWS

China increases trade in Asia as US pushes toward decoupling

SINGAPORE : While the U.S. has sought to persuade countries to reduce their dependence on China, trade ties between the world's second-largest economy and the rest of Asia are deepening as economies grow and companies refashion supply chains.

Behind the trend, economists say, are powerful economic forces that tend to bind smaller economies to bigger ones as well as China's dominant role as a supplier of the kind of affordable goods that fast-growing countries need, such as cars and machinery.

But China's growing trade with its Asian neighbors also reflects the ripples of the worsening spat between the world's two largest economies that began with a fight over trade and has since widened to encompass technology, national security and foreign policy.

The trade battle that took off in 2018, along with subsequent pandemic disruptions, inaugurated a reordering of global supply chains. Manufacturers based in China have sought to shift some elements of their production lines to the country's Asian neighbors, either to sidestep tariffs or insulate themselves from the risk of future upheavals as relations between the U.S. and China deteriorate.

That reshuffling, however, often served to enhance rather than reduce trade between China and other parts of Asia, data shows, reflecting the complex nature of manufacturing processes that commonly require dizzying numbers of components and several stages of assembly. Snapping together a smartphone in Vietnam or India, for instance, requires the manufacturer to move Chinese-made parts and basic materials within Asia before it is shipped off to its final customer.

The upshot is the U.S. will find it hard to nudge Asia away from China without more concrete steps to boost trade with its own huge domestic market. That means signing trade deals, joining regional trade pacts or taking other steps that would grant Asian economies much greater access to U.S. consumers, economists say.

“Within Asia the U.S. is facing a real uphill struggle," said Rory Green, chief China economist and head of Asia research at consulting firm TS Lombard in London. “They are fighting economic gravity."

China’s total trade—exports plus imports—with 10 of its neighbors in Southeast Asia, including Indonesia, Malaysia, Singapore and Vietnam, has grown 71% since July 2018, when the U.S. first placed tariffs on a range of Chinese goods, to $979 billion in the 12 months through November, according to a Wall Street Journal analysis of Chinese customs data.

Chinese trade with India grew 49% over the same period. The second-largest economy’s trade with the U.S. rose by 23% and with Europe by 29%, the Chinese data shows, highlighting how China’s trade with Asian economies easily outpaced that with other big markets.

U.S. trade with China has been pinched by tariffs, and China’s share of U.S. imports has fallen since 2018, though trade between the two countries nonetheless returned to growth during the pandemic as consumers splurged on electronics, homewares and other goods during long spells of working from home. A similar trend played out in Europe.

Part of the explanation for the outsize growth in China’s trade with other parts of Asia is China’s gravitational pull. Economists established decades ago that countries trade more with big economies and with economies nearby. China is easily Asia’s largest economy, making it a natural trading partner for most of its fast-growing neighbors, just as the U.S. is the biggest trading partner of Canada and Mexico.

Another reason is that China’s export basket is filled with inexpensive smartphones, basic vehicles and cheap factory equipment that sell well in the fast-growing but smaller economies that surround it, economists say. China also lowered many of its tariffs on imports from the rest of the world in response to the U.S.’s decision to levy hefty duties on its exports to the U.S., making Asian-made products cheaper for its own businesses and consumers. It was a signatory to the Regional Comprehensive Economic Partnership, or RCEP, a 2020 deal that lowered trade tariffs among 15 Asia-Pacific countries.

Yet Asian economies also have been big beneficiaries of the tensions between China and the U.S., often experiencing big gains in trade with both antagonists.

Many Asian economies have seen an increase in trade with the U.S. as importers searched for tariff-free alternatives to Chinese-made products, or China-based exporters set up shop in another country to get around the new U.S. trade restrictions.

South Korea after 2018 saw an increase in U.S. imports of backhoes, textiles and television components, all of which were affected by Trump-era tariffs, according to a 2021 analysis by economists at the Peterson Institute for International Economics, a think tank in Washington.

U.S. imports from the same 10 Southeast Asian countries that saw a lift in trade with China since 2018 have also surged, rising 89% since July 2018, U.S. customs data shows. Including U.S. exports to the same 10 countries, total trade reached $450 billion in the 12 months through October, compared with $262 billion in mid-2018. U.S. trade with the whole world grew 29% during that period.

The reshuffling of global supply chains that accelerated with the trade war has been spurred on by growing tensions between Beijing and Washington over Taiwan and national security, and by the pandemic, which exposed companies that were overly reliant on China to the risk of severe disruption from China's now-abandoned zero-tolerance approach to Covid-19 outbreaks.

Dozens of companies have in recent years moved chunks of their production out of China and into other Asian countries. They include Japanese companies such as electronics giant Panasonic Holdings Corp. and antenna maker Yokowo Co., as well as Chinese companies such as GoerTek Inc., an Apple Inc. supplier.

An October survey of 525 Taiwanese companies by the Center for Strategic and International Studies, a Washington-based think tank focused on foreign policy, found that a third of companies with operations in China were considering moving out of the country and a quarter had already shifted some of their activities.

While other Asian countries have benefited from these new investments, their factories still require Chinese inputs to function. Economists say that is also contributing to China's deepening links with other Asian countries, though the precise scale of the effect is hard to measure.

Apple has accelerated plans to move more of its production out of China, The Wall Street Journal reported, telling suppliers to plan more actively for assembling Apple products elsewhere in Asia, particularly India and Vietnam. But it isn't ditching China altogether, and may even increase the amount of business it does with some other Chinese companies, the Journal reported.

These crosscurrents reveal a wrinkle in U.S. policy toward trade with China, economists say. U.S. Secretary of State Antony Blinken and U.S. Trade Representative Katherine Tai have spoken of giving countries a choice between the U.S. and China, rather than forcing them to choose.

But "there are a whole lot of reasons why those countries are going to trade with China anyway," said Chad Bown, a trade economist and senior fellow at the Peterson Institute. The U.S. approach has been to warn countries that economic dependence on China can be exploited by Beijing. China stopped virtually all imports from Lithuania in 2021, for instance, when the Baltic state angered Beijing by supporting Taiwan. The island has recently faced restrictions on exports to China of products including beer and seafood.

With the rewiring of the Asian economy making nearby economies more, not less, reliant on Chinese trade, economists say that to offer a real alternative the U.S. will need to do more to boost trade with Asia, perhaps by joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a free-trade accord that 11 nations pursued after the U.S. withdrew from its forerunner, the Trans-Pacific Partnership. The Biden administration has said it doesn't support joining the pact as it stands but would be willing to renegotiate it. The USTR didn't respond to a request for comment.

