TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 6 of 2023 — January 9, 2023

NEWS CLIPPINGS

Currency Watch	
USD	82.36
EUR	87.93
GBP	100.01
JPY	0.62

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	India Australia Economic Cooperation and Trade Agreement: A Win-Win for India and Australia
2	Shri Goyal will interact with CEOs, business leaders, think tanks and visit industries in New York
3	Structural reforms taken in last 8 years will help India emerge among the top three economies in the world : Shri Goyal
4	Govt may rejig textile duty to raise export competitiveness
5	Budget should avoid subsidies and protection to biz
6	Indian Bank to hold special rupee vostro A/cs of Sri Lanka banks
7	With FTA benefits, garment exports to Australia may see a 30% jump in 2023
8	Karur needs a reset

SAYING NO TO CHILD LABOUR

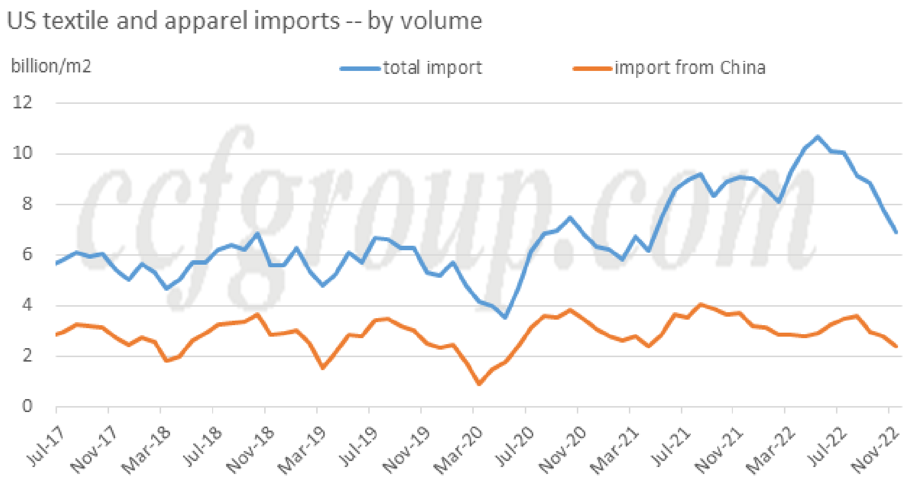
INTERNATIONAL NEWS

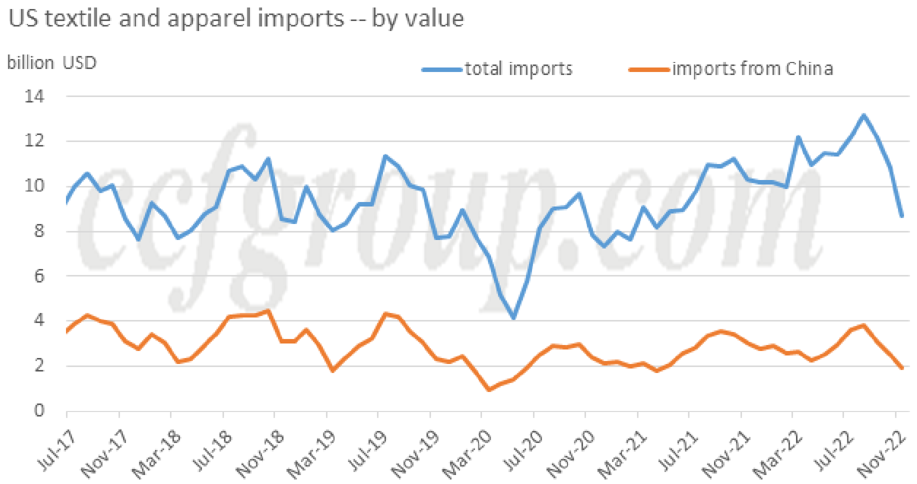
U.S. textile and apparel imports fall to a yearly low in November

U.S. textile and apparel imports in November 2022 amounted to 6.89 billion square meters, down 23.9% year-on-year and 11.7% month-on-month, marking the sixth consecutive monthly decline. The value of imports reached $ 8.68billion, down 15.6% from last year.

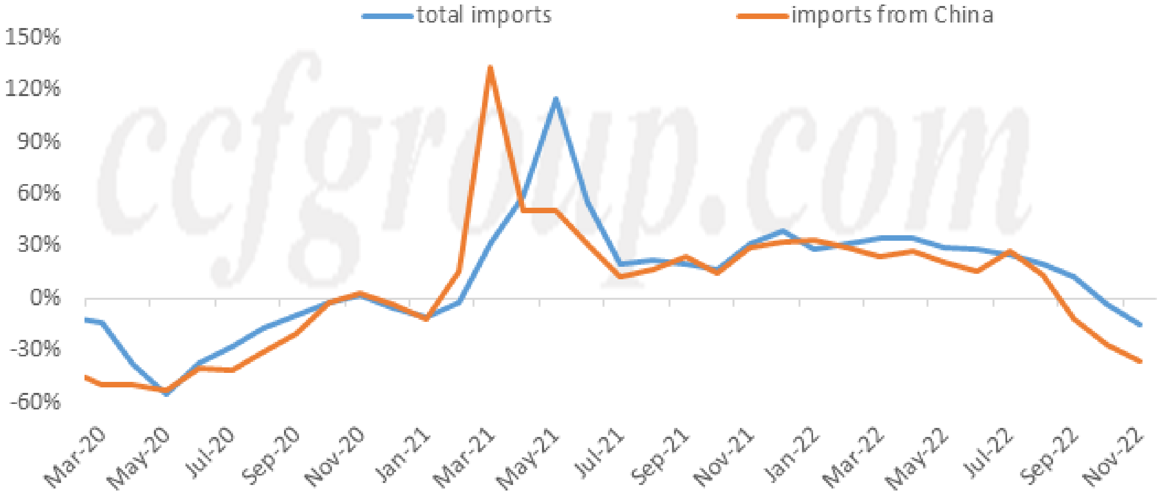
Among them, apparel import volume reached 1.74 billion square meters, down 30.5% year-on-year and 21.2% month-on-month. Apparel imports value totaled $6.3 billion, down 14.6% YoY.