Source: livemint.com- Dec 28, 2022

HOME

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Over 99% foreign firms optimistic about China's economy in 2023: CCPIT

More than 99 per cent of foreign firms surveyed in China expressed confidence in China's economic outlook for 2023, as per the China Council for the Promotion of International Trade (CCPIT). Around 91 per cent of such firms in the country are positive about the country's response to the COVID-19 situation.

About 98.7 per cent of the firms stated that they will retain and increase their investment in China, according to a survey of more than 160 foreign firms, commerce chambers, and associations conducted by the CCPIT, the nation's leading trade-facilitating body

"The surveyed foreign enterprises said that China's economy is resilient and has strong comprehensive competitive advantages in market potential, industrial systems, infrastructure, and business environment," CCPIT spokesperson Yang Fan was quoted as saying by local media reports.

Moreover, 89.8 per cent of the firms in the survey revealed that they would maintain their local industrial chains and 10.2 per cent intended to shift overseas industrial chains to China.

Source: fibre2fashion.com- Dec 28, 2022

HOME

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Supply Chain 2022: From Scarcity to Surplus

What a difference a year makes.

The scales tipped in new directions across the supply chain in 2022 as market dynamics shifted in response to the pullback in consumer spending on goods, inflation and, now, concerns of a recession.

"We broke the system this year and there was a significant amount of investment done by all groups to weather that," said Paul Brashier, vice president of drayage and intermodal at third-party logistics provider ITS Logistics. "And from that chaos, hopefully we'll rise like a phoenix here and be in a better position to not just avoid situations like this in the future, but also be able to handle more volume and volatility as it becomes part of our supply chain."

The tumult of the past two years may have forced the start of a paradigm shift within logistics, but only time will tell if those lessons will bear out in staying power.

"I think we learned about the resilience of people in the industry, about the ability to adapt and also how quickly we had to adapt to not only working from home, but because the industry, as a whole, is a necessary business, many people still had to come into the warehouse and the office to move freight," said Vaughn Moore, executive chair and CEO of freight forwarder AIT Worldwide Logistics. "It gets forgotten sometimes how important logistics is to the economy."

The continued supply chain and transportation headlines this past year only further helped solidify the industry's importance to the average consumer, begging the question of what longer-term implications that could have in how apparel companies and other businesses handle the movement of product.

"For the first time in history, we had a massive thought process [among consumers] thinking about 'Where's my product coming from' and that's because we're in a society where immediate gratification is first and foremost," Moore said. "When you couldn't get something at your fingertips tomorrow or today, that really threw people for a loop and they really got a taste for what the world would be without logistics. And they didn't like it."

Now as the world faces a global economic downturn, one truth remains for the transportation industry, Moore said: “logistics still has to move things from Point A to Point B.”

The industry will do so amid a new set of market conditions that crept forward in 2022 and will dictate operations in the coming year.

Falling Rates

Transportation rates dominated the headlines at the start of the year, leaving many to wonder how long prices would remain so elevated. Rates remain in the headlines as the year comes to a close, but not for the same reasons.

“The ocean carriers certainly did not see it and the logistics world didn’t that in this year we would see such a quick snapback in pricing to come back in ocean, air and trucking,” Moore said. “That’s been really surprising to see just how quickly it stayed here and it’s going to stay. There’s going to be some fluctuating, but not much.”

While carriers’ record profits were the story earlier in the year, they’re no longer in the same position as 2022 comes to a close.

“Once supply and demand move out of equilibrium, particularly on the short-term rating, we see quite a fall,” Jeremy Nixon, CEO of Singapore-based carrier Ocean Network Express (ONE), said during a media briefing for the Port of Los Angeles this month. “So, in the same way when demand exceeds supply, spot rates go very quick because we can’t get the supply side back in quick enough. Sure enough, over the last six to eight weeks, demand has fallen faster than the supply side could be adjusted. So, in the spot market, not the contract market,…we have seen a significant drop down.”

Nixon went on to say in more recent weeks, the spot market is beginning to see a bottoming out.

In the meantime, blank sailings, or a ship that’s removed from service, are now on the rise in response to the pullback in imports and falling rates. For ONE, that’s meant blanking about 20 percent of its services in response to a softening it began seeing in October.

The new reality is greater reliability when it comes to transportation, a definite plus from a shipper's perspective.

"We're seeing record numbers in December of blank sailings from carriers because there's simply not enough volume to justify deploying all their ships.... From the logistics standpoint, this is a big part of what's explained faster transit times," said Ryan Petersen, founder and co-CEO of digital freight forwarder Flexport. "The ability to get space, it's no longer an auction to get your container on to a ship. You can pretty much find capacity."

Rent Growth

Another cost consideration for companies in 2022? Industrial rents.

U.S. rent growth this year is expected to exceed 30 percent and top 25 percent worldwide, according to industrial real estate owner and developer Prologis.

The expectation for this year bucks the firm's initial forecast going into 2022 that expected U.S. rents to see a cooling off of growth and notch only a 10 percent gain.

Clearly, that forecast missed the mark as space remained in high demand.

Vacancy, the measure of available space, was 3.3 percent at the end of the third quarter and an "all-time low," according to real estate brokerage firm JLL.

The quarter ended with industrial rents averaging $8.45 per square foot, which was up 25 percent from a year ago, according to the firm. The Cincinnati/Dayton market in Ohio saw the largest spike in rents, up 66.9 percent from the previous quarter, JLL said.

Savannah, with a 0.5 percent vacancy rate at the end of the quarter, reflected the tightest market for industrial real estate, followed by the Inland Empire (0.6 percent), Los Angeles (0.8 percent), New Jersey (1.1 percent) and Orange County (1.3 percent).

As logistics professionals learned to manage and wade their way through a new set of real estate realities, one interesting idea emerged at the end of the year: the sharing of property.

JLL and American Eagle Outfitters Inc.'s Quiet Platforms said in December they would work on the concept of a percentage rent leasing model for industrial real estate.

The partnership would entail Quiet leasing out excess capacity in its own buildings to other retailers, using a model that takes a percentage of revenue. The company is also pooling other brands' warehouse facilities with the same rent-as-a-percentage-of-revenue model to create a marketplace of available industrial capacity.

The model removes the fixed cost nature of traditional leases in favor of flexibility for peak and non-peak operating times.

"You always hear in the market people are either shedding more capacity or there is not enough capacity because the unit of capacity today is a distribution center," explained Shekar Natarajan, AEO executive vice president and chief supply chain officer and Quiet Platforms president. "So, what we are trying to do is break that unit of measure of a facility, a distribution center, into smaller blocks that are available."

In a way, it's similar to how Uber broke the unit of measure from a whole car to a seat within a car and sold that off to people in a pay-as-you-go model, Natarajan said.

The Inventory Glut

Demand for available industrial space continues, particularly with the amount of excess product now in businesses' hands and the increasing demands that come with e-commerce in the way of faster delivery speeds.

Retailers that sought to ensure they had inventory on hand at the start of this year, now find themselves sitting on too much as businesses end 2022 with warehouses overflowing and not enough consumer interest.

"I think the thing that's been most interesting from a logistics standpoint is the adjustment went from just-in-time logistics to just in case. You're

looking around the world now where warehouses are full of product. Going into [2022] or the previous one, that just wasn't the case," Moore said.

Companies were able to achieve product availability eventually during the pandemic, but were not able to react as quickly to the tightening on the consumer side this year.

"There are a lot of warehouses sitting on the wrong type of inventory," Moore said.

So, how quick does the industry see retailers clearing out the glut?

"Quickly is not the right word. I think it's going to be a flushing out that's going to last into the first half of next year," Moore said. "In some cases, these retailers will not be able to get the product they need until next year."

Some say it also depends on how holiday sales end up shaking out in the remaining days of the year.

"Looking down the line, we also see maybe some normality coming back into play in Q2 and beyond if we can flush out a lot of this inventory at the retail level here in the U.S. and push it through during these holiday season sales," the Port of Los Angeles's executive director Gene Seroka noted in a media briefing this month.

Source: sourcingjournal.com - Dec 28, 2022

HOME

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Cambodia's apparel export to Australia up 17% after RCEP

Cambodia's apparel exports to Australia increased by 17.16 per cent to $102.583 million in the first nine months of the current year. To a great extent, the growth was fuelled by the Regional Comprehensive Economic Partnership (RCEP), the 15-nation multilateral free trade agreement of which both are members, that came into effect from January this year.

RCEP has provided easier access between member countries as it gives duty free access to almost 90 per cent of goods.

Cambodia is textile-apparel exporter country, while Australia is an importer and a developed economy.

Cambodia's apparel export to Australia increased 17.16 per cent to $102.583 million in January-September 2022 from $87.557 million in the corresponding period of last year. The shipment fell 20.03 per cent to $71.745 million in January-September 2020 due to COVID disruption from $89.710 million of same period of 2019, according to Fibre2Fashion's market insight tool TexPro.

Australia's share in total apparel export of Cambodia is mere one per cent. It shows the weakness of trade linkage in the region. Cambodia exported apparel worth $10.278 billion in January-September 2022 and the US was top importer with a share of 34.93 per cent, as per TexPro. This shows that Cambodia is still in the process of translating its geographical proximity with Australia into higher trade.

Source: fibre2fashion.com - Dec 29, 2022

HOME

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Turkiye's manufacturing capacity utilisation rate falls to 75.9%: CBRT

Turkiye's manufacturing capacity utilisation rate decreased to 75.9 per cent in December 2022 from 76.9 in November, as per the Central Bank of the Republic of Turkiye (CBRT). The lowest capacity utilisation rate was noted for durable consumer goods at 72.1 per cent and the highest for investment goods at 76.8 per cent in December this year.

The country's seasonally adjusted capacity utilisation rate for the manufacturing industry dropped by 0.7 percentage points to 75.9 per cent in December compared to 76.6 per cent in May, according to a recent survey of 1,734 companies carried out by the CBRT. Capacity utilisation rates are estimated after taking into account the responses of local units working in the manufacturing industry to a business tendency survey, a Turkish news agency said.

Moreover, business confidence of Turkish manufacturers declined to 97.8 points in December from 97.9 points in November. While a figure below 100 points towards pessimism on the business confidence index, a tally of 100 or above reflects optimism.

Source: fibre2fashion.com - Dec 28, 2022

HOME

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Vietnam's exports estimated to reach $371.5 bn in 2022, up 10.5% YoY

Vietnam's exports are forecast to increase by 10.5 per cent to $371.5 billion in 2022, as compared to 2021, according to the country's ministry of industry and trade. The country's industrial production index is projected to soar by 9 per cent year-on-year (YoY). Total value of retail sales in Vietnam is also expected to soar by 21 per cent YoY in 2022, far beyond the target of 8 per cent.

E-commerce continued to grow into a key distribution channel in 2022, as the size of Vietnam's e-retail market is estimated at $16.4 billion, accounting for 7.5 per cent of total consumer goods revenue.

The country's total trade value is expected to reach $732 billion in 2022, the ministry of industry and trade said in a conference this week.

About 74 per cent of the total export turnover in Vietnam in 2022 came from foreign-invested enterprises. Exports from domestic enterprises, especially small- and medium-sized ones, remained modest.

Despite recording strong growth in 2022, Vietnam's reliance on the foreign sector remained heavy, when foreign-invested firms accounted for nearly three-quarters of Vietnam's total export revenues. Also, the rise in added value in export has not met expectations and the rate of market diversification remained slow, the ministry said.

In 2023, Vietnam aims to have export growth at 6 per cent, raise the proportion of manufacturing to GDP to 25.5 per cent, and increase the industrial production index by 8-9 per cent.

Source: fibre2fashion.com- Dec 28, 2022

HOME

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Easing energy-crisis relieves Bangladesh's apparel units with fresh orders coming in

The last month of 2022 has sparked hope and optimism amongst Bangladesh apparel manufacturers as was predicted by the Prime Minister Sheikh Haseena. Ever since the pandemic followed by Ukraine war led to a chaos in global energy supplies, particularly in Europe, Bangladesh's largest apparel market, the situation was getting tough.

The world's second largest exporter of garments was being threatened by dark days as high global inflation saw orders drying up and in domestic front, apparel factories were plagued by rolling blackouts, an unreliable gas pressure and raw material supply crunch as the government had to tighten its belt to protect the fast-depleting forex reserve.

The seriousness of the matter affected livelihoods and started gaining momentum as a major issue for the nation's upcoming general election. However, the apparel sector demonstrated professionalism by delivering commitments and taking on leaner profit margins.

Government negotiations on energy bring a boost

Petrobangla is upbeat that it has done a good job in restoring confidence amongst apparel manufacturers by easing the energy crunch they faced until November. With pleasant winter weather having arrived, power consumption in the consumer sector has dropped considerably and Petrobangla is able to redirect the availability to the industries that play a key role in the country's economy.

Additionally, government curbed commercial usage through power rationing and rescheduling of office and school hours. A spokesperson of Petrobangla recently said, industrial zones are no longer dealing with power or gas pressure issues. Petrobangla explores and supplies fuel and gas, is now supplying 2,700 million cubic feet (mmcf) of gas per day to the national grid – up from 2,600 mmcf in the corresponding period last year.

It is hoped that before the onset of summer in March 2023, additional imports of LNG will be underway as a preventive measure. Industrial zones in Gazipur's Maona to Mymensingh's Bhaluka belt have already started experiencing unhindered availability and industrial units in Narayanganj are seeing an improvement although not ideal.