Apparel import volume fell to a low point since May 2020.



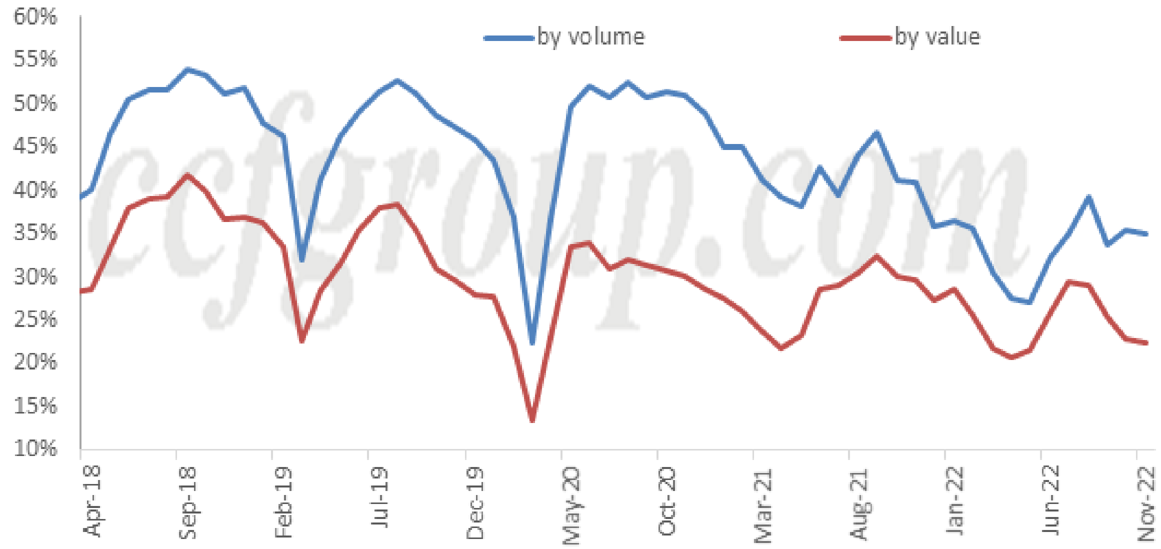


Growth rate of US textile and apparel imports and those from China



The total amount of US textile and apparel imported from China in November was 2.41 billion square meters, down 34.9% year-on-year. The value of textile and apparel imported from China amounted to $1.94 billion, down 36.3% year-on-year. Among them, the amount of apparel imported from China stood at 550 million square meters, down 39.8% year-on-year, and the value was $1.18 billion, down 37.8% year-on-year.

Proportion of Chinese textile and apparel imported by the US



Source: ccfgroup.com- Jan 09, 2023

HOME

****

S Korea's apparel import from Vietnam to cross pre-COVID level in 2022

South Korea's apparel imports from Vietnam in 2022 are likely to cross the pre-COVID level.

The country has imported apparel worth $3.492 billion in first eleven months of last year, while its inbound shipment in pre-COVID year of 2019 was $3.572 billion. The country had imported apparel worth $3.502 billion in 2018 and $2.827 billion in 2017.

In 2020, South Korea's apparel imports from Vietnam had decline by around 15 per cent to $3.065 billion as normal life and economic activities were badly hit due to COVID-19. But the value of imports bounced back to $3.294 billion in 2021, according to Fibre2Fashion's market insight tool TexPro.

On a monthly basis, South Korea's apparel imports from Vietnam remained volatile in recent months. They increased to $486.928 million in September from $194.563 million in June 2022. But the shipment slowed down to $237.695 million in November 2022.

On a quarterly basis, the imports increased to $1,261.045 million in Q3, 2022 against $683.373 million in Q2, 2022, and $873.110 million in Q1, 2022.

Vietnam is a very important supplier of apparels for South Korea. The import from Vietnam was 30.99 per cent out of South Korea's total apparel import of $11.266 billion during the first eleven months of last year, as per TexPro.

China remained on the top in suppliers' list with a share of 33.14 per cent. If Vietnam successfully keeps on increasing its supplies to South Korea, it may soon take over China as the largest supplier of clothing to the country.

Source: fibre2fashion.com- Jan 08, 2023

HOME

****

Malaysian exports to Europe set to rise

Malaysia's apparel exports to Europe are likely to increase in 2022, after registering a downward trend in the previous years.

It exported apparel worth $180.083 million to Europe in the first nine months of 2022 and the figure is expected to cross $225 million for the entire 2022. Malaysia had shipped apparel worth $193.685 million in 2021 to the continent. Exports to Europe witnessed a downward trend since 2017 when they were noted at $278.209 million. The exports peaked at $22.823 million in May 2022 and bottomed out at $15.886 million in September 2022.

In terms of value, the trousers and shorts category was the largest within apparel with 13 per cent of the total apparel exports. Jerseys, T-shirts, innerwear, coats, shirts, sportswear, ensembles, dresses, and nightwear were among the top ten apparel products exported from Malaysia to Europe. Accessories exports to Europe in 2021 were 17 per cent of the total exports of Malaysia.

The country's textile and apparel industry is targeting the higher end of the global value chain with diversified production of higher value-added products. The industry has also implemented the latest automation and technology in its manufacturing and distribution, while actively seeking business collaboration with foreign companies and undertaking new R&D activities to further strengthen its competitiveness in the global market.

Source: fashionatingworld.com- Jan 09, 2023

HOME

****

Turkiye's apparel exports up 7.3% in Jan-Nov 2022

Apparel exports from Turkiye increased by 7.3 per cent year-on-year in January-November 2022, as per the data from the Turkish Statistical Institute and the country's ministry of trade.

During the first eleven months of the current year, Turkiye exported apparel worth $17.881 billion, compared to the exports of $16.663 billion during the same period of 2021.

Category-wise, exports of knitted and crocheted clothing and accessories (HS chapter 61) earned $10.122 billion in January-November 2022, registering a growth of 3.3 per cent over $9.800 billion earned during the same months of the previous year.