However, manufacturers operating in Manikganj, Savar, Narayanganj's Araihazar and Gazipur readymade garment hubs say they have not benefitted and conditions have not improved. The overall mood however is one of positivity as exporters are excited that fresh orders are slowly coming in and manufacturing units are enabled again to commit to deliveries.

Everyone in this sector is keeping fingers crossed that come summer, things will not slide back to Bangladesh re-entering another phase of energy-led crises. The main concern is Bangladesh is a big importer of raw cotton and making yarn requires a steady and large amount of power which if unavailable will regenerate another wave of crisis. The period between January and April 2023 will be critical for Bangladesh as this is the busiest apparel manufacturing season in the country.

Positive outlook

Bangladesh’s strategy of manufacturing basic and low-end garments may have been criticized by experts as the main reason the country is unable to fetch higher prices but in severe times but this strategy may have just paid off. As global inflation has curbed spends on non-essentials, basic clothing is not only a requirement but also not as affected as the more premium garments.

This is the advantage that the nation’s manufacturers are looking at to tide through the crisis. Thanks to the strained Sino-US relations that affected trading between the two super economies, Bangladesh became a beneficiary by default and hopes to leverage the situation to its maximum advantage.

Source: fashionatingworld.com- Dec 28, 2022

HOME

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Experts call for review of EVFTA to build on positive results

The European Union-Vietnam Free Trade Agreement (EVFTA) has gained positive results since coming into effect on August 1, 2020, though, experts believe it is necessary to review the achieved results to identify and rectify problems and challenges encountered in the past two years.

The comments were made during a seminar held by the Ministry of Industry and Trade (MoIT) to review the EVFTA on Tuesday in Hà Nội.

Opening the remarks at the seminar, Deputy Minister of MoIT Trần Quốc Khánh told participants that since the EVFTA came into effect on August 1, 2020, Việt Nam's two-way trade turnover had achieved impressive growth, despite the severe impact of the COVID-19 pandemic, logistics and supply chain crisis, and geopolitical fluctuations.

Deputy Minister Khánh further said during the first year, bilateral trade turnover reached US$54.9 billion, making a year-on-year increase of 12.1 per cent. Of this, export turnover reached $34.5 billion or 11.3 per cent. In the second year, the bilateral trade turnover climbed to $1.4 billion, with an increase of 11.9 per with $45 billion from export. Many Vietnamese essential products recorded positive growth, such as textiles with a 24 per cent increase, footwear (19 per cent) and seafood (41 per cent).

In 2021, the export turnover of Vietnamese goods to the EU market using C/O form EUR.1 reached $8.1 billion, making an account for 20.2 per cent of total export turnover to the EU or 24.4 per cent rose against the same period in 2020.

In the first ten months this year, the ratio of taking advantage of incentives from the EVFTA agreement stood at 25.1 per cent, with an increase of more than 30 per cent over the same frame last year.

The Vietnam Chamber of Commerce and Industry reports that four out of 10 Vietnamese businesses benefited from the EVFTA. Deputy Minister Khánh noted that the results had shown tireless efforts of government bodies from the grassroots to the central level over the past two years.

Challenges ahead

According to the Ministry of Industry and Trade, the achievements are only the initial steps. The potential and opportunities from the EU market remain large. However, many difficulties and obstacles are facing Vietnamese businesses.

Khánh emphasised that the Vietnamese brand had not been well developed and known in European countries while the value and benefits gained by Vietnamese businesses failed to meet their potential.

Sharing views with the deputy minister, Ngô Chung Khánh, a senior expert from the MoIT, said computers, garment-textile, machines and equipment, footwear, fresh vegetables, processed vegetables and fruit, seafood and rice were key products for export.

Chung Khánh said if there were no EVFTA, the tax rate applied to vegetables would reach the highest ratio of 20 per cent, noting that most import taxes had declined to zero per cent due to the EVFTA.

However, the volume of fruit and vegetable for export to the EU market accounted for 2.7 per cent only. Under the trade agreement, the EU has eliminated tariffs on 86.5 per cent of Vietnamese seafood, with a zero-tax rate expected after seven years. Therefore, the EVFTA is expected to create an excellent opportunity to export Vietnamese seafood, according to the expert. However, Việt Nam's seafood exports to the EU market account for only about 4.2 per cent of the market share.

Nguyễn Văn Hiếu, sales director of Việt Nam's Lộc Trời Group, said there was a lot of room for domestic businesses to export rice to the EU market. Over the years, his group had taken advantage of this market well.

In 2018, the Loc Troi group exported more than 2,000 tonnes of rice to this market, and in 2019, it sold 8,000 tonnes of rice to this market, followed by 11,000 tonnes in 2020, 12,000 tonnes in 2021 and 24,000 tonnes this year. However, Hiếu noted to keep exports sustainable, Vietnamese businesses needed to pay great attention to their quality for export due to strict control of pesticide residues in food.

Ngô Chung Khánh concluded that the Ministry of Industry and Trade would work well with ministries and bodies to focus on implementing solutions to help local businesses have excellent access to the websites of ministries and agencies.

In addition, the ministry would also conduct its review of cities and provinces via the free trade agreement index (FTA Index) to be announced by 2023, which is expected to create an impetus for localities to create a favourable environment for enterprises and enable them to take advantage of free trade deals.

The ministry would also renovate communication forms via social networks by conducting short videos, training courses and seminars.

Last but not least, the ministry would work out specific solutions by offering business credit loans, promoting connectivity between companies, and creating incentives for businesses.

Source: einnews.com- Dec28, 2022

HOME

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NATIONAL NEWS

India-Australia interim trade deal kicks in today after eight-month wait

Consignment of goods such as jewellery and engineering items are set to be flagged off on Thursday as the India-Australia interim trade deal goes live after an eight-month wait.

The interim pact, also known as Economic Cooperation and Trade Agreement (ECTA), has the potential to double bilateral trade to $50 billion in half a decade. The trade deal was signed on April 2.

A NEW START In %

No. of years*	India's offer		Australia's offer	
	Tariff Lines	Value	Tariff lines	Value
0	40.00	85.30	98.30	96.40
3	1.60	0.01	-	-
5	7.20	3.30	1.70	3.60
7	21.20	0.30	-	-
10	0.20	0.05	-	-
Tariff Rate Quota	0.04	0.70	-	-
Total offer*	70.30	89.70	100	100
Exclusion	29.80	10.30	0	0
Total trade	100	100	100	100

*For India: On 125 tariff lines, duty will be reduced and not eliminated
Source: Global Research Trade Initiative

India is set to benefit from the preferential market access provided by Australia on 100 per cent of its tariff lines – 98.3 per cent tariff lines from December 29. The rest will be in a phased manner for five years.

This is expected to boost labour-intensive exports of items such as automobiles, textiles, gems and jewellery, medical devices and engineering goods.

The Confederation of Indian Industry (CII) said this can lead to a $10-billion jump in India's merchandise exports by FY27. It will also help create an additional one million jobs in India and open more job opportunities in Australia.

The major boost for India would be in its labour-intensive sectors as Australia imposed 4-5 per cent import duty on these items. These will gain immediate duty-free access, it said.

According to a report released by Global Trade Research Initiative (GTRI), products worth $23 billion will become duty-free from Day One of implementation of the trade deal.

Total trade between both the nations was $25.56 billion during the fiscal year 2021-22. This means that 93 per cent of merchandise trade in the previous fiscal will attract zero duty from Thursday.

On the other hand, Australia will get preferential access to over 70 per cent of India's tariff lines. Around 40 per cent of the tariff lines will get zero-duty access immediately. This will include zero duty on coal, manganese ore, copper concentrates, bauxite, sheep meat, cherries and wool, among others.

The CII said it will provide cheaper raw materials to many sectors, including steel and aluminium from Australia. The ECTA would also facilitate increased investments from Australia and support Indian manufacturing, it added.

For the first time, India also agreed to liberalise wine under a trade pact. The government had tried hard to protect the domestic industry while also opening the path for greater investments and tie-ups with Australian companies.

Towards this, India reduced Customs duty on Australian wines, but in a staggered manner.

Experts believe that unlike India's past free-trade agreements, the pact with Australia will benefit both the countries because of the complimentary product and service profile.

"India and Australia do not compete in the same sectors and need each other's products and services.

India's exports are diversified, ranging from agriculture, garments, and railway engines to telecom. But 95 per cent of India's imports from Australia are raw materials and mining products needed by the industry.

This makes both countries gain from their exports and imports," the report said.

Australia was India's 10th-largest trading partner worth $17.04 billion during April-October.

India exported goods worth $4.73 billion during the first seven months of the current fiscal. It imported goods worth $12.31 billion during the same period.

Source: business-standard.com - Dec 29, 2022

HOME

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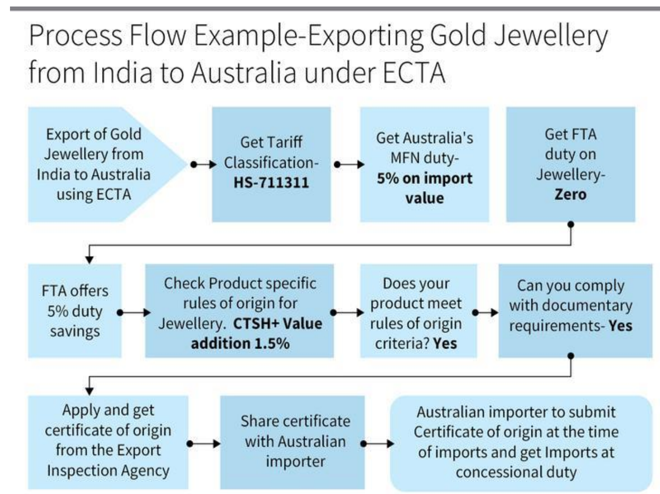
Export push. Make the most of India-Aus FTA

Here is a seven-step guide for importers and exporters to tap the opportunities thrown up by the trade pact



The India-Australia Economic Cooperation and Trade Agreement (ECTA) will come into force today (December 29). ECTA offers many concessions to exporters and importers of both countries. But, the concessions are product-specific, and firms must check if their products benefit from the ECTA.

Utilisation rate of India's FTAs is low. One factor is low awareness about the process and its benefits. We present a seven-step process to ensure that the firms do not miss critical details while exporting or importing under ECTA.

Seven steps

Step 1: Know the tariff classification for your product. Both India and Australia use 8-digit numeric codes to represent a product. It is critical to use the correct code as governments notify all import duties and policies using this code.

The tariff classification of the same product may differ in India and Australia. For example, the Tariff classification for the product 'Embroidered girls' suits made of silk' is HS 62041911 for India. For Australia, the code is HS 62041900. The firms must use their country codes in the trade documents.

Step 2: Know the export and import policy for your product. FTAs merely provide duty concession and do not give relaxation on export or import policy provisions. Indian exporters must know the export policy of India and the import policy in Australia for their products.

No imports are allowed if a product falls under the prohibited list of imports. The happy news is more than 98 per cent of products can be freely exported from/imported into India.

Step 3: Compare your product's MFN and FTA duties in the destination country. MFN (Most Favoured Nation) is a WTO term indicating that a country must charge the same import duty from all countries for a product. When two countries do an FTA, they decide to cut such duties on most products.

Under ECTA, all Indian products will enter Australia duty-free. Australian products covered under 70 per cent tariff lines will enter India duty-free. Yet, the product level details will decide if the FTA is beneficial for a product. FTAs are of no use if MFN duty is zero for a particular product. A firm must compare the MFN and FTA duties for a product. A firm benefits from the FTA only when the FTA duty is lower than the MFN duty.

Let us use a few examples: Since MFN duty on 'Cut and Polished Diamonds' is zero in Australia, Indian diamond exporters will not use ECTA. But many Indian labour-intensive products will benefit as Australia has reduced the duty from 4-5 per cent (MFN duty) to zero under ECTA. The key sectors are textiles and apparel, agricultural and fish products, leather, footwear, furniture and sports goods, gems and jewellery, machinery, electrical goods, railway wagons, pharmaceuticals, and medical devices.

Australia's exports of coal, LNG, alumina, manganese and tungsten ores, pharma products, and rare earths will gain as India cuts duty to zero. Australian exports of almonds, oranges, and mandarins will also gain as India cuts duty on limited quantities. Australian wine valued at $5 for a 750ml bottle will gain from reduced-duty access.

There is no benefit to Australian dairy products, walnut, wheat, rice, bajra, apple, sunflower seed oil, sugar, oil cake, gold, silver, platinum, jewellery, or iron ore. India offered no concessions on these. Exporters and importers must check the benefits provided for their products.

Zero duty under an FTA means zero basic customs duty. Other duties like 'IGST' and 'Special welfare cess', which are primarily in nature of domestic taxes, still need to be paid.

Step 4: Check if your product satisfies the rules of origin. A product must qualify as originating goods of exporting Party to get FTA duty concessions. Rules of origin set specific and clear conditions on the level of processing an imported item from a non-FTA partner country must undergo. Rules of origin prevent FTA benefits to third-country products transhipped from FTA partner countries.

Rules of Origin is a work in progress of the ECTA. Both sides have framed product-specific rules of origin for essential products. For the rest, they have agreed to negotiate rules at the earliest. Both countries would use a general rule for products where a product-specific rule is not agreed upon. It is based on the twin criteria of value addition and product transformation. Firms must check the rules of origin for their products and ensure they can meet the requirements.