Exports of non-knitted apparel and accessories (HS chapter 62) were valued at $7.759 billion, showing an increase of 13 per cent compared to $6.863 billion exports in January-November 2021.

Meanwhile, Turkiye's imports of cotton, cotton yarn and cotton textiles (HS chapter 52) increased by a sharp 38.1 per cent to $4.541 billion over $3.289 billion in the first eleven months of 2021.

In October 2022, the latest month for which the data is available, Turkiye's exports of knitted and crocheted clothing and accessories (HS chapter 61) were affected by the global economic slowdown and low demand.

The exports decreased by 8.8 per cent year-on-year (YoY) to $0.873 billion. On the other hand, the shipment of non-knitted apparel and accessories (HS chapter 62) also noticed a negative growth of 6.4 per cent in the same month.

Last year, Turkiye's total exports of knitted and crocheted clothing and accessories (HS chapter 61) and non-knitted apparel and accessories (HS chapter 62) were valued at $18.294 billion.

Source: fibre2fashion.com- Jan 09, 2023

HOME

****

RCEP may boost Cambodia-Indonesia trade but limited scope in textiles

Cambodia and Indonesia expect to increase their bilateral trade to $1 billion this year as the latter becomes the latest member to join the Regional Comprehensive Economic Partnership (RCEP). As far as the textile sector is concerned, both countries are competitors in the world market and their bilateral trade of apparel, fabrics and yarn was limited and need based.

Cambodia's apparel exports to Indonesia were worth $22.292 million in 2019, which fell to $14.156 million in 2020 due to the pandemic. The shipment increased to $16.144 million in 2021 and amounted to $14.781 million in the first ten months of 2022, according to Fibre2Fashion's market insight tool TexPro.

The exports in the full year 2022 may surpass the figures of 2021 but may not reach the pre-COVID levels. Cambodia's apparel imports from Indonesia were negligible.

Cambodia's home textile exports to Indonesia jumped to $2.086 million in 2020 but ended up being negligible in 2021 and 2022. Its import of home textiles from Indonesia was also insignificant, as per TexPro.

Coming to the textile trade, Cambodia's export of fabric to Indonesia increased in the recent years, reaching $9.998 million in the first ten months of 2022 against $7.329 million in 2021 and $2.575 million in 2020.

Fabric imports from Indonesia to Cambodia were at $11.308 million in 2020 but declined to $7.864 million in 2021 before falling further to $3.976 million in the first ten months of 2022. Yarn imports from Indonesia to Cambodia noticed a downtrend in the recent years.

Source: fibre2fashion.com- Jan 09, 2023

HOME

****

Cambodia: Tax break for textile-linked industries to stay till 2025

The government has extended a suspension of "advance income tax" until the end of 2025 for eligible textile-related enterprises, a good deal of which have been hurt by a drop in orders as a result of global economic headwinds linked to the ongoing Ukraine crisis.

The decision comes after the Textile, Apparel, Footwear and Travel Goods Association in Cambodia (TAFTAC) in October asked the Ministry of Economy and Finance to extend the "Suspension of Advance Income Tax of Enterprises in the Textile and Garment Industry".

In a prakas that it issued on January 6, the finance ministry noted that at least some of the eligibility criteria are based on scale and scope of operations, sustainability and worker support. It listed textiles, garments, bags, footwear and hats as possible items that can be produced by entities entitled to the tax break.

Cambodia Footwear Association president Ly Kunthai told The Post on January 8 that the move would ease the burden on the sector, which he stressed is experiencing "severe declines".

"This tax break, although not much, illustrates the government's focus on the private sector," he said.

According to Kunthai, the tax break represents just "one per cent" of business expenses, whereas 30-40 per cent declines in purchase orders are not uncommon among these enterprises, putting their workers at significant risk of layoffs.

Worse still, these "sharp drops" in orders will most likely persist throughout 2023, he portended.

"Some factories may be temporarily closed and jobs will be cut, due to the Russian-Ukrainian war's effects on the incomes of the peoples of Europe and the US, some of our biggest markets," he said.

Royal Academy of Cambodia economics researcher Ky Sereyvath drew attention to the fact that the Ukraine and Covid-19 crises have weakened global economic growth, driving up prices for fuel and commodities across the world, eroding incomes and forcing consumers to cut back on spending, particularly so in Europe and the US.

“All of these measures taken by the government have truly contributed to the sustainability of industries” as well as to safeguarding local employment, “although global economic conditions have yet to improve”, he said.

Cambodia exported $10.092 billion worth of garments, footwear and other textile-related items in January-November 2022, up 17.62 per cent year-on-year, General Department of Customs and Excise (GDCE) statistics indicate.

The aforementioned category of items, corresponding to chapters 61-64 of the harmonised tariff schedule, accounted for 49.33 per cent of the value of the Kingdom’s total exports over the 11-month period, or $20.458 billion.

In November alone, chapter 61-64 exports came to $757.68 million, down 1.5 per cent year-on-year, but up 7.54 per cent month-on-month, ending a series of monthly declines seen since a peak of $1.320 billion recorded in July.

Overall, the monthly average in the second half of the year (January-November) stands at $927.84 million, up 2.10 per cent from the corresponding figure for the first half of the year, or $908.77 million.

Source: phnompenhpost.com- Jan 08, 2023

HOME

****

Bangladesh: RMG accessories makers call for five-year trade licence

The country's garment accessories and packaging makers on Sunday urged the government to introduce the trade licence at least for a five-year term instead of the existing one-year, to help them do business in easier way and save both money and time.

They also sought policy supports including those related to National Board of Revenue, customs and port facilities to increase the sector's export earnings in line with the apparel makers' target to earn US$100 billion by 2030.

"At present, we need at least 32 licences to run business and we need to renew them every year which costs both money and time," Mohammad Moazzem Hossain Moti, president of Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) said.

He added they want to get rid of the complexities related to the trade licence renewal and suggested that the government should rather enhance its vigilance in this regard.

The BGAPMEA president was addressing a press conference at a city hotel.

The briefing was convened to announce the beginning of four-day-long four trade shows that would take place simultaneously at Basundhara International Conference Center (BICC) from January 11 (Wednesday).