Step 5: Get a Certificate of Origin. Once a firm is sure that its product meets the rules of origin criteria, it applies for issuing a Certificate of origin (COO) to the agency nominated by the Indian or Australian governments. The agency may issue the certificate after verifying the documents or visiting the factory per the norms. The Indian firm shares the certificate of origin with the importer in Australia.

Step 6: Export your product. No additional customs formalities are carried out while exporting Goods under an FTA. FTAs for merchandise trade is about granting concessions on imports.

Step 7: Importer presents COO and claims duty benefits. The Australian importer uses COO issued by the Indian agency while claiming the tariff concessions at the Australian Customs if requested. The process applies in reverse to imports into India.

Current bilateral trade between India and Australia exceeds $27 billion. It is expected to double in next five years due to buoyant trade relations. Using the above process, Indian and Australian firms can make full use of ECTA concessions.

Source: thehindubusinessline.com - Dec 29, 2022

HOME

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Turning tide: On India's goods exports

India's goods exports rebounded from a nearly 17% dip in October to a mild 0.6% uptick in November. While the value of exports recovered to $32 billion from $29.8 billion in October, it is still significantly below the $39 billion averaged between April and September. Imports growth moderated to 5.4% with the value of shipments slipping to $55.9 billion — a level last seen in February 2022, which was followed by seven months of import bills of around $60 billion.

The merchandise trade deficit eased below $25 billion for the first time in five months. The easing of some commodities' prices may help curb the import bill and deficit to some extent, but this could cut both ways as the value of some exports that boomed because of global price trends earlier, will also decline.

A part of the import bill dip was triggered by lower non-oil cargo, signalling slowing domestic demand, but non-oil exports' performance is a greater worry. Their share in exports growth has been shrinking since June, with the contraction accelerating for many sectors from September to November — engineering goods that drove much of India's record $422 billion goods exports in 2021-22, contracted 11.3% while textiles fell a steeper 25%.

December's pending festive orders may still lift export numbers month-on-month, but the onset of 2023 would spell greater pressures for India's trade story, with key markets heading into a recession. Having grown 11.1% in the first eight months of 2022-23, goods exports could still fall 2.3% over the full year, a CARE Ratings research paper cautioned on Tuesday.

While the World Trade Organization expects global goods trade to grow just 1% in 2023, CARE reckons India's exports may rise a meagre 1.5% in 2023-24. Services exports and remittance inflows may cushion India's current account deficit from the goods trade imbalance and restrict the economy's external vulnerabilities, but policy makers need to focus on ensuring a soft landing for factories in export-intensive sectors that are also massive employers so that the global gloom does not hit domestic sentiment.

In recent weeks, the Government belatedly scrapped the export duty on steel and iron ore, that was hurting engineering exports too, and brought them under a tax refund scheme with thus-far excluded sectors like drugs and chemicals.

Keeping an eye on market realities to respond deftly to emerging challenges is vital for Indian exporters to sustain through the coming turmoil and perhaps, even expand their share in the global trade pie. Vietnam, Cambodia, Bangladesh and China saw their share rise even when global trade growth itself slowed in the years before COVID-19. India too, should aspire to emerge stronger from the brewing storm.

Source: thehindu.com - Dec 29, 2022

HOME

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How this was the year that bid au revoir to hyperglobalisation

Two wars are raging in 2022, which have upended the assumption of "doux commerce". We take a look at how the world got here.

In 1910, the British journalist Norman Angell published a book titled The Great Illusion, which argued that war in the modern era was an "economic impossibility". The sheer extent of financial and commercial interdependence between countries made conflict as futile for the conqueror as the conquered. The economic chaos unleashed would compel "financiers of London to co-operate with those of New York to put an end to the crisis, not as a matter of altruism, but as a matter of commercial self-protection". By 1913, The Great Illusion had sold over a million copies and been translated into 22 languages.

Angell was proved wrong. On 28 July 1914, World War-I broke out, ending only on November 11, 1918. It also ended the first "golden age" of globalisation between 1870 and 1914, when world trade in goods surged from 9% to 16% of GDP. This was a period of internationalisation of economic and social life when, as the Cambridge economist John Maynard Keynes put it, "the inhabitant of London could order by telephone, sipping his morning tea in bed, the various products of the whole earth, in such quantity as he might see fit, and reasonably expect their early delivery upon his doorstep".

By the time War War-II began in September 1939, the share of merchandise trade in global GDP had collapsed to 5.5%. It recovered gradually thereafter to reach the pre-World War-I levels only towards the late-1970s.

In December 1996, yet another journalist, Thomas L Friedman, wrote in The New York Times that "no two countries that both have a McDonald's have ever fought a war against each other". He propounded this "thesis" just when the world had entered a new era of what Arvind Subramanian – who became Chief Economic Adviser to the Indian government – termed "hyperglobalisation". Between 1990 and 2008, global trade in goods soared from 15.3% to 25.2% of world GDP. Inclusive of trade in services, the increase was from 18.8% to 31.7%.

That era formally ended in 2022, which has seen not one, but two wars. Both have upended the assumption of "doux commerce" – encapsulated in the sayings of the French philosopher Montesquieu that "commerce is a cure for the most destructive prejudices" and "peace is the natural effect of trade".

The first war was Russian's invasion of Ukraine. The second is an economic war – in reality, a geopolitical confrontation between two superpowers.

In early-October, the US issued rules restricting exports of high-end semiconductor chips, and the equipment to make them, to China. Further, it has pressurised the Netherlands, Japan and other countries to bar their chip gear manufacturers from supplying to China. By erecting a "silicon fence" around China, the Joe Biden administration is seeking to cut off Beijing's access to advanced semiconductors and the technology to produce these chips that pack transistors at widths of 3-14 nanometer (nm or one-billionth of a meter; the smaller the distance between transistors, the more such devices that can fit in a given space and the higher the processing speeds).

Till recently, if not last year, not many imagined that Russia would forcibly occupy Ukraine. Both had McDonald's, after all. Under former President Donald Trump, the US imposed tariffs on Chinese imports and blocked the telecom equipment giant Huawei from obtaining American components and technology. But those pale in comparison to the Biden government's sweeping semiconductor export curbs, hobbling China's ability to produce chips that go into the latest mobile devices and consumer products as well as next-generation supercomputing, artificial intelligence, 5G and cloud services applications.

In a hyperglobalised world, not only were wars passé, but economies broadly followed the principles laid down by the late-18th/early-19th century economists Adam Smith and David Ricardo. Smith put it straight in his Wealth of Nations: "If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage".

Ricardo went one step ahead. Countries, he said, could produce even things in which they had no “absolute advantage”. What mattered was “comparative advantage”. In other words, producing what they were relatively least bad at.