BGAPMEA and ASK Trade and Exhibition Pvt Ltd are jointly organising the shows.

Mr Moti said the validity of the existing import registration certificate (IRC) and export registration certificate (ERC) has been extended to five years instead of the previous one year and demanded the same duration for rest of the licences.

Responding to a question, he said the sub-sector with some 1,900 accessories and packaging manufacturing units are able to meet the requirement of such items of RMG industry that has set a target of earning US$54 billion by 2025.

They have reduced the import dependency drastically as only 10 to 15 per cent of the required accessories are imported mainly due to buyer's nomination, he said, adding last fiscal year they made deemed export worth about US$7.0 billion.

To meet the post-LDC graduation challenges and help achieve the $100 billion RMG exports, they need the government's policy supports, he said.

The BGAPMEA leader also demanded authorising the association to issue utilisation permission.

Nanda Gopal K, director of AKS Trade, said some 250 exhibitors from about 18 countries would display their products in 650 stalls.

The shows would display products and technologies that would help increase productivity, manufacture value added garment items and technology how to reduce wastage and yarn and fabric made of manmade fibre.

The shows -- 20th Garments Technology Show Bangladesh (GTB), 12th International Garments Accessories and Packaging (GAP), first India Textile Trade Fair Bangladesh (ITTF) and International Yarn and Fabrics Expo -- will remain open for all from 10:00 am to 7.00 pm, according to the organisers.

Source: thefinancialexpress.com.bd- Jan 09, 2023

HOME

****

Pakistan's textile sector hit hard by energy crisis, rupee fall

The Pakistani rupee depreciation and the country's energy crisis have hit the textile industry hard as about 150 units have been closed during the last six months, WealthPK reported.

The closure of the textile and spinning units has rendered about 2.5 million workers jobless besides badly affecting the export of textile items from Pakistan to other countries. The owners of the textile mills claimed that the cost of production increased 100% during the last six months following an unprecedented raise in the electricity tariff.

They said that the electricity tariff for the textile industry was Rs18 per unit, which was increased to Rs36 per unit by the government. They said that the prices of petroleum products also increased from Ra150 per litre to Rs245 per litre during the last six months.

According to the Pakistan Bureau of Statistics, the textile export contributed 61% to the total volume of exports of $31.8 billion during the previous year. The export of knitwear increased by 34.32% and reached $5.12 billion in the financial year 2021-22 as compared to $3.81 billion in the preceding fiscal.

Dr Gohar Ejaz, the patron-in-chief of the All Pakistan Textile Mills Association, told WealthPK that tough decisions were inevitable to resolve the crisis of the textile sector and strengthen the national economy. "We are the fifth largest country in view of population. We have to make Pakistan the fifth largest economy.

The government should set priorities to strengthen the economy. Inflation is simply because of the devaluation of the rupee against the dollar," he added. He said that the external debt position had not changed since 2018. "Repayments of $23 billion are due and $33 billion (in-hand) needs to be financed.

The implementation of IMF's plan in letter and spirit is crucial to establish a functional structure to enhance exports and regularise the influx of imports," he added.

Dr Gohar said that Pakistan had a trade deficit of $40b with imports of $70b and export of only $30 billion while remittances worth $30 billion were expected.

He said that the amount was not enough to run the economy. “Pakistan needs to devise requirement-based policies to increase exports. The country is capable of meeting its economic and social needs,” he added.

Following the closure of spinning and textile units during the last five months, the ratio of the textile sector exports has also reduced. APTMA North Zone Chairman Hamid Zaman told WealthPK that the government’s commitment and initiatives were not matching its actions for the textile industry.

He said that spinning and textile units had no other option but to halt their operations as the cost of production increased manifold. He added that mounting interest rates, double-digit inflation and depreciation of the Pakistani rupee hindered the textile sector from competing in the international market.

Koh-e-Noor Textile Mills, one of the largest textile units in the country, informed the Pakistan Stock Exchange two days ago about halting operations temporarily.

Oher textile units are also intimating the relevant state institutions about the stoppage of their operations. “Letters of Credit (LC) are not opened for the textile units and raw materials have also turned into scarcity and costly following reduced cotton yield in the country,” said Hamid Zaman.

He said that a few days ago, APTMA also approached Primer Minister Shehbaz Sharif to take notice of the situation as millions of people were linked with the textile sector.

On the other hand, the overall cotton yield during 2022-23 will remain 40% low due to the recent devastating floods in the country. As per a report, the cotton yield will be limited to 4.2 million bales, which was 7.3 million bales in the previous fiscal. To meet the country’s demand, 3.5 million bales were imported. In the current fiscal, approximately 7.5 million cotton bales will have to be imported to meet domestic requirements.

At a time when the foreign exchange reserves of Pakistan are at their lowest ebb, additional imports of cotton bales will be a major challenge for the government in the coming months.

During the previous fiscal, the overall volume of the export of textile items and garments was $19.3 billion, which could not be achieved in the current fiscal owing to the shortage of cotton in the country.

Source: nation.com.pk- Jan 09, 2023

HOME

****

NATIONAL NEWS

India Australia Economic Cooperation and Trade Agreement: A Win-Win for India and Australia

Did you know that India and Australia have entered into an Economic Cooperation and Trade Agreement? Yes, the #IndAusECTA was signed last year, on 2nd April, 2022; after Ratification and Exchange of Written Instruments, the Agreement has come into force on 29th December 2022.

A Win-Win for both India and Australia

It helps matters that Australia exports largely raw materials to India, while India exports finished goods. The ECTA builds on this complementarity, creating win-win opportunities for the two countries. Here is what Additional Secretary, Department of Commerce and Industry, Rajesh Agrawal says: "The Department of Commerce has achieved the unique distinction of operationalizing two Trade Agreements this year - India UAE FTA and Ind – Aus ECTA. The coming into force of Ind – Aus ECTA brings together two major economies of the world - India the 5th largest economy and Australia the 14th largest economy. Since the trade between the two countries is hugely complementary, this offers opportunities on both sides and will pave the way for a win-win solution for both India and Australia."

So, what are these complementarities? Before we explore that, let us look at the current position of trade between the two countries, the before-position so to say, to understand how the picture will change in wake of the agreement.

Current trade trends between India and Australia

India's imports from Australia amount to 17 US $ billion while its exports to Australia amount to 10.5 US $ billion. However, what we need to realize that India's imports from Australia are primarily (96%) raw materials & intermediate goods. They are highly concentrated in Coal (74% of Australia's exports to India) out of which 71.4% is coking coal. On the other hand, India's exports to Australia are broad-based and dominated by finished products (consumer goods). India also spends $ 4 bn approx. each year on education of students in Australia.

The above composition of our bilateral trade is very well reflected in the statements made by the Union Commerce and Industry Minister Piyush Goyal, during the event held in Mumbai on December 29, 2022, the day the agreement came into force.

"There is a lot of potential for exporting finished goods to Australia, since they hardly manufacture anything, they are largely a raw material and intermediate producing country, we will get cheaper raw materials which will not only make us more competitive globally but also enable us to serve Indian consumers better; enabling us to provide more quality goods at more affordable prices."

"Australia, which is largely dependent on imports, will benefit hugely, they will soon start seeing a lot more finished goods coming in from India, providing huge amount of work and job opportunities in both goods and services, provided by Indian talent."

The #IndAusECTA covers the following major areas:

Trade in Goods
Trade in Services
Rules of Origin
Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) measures
Customs Procedures and Trade Facilitation
Trade Remedies
Legal & institutional Issues
Movement of Natural Persons

So, let us see how the Agreement will benefit India and Australia and hence the world as well.

Benefits under Trade in Goods

Indian goods on all tariff lines to get access to Australian market with zero customs duty

The Agreement will benefit various labor-intensive Indian sectors that are currently subjected to 5% import duty by Australia. The agreement will result in immediate market access at zero duty to 98.3% of tariff lines accounting for 96.4% of India's exports to Australia in value terms. The remaining 1.7% lines are to be made zero duty lines over 5 years. Overall, Australia is offering duty elimination on 100% of its tariff lines.

Cheaper Raw Materials, Faster ApprovaI for Medicines

Immediate duty-free access covers all labour-intensive sectors such as Textiles and Apparel, Agricultural and Fish products, Leather, Footwear, Furniture, many Engineering Products, Jewelry and select Pharmaceuticals. As a result, many industries such as steel, aluminium, garments and others will get cheaper raw materials which will enable them to become competitive. Both sides have also agreed to a separate Annex on Pharmaceutical products under this agreement, which will enable fast-track approval for patented, generic and biosimilar medicines.

90% of Australian exports by value to get zero duty access to Indian market

India is offering zero duty access to 90% value of products from Australia (including coal). Zero duty on 85.3 % value of products will be offered immediately while zero duty on 3.67 % value of products will be offered progressively over 3, 5, 7 and 10 years. India has offered concessions on Tariff lines of export interest to Australia like Coking coal and Thermal coal, Wines, Agricultural products – 7 of them with TRQ (Cotton, Almonds shelled and in shell, Mandarin, Oranges, Lentils, Pear), Metals (Aluminium, Copper, Nickel, Iron & Steel) and Minerals (Manganese Ore, Calcined Alumina). Many sensitive products such as milk and other dairy products, wheat, sugar, iron ore, apple, walnuts and others, have been kept in India’s Exclusion list.

10 Lakh More Jobs, 10 Billion Dollar More Exports in Five Years

Immediate Duty-Free Access is projected to potentially create 10 lakh jobs in India and additional exports of $ 10 bn from India to Australia in the next five years.

Benefits under Trade in Services

More than 1 lakh Indian students in Australia to benefit from post-study work visa

The commitments made by Australia under Trade in Services are the best it has made in trade agreements till now and match its recent FTA with the UK. Australia has committed its schedule in the negative list and has also made wide-ranging commitments in around 135 sub sectors with Most Favoured Nation (MFN) status in around 120 sub-sectors. The Agreement provides for an Annual Quota of 1,800 for Yoga teachers and Indian Chefs. Post study work visa (18 months – 4 years) will be made available for Indian students. This will benefit more than 1,00,000 Indian students in Australia. Along with this, the #IndAusECTA makes an arrangement for Work and Holiday Visa for young professionals.

Australian services to get Negative List Treatment after 5 Years

India has for the first time agreed to Negative listing after 5 years of coming into force of the Agreement. (But what is negative listing? Under the negative listing approach, a country treats imported and locally produced goods / services equally in all areas, and areas where this is not done are listed – in the negative list - as exceptions. So, in this case, India would provide this treatment to services exports from Australia, after a period of 5 years.)

India is also making a commitment to Australia in around 103 Service Sub-Sectors with Most Favoured Nation status in around 31 Service Sub-sectors for the first time. Australia gets commitments in banking, insurance, other financial services, business services. The Agreement opens avenues for investment in computer related services, telecom, construction, health & environmental services. All these are similar to past FTAs signed by India.

Commitments have also been made to pursue Mutual Recognition Agreements (MRAs) in professional services in 12 Months.

Protective Features to guard against Unintended Consequences

The #IndAusECTA also has certain ‘protective features’ aimed at guarding both countries against unintended consequences on trade; let us examine what they are.

The following protective features have been put into place keeping in mind any concern on leakage / diversion of products made in a third country, to India through Australia.

Stringent Rules of Origin – Value Addition of 35% + Change in Tariff Subheading (CTSH)

In calculation of Value Addition, 2 different values agreed to (35% or 45%) depending on method of calculation (based on whether profit is excluded or included)

Product Specific Rules negotiated for 807 products

Requirement of 'melt and pour' for iron & steel products included in the Product Specific Rules for these products.

Strict Operational Customs Procedures

A specific clause included to ensure only items made in Australia count for value addition, no other country products

A Bilateral Safeguard Mechanism will be available for 14 years in case of surge in imports

A special clause on Review has been agreed upon to enable either country to request a Review for parts of the Agreement which may be a cause of concern, after 15 years

Review compulsory if requested (it shall happen)

Must be completed in 6 months

End to Double Taxation

The Agreement has removed the discrepancies with regard to use of Double Taxation Avoidance Agreement for taxation of Indian firm royalties, fees and charges.