He illustrated this with an example of two countries producing two goods. Suppose it took 100 hours to make one unit of cloth and 120 hours for one unit of wine in England, whereas Portugal required only 90 hours for the former and 80 hours for the latter. Clearly, Portugal enjoyed absolute advantage producing both goods.

Ricardo argued it still made sense for England to simply manufacture cloth and for Portugal to specialise in wine. It would result in 2.2 units of cloth and 2.125 units of wine being produced over 220 hours and 170 hours in England and Portugal respectively. Sans specialisation, only 2 units each of cloth and wine would have been made in all. The two were better off, then, producing one good (England cloth and Portugal wine) and importing the other.

Belief in comparative advantage is what also propelled the second golden age – of “hyperglobalisation” – after 1990. It confirmed to Ricardo’s principle of each country devoting its resources “to such employments as are most beneficial to each”, while determining “that wine shall be made in France and Portugal, that corn shall be grown in America and Poland, and that hardware and other goods shall be manufactured in England”.

Hyperglobalisation’s chief protagonist, however, was China that emerged as the “world’s factory” and a “mega-trader”: Subramanian, in a 2013 paper coauthored with Martin Kessler (“The Hyperglobalisation of Trade and its Future”), estimated China’s share in world merchandise trade to have risen from 1.8% in 1990 to 11.1% in 2012. This, even as that of others fell: Germany (12% to 7.6%), the US (11.3% to 8.4%) and Japan (8.2% to 4.3%).

The entire system of free trade was founded upon trust and comparative advantage trumping geopolitics. Doux commerce – the idea that trade makes men less prone to violence or irrational behaviour – led to Russia supplying close to 40% of the European Union’s total natural gas consumption in 2021, Apple having its biggest iPhone factory in China’s Zhengzhou (operated by a Taiwanese contract manufacturer Foxconn), Taiwanese companies producing 65% of the world’s semiconductors,

India grabbing a 30% share of the global IT services market, and Bangladesh exporting readymade garments valued at almost $43 billion last year.

That world – "happy age", as Keynes would have called it – came to an end in 2022.

The signs were there. Global trade peaked in 2008, just before the financial crisis and the economic slump that ensued. By 2020, world merchandise trade had dipped to 20.8% of GDP, and to 26.9% for both goods and services. But it had never come to a situation where Russia would actually wage war and prompt countermeasures by the West – from phasing out oil and gas purchases, to freezing about $300 billion of the country's gold and foreign exchange reserves held within their jurisdictions.

While such sanctions – or, for that matter, denying China access to high-end chip technology also having military applications – are meant to penalise and deter aggressors, whom they are hurting more is an open question. How much more is Europe paying for liquefied natural gas imported from the US and Qatar vis-à-vis what it was previously getting from Russia through the Nord Stream pipelines?

The greatest collateral damage is to the global trading order. From production based on comparative advantage and grains from trade, it's each nation for itself now.

India is granting incentives amounting to 30-50% of project cost for semiconductor units manufacturing less-sophisticated 28-65 nm range chips that can be used in mobile phones, home appliances and cars. Five years ago, it may not have considered this to be worth spending taxpayer money.

If history is any guide, rebuilding trust and restoration of world trade from the ravages of militarism does not happen overnight. And it's unlikely to in 2023.

Source: indianexpress.com- Dec 29, 2022

HOME

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Circular economy – Is India ready to come full circle in sustainability?

For sustainable growth and achieving net-zero emissions, 'recycle-and-reuse' is the way ahead

The COP27 meet brought to fore a circular economy's relevance in mitigating carbon emissions for India by ensuring responsible consumption and sustainable resource management.

A circular economy focuses on minimising waste while maximising utilisation, and calls for a production model aiming to retain the most value to create a system that promotes sustainability, longevity, reuse, and recycling. Though India has always had a culture of recycle and reuse, its rapid economic growth, growing population, impact of climate change and rising environmental pollution, the adoption of a cricular economy is more imperative now.

The 2022-23 Budget recognised the importance of sustainable growth. In sync with a circular economy, the government formulated the Battery Waste Management Rules 2022, Plastic Waste Management Rules as amended in 2022, e-Waste Management Rules 2022. These rules promote utilisation of waste generated in line with the circular model by setting out target waste disposal standards for stakeholders such as manufacturers, producers, importers, and bulk consumers, along with enabling transactions among stakeholders for extended producer responsibility certificates.

This move will pave the way for a more formalised transition to the circular economy regime in India. Further, the Budget also recognises the action plans formulated across 10 sectors including electronic waste, lithium-ion batteries, end-of-life vehicles, scrap metal, municipal solid waste, etc. These plans emphasise the importance of reusing secondary materials recovered from waste, implementation of an extended producer responsibility framework and tax rebates.

However, despite the Government's policy efforts the progress has been underwhelming. One of the major contributing factors is lack of a clear vision towards the end-goal of India's circular economy mission and gaps in actual implementation of the policies. Industry is also reluctant in

adopting the circular economy model due to supply chain limitations, lack of incentives to invest, complex recycling processes and lack of information to support participation in reusing/ recycling/re-manufacturing processes. Another glaring concern here is that efforts are made at the very end of value chains, resulting in sub-optimal economic and environmental outcomes. Such limitations may be overcome through legislative mandates for the procurement of recycled/ secondary raw materials in the initial stages of the production cycle, developing a unified legislation addressing the circular economy from a regulatory perspective, among others.

Further, a streamlined framework on circular economy reporting, clarifying the mechanism surrounding trading of extended producer responsibility certificates and providing fiscal incentives to businesses to complete the supply chain will also help. The government's initiatives need to be in conjunction with implementable actions with industry collaboration to reap the benefits of the circular economy.

A combination of the government's current efforts along with relevant implementation strategies will instil a sense of confidence in businesses to adopt the circular model of production.

Source: thehindubusinessline.com - Dec 28, 2022

HOME

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India-Australia pact kicks in; zero duty for 96.4% exported goods

The government has begun reaching out to exporters of apparel, chemicals, plastics, gems and jewellery, engineering goods and technical textiles to take advantage of the duty concessions offered by the India-Australia Economic Cooperation and Trade Agreement (ECTA), which comes into force Thursday.

Australia is offering zero-duty access to India from day one for about 96.4% of the products exported, including many that currently attract 4-5% customs duty in Australia, such as leather, textiles, and gems and jewellery.

"This ECTA has a higher value addition of 35% to specify the country of origin to avoid circumvention from other countries. We expect gains in many sectors where China, Vietnam and Bangladesh enjoy zero-duty access in Australia," said an official.

India's textiles and apparel exports to Australia are expected to grow to $1.1 billion from $0.5 billion in the next three years.