Australia has no domestic provision for charging tax on royalties, fees and charges by firms sending these to parent companies. A provision in the Double Taxation Avoidance Agreement (DTAA) was used to tax this remittance. However, as an outcome of Ind - Aus ECTA, Australia has made changes in its tax laws, removing this discrepancy. This will eliminate Double taxation from 1st April 2023. As a result, the IT sector can earn higher profits and become competitive.

Click here for more details

Source: pib.gov.in- Jan 08, 2023

HOME

****

Shri Goyal will interact with CEOs, business leaders, think tanks and visit industries in New York

Union Minister of Commerce and Industry Shri Piyush Goyal will be on a official visit to New York and Washington DC from 9-11 January 2023 to participate in India - US Trade Policy Forum.

In the first leg of visit, Minister will interact with CEOs of reputed multinational enterprises, participate in community event, join roundtable meetings with business leaders and think tank and visit industries in New York. He will attend the 13th Trade Policy Forum (TPF) meeting in Washington DC on 11th January 2023. Before delegation level talks he will also hold one to one meeting with USTR Ambassador Katherine Tai.

The 12th TPF Ministerial meeting was held on 23 November 2021 after a gap of four years in New Delhi. Working groups were re-activated after the last ministerial. TPF is a platform for continuous engagement between two countries in the area of trade and to further the trade and investment relations between the two countries. Both countries are looking forward to the meeting and confident of making progress on the trade issues. The TPF is chaired by Commerce and Industry Minister from Indian side and USTR from the US side.

In Washington DC, he will also have bilateral meeting with US Secretary of Commerce Gina Raimondo. There will also be interaction with some captains of Industry.

Both India and USA are natural partners and have trade complementarities, long standing strategic and economic relationship, people to people contact, and both are vibrant democracies too. The two countries are also collaborating under the QUAD, I2U2 (India-Israel/ UAE-USA) and IPEF (Indo-Pacific Economic Framework). Regular exchanges at the leadership-level have been an integral element of the expanding bilateral engagement. The outcomes emerging from these visits have been instrumental in further strengthening the multifaceted ties between the two countries.

Source: pib.gov.in- Jan 08, 2023

HOME

****

Structural reforms taken in last 8 years will help India emerge among the top three economies in the world : Shri Goyal

Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today expressed confidence that the structural reforms taken by the Government in last 8 years will help India emerge among the top three developed economies in the world. He was interacting on the occasion of 27th edition of Wharton India Economic Forum via VC. The theme of today's event was India leading innovation in the age of uncertainty.

Speaking on the most impactful economic reforms that will pave the way for India's growth story in coming years, Shri Goyal said a lot of structural changes that have taken place in the last eight years have had a significant impact on the way the Indian economy is poised to take off. He spoke of GST as one of the important reforms and highlighted that despite the challenging global scenario recent GST collections have been very robust. He also mentioned that India is now a more honest, transparent economy and people are now getting used to paying their taxes. He said Insolvency and Bankruptcy Code (IBC) is also an important reform measure that has resulted in robust banking systems in India. These banks have been able to provide the resources for industry to grow. He also mentioned reforms such as privatisation, digitization of the economy, particularly the financial sector, decriminalisation of laws, simplification of compliances to enable ease of doing business.

Responding to a question of which sectors are strategic priorities for the government, Shri Goyal said that infrastructure, Semiconductor, Domestic manufacturing are some of the priority sectors. He also pointed out that Prime Minister Narendra Modi's focus is on building a robust infrastructure in India. Private sector is also contributing in this endeavour. Shri Goyal said Semiconductor is another critical sector for the Indian economy. Another important area is domestic manufacturing, and the government has introduced PLI schemes to kickstart Indian manufacturing in over 14 sectors. The Minister mentioned the Government is also encouraging the Private sector/ industry associations to determine themselves what support in what areas it needs from the Government.

Sharing his views on the current geopolitical environment in relation to tensions between Russia and the West, Shri Goyal reiterated Prime Minister Narendra Modi's belief that today's era must not be an era of war. He further said India believes that dialogue and diplomacy is the only way forward to resolve the crisis and called for quickly resolving the conflict. He also highlighted that Prime Minister Modi has had several conversations with world leaders on this issue. India played a critical role in trying to get consensus at the G 20 meeting in Bali.

Minister said due to Prime Minister Modi's intervention, world economies were able to come to an outcome at G 20 and hoped that it would set the path forward to finding solutions to the Russia Ukraine war. Shri Goyal said, in India, the Government has been focussed on meeting the needs of the common man, ensuring availability of sufficient foodstocks, energy needs, adequate seeds, adequate fertilisers.

Speaking on India's renewed focus in signing free trade agreements in the past five years, Shri Goyal emphasised that India today has emerged out of the shadows of the past. India has recognized that multilateral engagements often lead to economic partnerships which may not be in the best interests of all the stakeholders.

He cited the example of India walking out of Regional Comprehensive Economic Partnership (RCEP) bcos it was a very unfair, unbalanced agreement. He said India's interest is to enter into bilateral free trade agreements that are balanced, in the best interests of both countries. We are engaging with like minded countries particularly countries with a rules based order, transparent economic systems and entering into agreements which are a win win for both sides.

Speaking on lessons learnt from the covid pandemic, Shri Goyal said upgradation and expansion of our health infrastructure is the topmost priority. He highlighted that the Government has improved the quality of hospital infrastructure, expanded ICU beds and oxygen capacity many fold, almost doubled the number of medical colleges in the country. He also mentioned that focus is on skill development training of healthcare workers. He also spoke of India's free health care program, world's largest, wherein 500 million people are eligible for free health care in India through a government sponsored program.

He said another learning has been recognizing the importance of resilient supply chains. He recalled the nation’s struggle for critical equipment like PPEs during covid pandemic despite the best efforts. He said that the Government is now focusing on strengthening India's capabilities in all these areas. He highlighted that these challenges were converted into opportunities for India's future India's growth story.

Our Indian industry truly rose to the occasion, and India is now the manufacturer of personal protective equipment. He said that in the last few years, India has been focused on building enabling infrastructure, environment, to attract investors who believe in a robust, rules based system. He said focus is on structural reforms, massive infrastructure development, digitization, and the huge talent that India is offering to the world, which is helping rewrite India's future.

Speaking on challenges and opportunities for the next 25 years, Shri Goyal said one of the biggest challenges is going to be changing the mindset of the nation to recognize and value the importance of quality. He termed this as the defining factor for the future of India. He said the Government will continue to support manufacturing to create jobs for a large number of people, focusing on digitization, making India a knowledge based economy.

He mentioned that India did over 74 billion financial transactions digitally, which is more than Europe, US and China combined. He said the challenge is to get the mindset of the nation to work towards being a high quality, high technology, high service oriented, which can meet the needs of the rest of the world.

Source: pib.gov.in- Jan 07, 2023

HOME

****

Govt may rejig textile duty to raise export competitiveness

The government is likely to announce adjustments in the duty structure for the $200-billion Indian apparel and textile sector in the Union budget next month in a bid to improve Indian competitiveness in cash-strapped Western markets, a senior government official said.

Textile manufacturers say they have been forced to cut production days due to high cotton prices. At the same time, exports of cotton yarn—a key raw material —are expected to register a degrowth of 28-30% in FY23 due to weakening global demand. “Our thinking is to avoid inverted [duty] structure in trade and to make sure that if it is necessary to import raw material, the price should not be excessive, which will make our final product uncompetitive," said the official cited above.

To be sure, higher cotton production in the new cotton season of 2022-23 could yet ease cotton prices.

Mismatch in demand and supply during the ongoing financial year had driven Indian cotton prices to a record high of ₹1 lakh per candy at one point. As a result, imports recorded a sharp growth. Imports of ‘Cotton Raw & Waste’ jumped 260% to $1.3 billion between April and November 2022, compared to $361.83 million during the comparable period a year ago.

“Meanwhile, we are taking steps to boost the production of cotton by implementing newer techniques for efficient farming. Branding activity of Indian varieties of cotton, such as ‘Kasturi cotton’ is also taken up in collaboration with the industry, which will have a long-term positive impact on the industry. Free trade agreements, especially with the EU, UK and Australia, will open up large markets for Indian textile products," the official added.

Seeking an exemption from import duty on cotton, Atul S. Ganatra, president of the Cotton Association of India, said, “the government has imposed an 11% import duty on cotton from 2 February 2021. This has drastically eroded the competitiveness of our value-added products in the international markets, and our textile industry, which is the second largest employment provider in the country, is now constrained to work with only 50% of its installed capacity."

Expressing concern over the availability of extra-long staple (ELS) cotton in the country, the association said that every year India requires around 2 million bales of extra-long staple cotton but produces around half a million and that cotton farmers should be given additional MSP to boost ELS cotton production.

“We have been seeking removal of duty on cotton …largely on extra-long-staple cotton which India does not have…as cotton prices are under stress. And the import of this does not in any way impact the farmer… so the sensitivity for it is also not there. Raw materials like these are very seasonal, and it is very critical to the value chain. It can be a very calibrated move also," said Chandrima Chatterjee, secretary general of the Confederation of Indian Textile Industry (CITI).

Industry representatives also said that there exists a tax anomaly that falls under the ambit of the GST council, which needs correction. Mint reported last year that the GST Council had decided to put on hold a decision to raise the tax rate on several items in the textiles and apparel industry amid pressure from businesses.

Finance minister Nirmala Sitharaman had said the GST Council decided to retain the status quo refraining from implementing a planned correction of tax anomaly in the textile sector that warranted an increase in the tax rate from 5% to 12% from 1 January last year.

Queries sent to the ministries of commerce and industry and textile remained unanswered till press time.

Source: livemint.com - Jan 09, 2023

HOME

****

Budget should avoid subsidies and protection to biz

One of the main themes of the forthcoming Budget should be to build a globally competitive India. A fearful India will find it difficult to achieve the vision of becoming a developed country by 2047.

Despite all the bravado and rhetoric, India has turned more protectionist since 2014. It is due to the fear of competition that India walked out of the Regional Comprehensive Economic Partnership (RCEP) agreement after nearly ten years of negotiations. Ms. Amita Batra, Professor at Jawaharlal Nehru University, has written a number of brilliant articles in this newspaper highlighting how the tariff and non-tariff barriers, and failure to engage in multilateral trade negotiations keep us away from global value chains and poorly placed to exploit the investment opportunities that come our way.

Subsidies and tax concessions are not the best ways to boost our production and exports in the medium and long term. A panel at the World Trade Organisation had ruled against many of our export promotion schemes as incompatible with the disciplines under some multilateral agreements.

The government should take advantage of the WTO panel ruling and withdraw the schemes, as it had done in the case of Merchandise Exports from India Scheme (MEIS). It must abandon the attempts to circumvent the panel rulings through poorly conceived schemes such as manufacture in bonded warehouse without any export obligation or the DESH (Development Enterprises and Services Hubs) legislation, basically intended to help businesses whose commercial judgments have gone wrong.

The government is on the right track in trying to reduce the logistics costs in the economy from about 14 per cent to 8 per cent of the GDP. In 2022, the logistics sector saw the launch of a number of government initiatives such as the National Logistics Policy, Open Network for Digital Commerce (ONDC) and PM GatiShakti Master Plan for multi-modal connectivity. Of course, there are divergent views on whether the strategy is tilted more towards movement of cargo through road transport rather than rail transport but there is no doubt that the government must go ahead implementing the plans, and thus help the Indian producers get more competitive.

The government has also facilitated cross-border trade by extensive use of information technology to improve the Customs processes. In recent years, the government has tried to simplify the Customs tariff by eliminating many exemptions. Still, there is enough scope to improve the soft infrastructure of rules and regulations and strengthen the system to resolve disputes quickly. The GST Tribunal should be established quickly.

Indian businesses have access to abundant risk capital and cutting-edge technology as never before. There is no dearth of money for good ideas. More money is flowing into equity markets from Indian and foreign investors than at any time.