"With the India-Australia ECTA getting operationalised, India will have a slight duty advantage over Vietnam and Indonesia for imports in the Australian market. India's readymade garment exports to Australia would grow three times by 2025," said Sudhir Sekhri, vice chairman of the Apparel Export Promotion Council.

While India's exports are diversified, ranging from agriculture, garments and railway engines to telecom, 95% of India's imports from Australia are raw materials and mining products needed by industry. India's goods exports to Australia were $8.3 billion and imports were $16.75 billion in 2021-22.

The Directorate General of Foreign Trade on Wednesday notified the procedure for allocation of tariff rate quotas for imports of certain Australian products, including lentils, almonds, oranges and pears under the agreement.

"We will be able to compete against Vietnam and also get an extended market in the long term in Australia. The ECTA gives us an advantage as we are getting an additional tool in terms of low tariffs, but we are watching what other countries do with their trade agreements," said Rafeeque Ahmed, chairman of the Farida Group, one of India's largest shoe manufacturers and exporters. The group supplies to brands such as Adidas, Clarks, Marks & Spencer, Debenhams and Bally Shoes.

Delhi-based think tank Global Trade Research Initiative expects India-Australia bilateral trade (in merchandise and services) to cross $70 billion in the next five years due to buoyant trade relations and Australia's gradual weaning away from China.

"Around $23 billion value of trade becomes duty-free from day one. India and Australia do not compete in the same sectors and need each other's products and services," said Ajay Srivastava, cofounder of the think tank.

"We expect big gains in exports to Australia due to demand increases there and because it is looking at an alternative to China to source goods," said Arun Kumar Garodia, chairman of Engineering Export Promotion Council India.

Source: economictimes.indiatimes.com - Dec 29, 2022

HOME

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Ministry of Textiles inviting Research proposals for Funding for Design, Development and Manufacturing of Machinery, Tools, Equipment, and Testing Instruments under NTTM

In order to position India as the global leader in Technical Textiles manufacturing, Government of India, Ministry of Textiles is inviting Research proposals for Funding for Design, Development and Manufacturing of Machinery, Tools, Equipment, and Testing Instruments under NTTM.

As on date high-tech machinery, equipment, plants, special tools and accessories are being largely imported. In order to meet the diverse needs of textile industry and to make our nation self-reliant and Atmanirbhar, it is essential to go for indigenisation by tapping the local skill in design, engineering, fabrication and prototyping. Hence NTTM under Component-I (Research, Innovation and Development) envisages indigenous manufacturing of machinery, equipment, tools and testing instruments for Technical Textiles on Make in India concept.

Novel proposals are invited from Companies engaged in manufacturing of any machinery (preferably Textile machinery), Textile/Garment value chain manufacturers, Research organisations, Academic institutions (both public funded and private).

The detailed General guidelines are available on the official website of the National Technical Textiles Mission (NTTM), Ministry of Textiles, viz. nttm.texmin.gov.in

https://nttm.texmin.gov.in/pdf/WhatsNew/GuidelineMachineryManufacturing.pdf

Indigenous development of state-of-the-art technical textile machinery and equipment would support and enhance the manufacturing capabilities of high-end technological products, and thus would play an instrumental role in driving India's Technology Readiness Level in technical textiles.

Source: pib.gov.in- Dec 28, 2022

HOME

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India's NSWS, a game-changer for growing investment: Commerce Ministry

India's National Single Window System (NSWS) has been an initiative which could be the game-changer for increasing investments and reducing compliance burden in the country, the Ministry of Commerce and Industry said in its year-end-review. Currently, more than 44,000 approvals have been facilitated through NSWS, and another about 28,000 approvals are in process.

NSWS will usher in freedom from the legacy of running to different government offices for approvals and registrations, Piyush Goyal, minister for commerce and industry, textiles, consumer affairs and public distribution, had said earlier in September this year..

Currently, i.e., as of December 2022, the Know Your Approvals (KYA) Module, a pre-investment advisory is live with more than 4,011 approvals across 32 states/union territories (UT) and 595 approvals across 32 central ministries/departments. Further, 249 out of 376 approvals on-boarded across 27 ministries/ departments are enabled to be applied through the NSWS portal.

Using process optimisation and technology, investing in India is slated to become easier for which various schemes under the Indian Footwear and Leather Development Programme (IFLDP) are live under the NSWS portal.

Currently, the NSWS portal has about 3.7 lakh unique visitors including 54,000 plus active users, as per the ministry's year-end review.

NSWS is facilitating as a technology accelerator for establishing a single source of information for central and states approvals, schemes, registrations, clearances, etc for businesses across sectors, and size.

Through a single unified application form, the investors are able to apply for multiple clearances and also monitor the status of their applications through the investor dashboard. The investors can also raise queries and grievances on the portal.

NSWS will also fast-track implementation of special schemes such as Production Linked Incentive (PLI) Schemes for sector-wise bundling of both central and state government approvals, integration of all regulatory approvals/clearances as well as renewals.

Source: fibre2fashion.com- Dec 29, 2022

HOME

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KTR seeks Rs 900 crore Central funds for Kakatiya Textile Park in Telangana

IT and Industries Minister KT Rama Rao has urged the Central government to allocate sufficient funds for the Telangana textile sector in the Union Budget 2023-24. In a statement issued here on Wednesday, Rama Rao recalled that the State government has been seeking the support of the Central government for its programmes taken up for the development of the textile sector in the State.

While stating the Centre should allocate sufficient funds to develop the textile sector in Telangana, he also demanded that Union Finance Minister Nirmala Sitharaman announce in her Budget speech that the Goods and Services Tax (GST) would be waived on handloom and textile products.

Modernisation of looms

The Centre should announce the establishment of the Indian Institute of Handloom Technology, National Textile Research Institute and Handloom Export Promotion Council in Telangana. Rama Rao also wanted the Centre to allocate the required funds for the modernisation of looms, strengthening the value chain and development of the market for Sircilla textile weavers. He said these works require Rs 990 crore and the Centre should contribute a lion's share of these funds.

Stating that there were 40,000 handloom workers working in Yadadri-Bhuvanagiri, Gadwal, Warangal, Rajanna-Sircilla and Karimnagar districts, Rama Rao urged the Centre to start the Indian Institute of Handloom Technology centre in Telangana.

"As there was no such centre in the State, the weavers were going to other States like Andhra Pradesh, Odisha, Tamil Nadu and Karnataka for training, he said. He demanded that the Centre should restart the thrift scheme, handloom, power loom, and handicraft boards, which were discontinued by the Modi government. The minister also urged the Union government to increase the current GST slab of Rs 20 lakh to Rs 50 lakh in order to encourage the handloom and textile industry.

Source: newindianexpress.com - Dec 27, 2022

HOME

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