That should help our businesses achieve globally competitive scale in many sectors and develop niche markets. There ought to be no need to tax the people more and give that money to private entities, except in rare cases.

The Budget has to find ways to raise the resources and allocate them judiciously to address many issues such as enhancing national security, providing safety nets for the poor, reducing income and wealth inequities and so on. But, it should also force our producers to become more efficient and face competition. That cannot happen by giving subsidies and protection.

Source: business-standard.com- Jan 08, 2023

HOME

****

Indian Bank to hold special rupee vostro A/cs of Sri Lanka banks

Indian Bank, which has had a long presence in Sri Lanka, has received the regulatory go ahead to hold special rupee vostro accounts of three banks from the South Asian island nation which is struggling to tide over a serious foreign exchange crunch.

The Chennai-headquartered public sector bank is expected to activate the special accounts in about a week.

A vostro account in local currency would enable Lanka to import from India without dipping into its dwindling dollar supply. The INR vostro facility is part of a special trade settlement mechanism which was finalized by the Reserve Bank of India (RBI) in July 2022. The arrangement allows Indian importers to deposit rupees in vostro accounts that overseas banks open with banks in India and clearing of dues to Indian exporters from the surplus balances in the vostro accounts.

“RBI has given permission for three vostros..The accounts are expected to be functional any day now,” a person aware of the clearance told ET.

The INR vostro account --- a product of war and economic turbulence --- is considered as a tool to either overcome restrictions in the wake of US sanctions on Russian banks or continue cross-border trades amid a hard currency crisis.

“The vostro accounts would also help Lanka to utilize the rupee lines extended by India. It would contribute towards stabilizing the Lankan economy,” said a banker.

Sri Lanka President Ranil Wickremesinghe recently said 2023 would be a “critical year” for the troubled country. Last year’s balance of payments crisis had boiled over into a political turmoil in Sri Lanka.

For Sri Lankan institutions, Indian Bank, which had set up shop in the island nine decades ago, may be an obvious choice. The bank had opened its first overseas branch in Colombo in 1932. Since a decade it has had operations in Jaffna as well. Till now, State of India (SBI) is the other domestic institution with which a Lankan bank has opened a vostro account.

India's annual exports to Lanka is about $5 bn with oil, pharmaceutical products, sugar, ships, iron and steel, cotton and machinery being the main cargoes.

As the currency market in Lanka ran out of dollars, early last year most banks in India virtually stopped discounting letters of credit (LC) --- the basic trade finance instrument --- issued by banks in Lanka. Banks feared that when payments for its imports fall due, there would not be enough dollars in Sri Lanka.

"What we hear is that the government would pursue a similar vostro mechanism with banks in Bangladesh, and it may prefer to have it in place before the Bangladesh general elections in 2024," said another banker. Bangladesh has been badly hit by a trade deficit and depleting forex reserves.

While the Ukraine war and the sanctions on Russia paved the way for the special vostro accounts, the mechanism can be used to settle trade in rupees with any country. For instance, several banks in Belarus, a close ally of Russia, are keen to enter into a similar deal with India. "A meeting between Indian and Belarusian banks is scheduled this month. The volume of trade with Belarus is much smaller compared to Russia though the country is an import supplier of fertilizer. We can sense the interest of Indian banks after the meeting," said an industry official.

In giving greater flexibility to the vostro facility, RBI last November clarified that the rupee balances lying in the accounts can be hedged so that foreign companies can minimize their losses from foreign exchange fluctuations. Also, the central bank has allowed the transfer of balance in one special rupee vostro account to a similar account of another bank from the same country.

Source: economictimes.com- Jan 08, 2023

HOME

****

With FTA benefits, garment exports to Australia may see a 30% jump in 2023

Garment exports from India to Australia are likely to see a jump of 30 per cent in the coming year as a result of the India-Australia FTA (free trade agreement), says industry body.

As the India-Australia FTA kicked off on December 29, 2022, various Indian products, including textiles and apparel, will have preferential market access to the Australian market with zero customs duty.

“We are witnessing more order flow from Australia and expect the garment exports to see an increase of about 30 per cent this year,” KM Subramanian, President, Tiruppur Exporters’ Association (TEA), told businessline.

It is gathered that garment exports from India to Australia stood at about ₹900 crore in 2021, and the same is expected to have grown to about ₹1,200 crore in 2022, with the Tiruppur region accounting for about 60 per cent of these exports to Australia.

However, overall textile and apparel exports from India to Australia were estimated at $392 million in 2020–21. India’s 70 per cent of textile products and 90 per cent of apparel products faced duty on export to Australia. With the elimination of duty under the FTA, India’s exports of textiles and apparel are expected to grow from $392 million to $1,100 million in the next 3 years, according to estimates.

Level playing field

“Australia’s zero import duty access to India (earlier 5 per cent) would likely level the playing field for the Indian textile industry with other countries like Bangladesh, China, and Vietnam,” said Sahil Udani, Assistant Vice President and Sector Head for Corporate ratings at ICRA.

In FY22 and during the first 7-month period of FY23, Australia accounted for about 2 per cent of India’s apparel exports, compared to about 1 per cent in FY15. Going forward, the share is expected to increase further on account of the added advantages of the India-Australia FTA.

"Further, with the increased focus on China plus one vendor strategy, the FTA should aid in reducing Australia's dependence on China (one of the key exporting nations to Australia)," added Udani.

The Australian market presents good potential for Indian exports of home textiles like bed and bath linen, toilet and kitchen linen, curtains, pillow covers, quilts and comforters, cotton bags, and ready-made garments, as well as carpets and flooring.

India has so far signed 13 free trade agreements (FTAs), including the recently concluded CEPA (Comprehensive Economic Partnership Agreement) with the UAE and the ECTA (Economic Cooperation and Trade Agreement) with Australia, and six preferential trade agreements (PTAs) with various trading partners.

The Indian Government is also engaged in negotiations for an FTA with countries such as the United Kingdom, the European Union, and Canada for enhancing market access to Indian products, including textiles.

Source: thehindubusinessline.com- Jan 08, 2023

HOME

****

Karur needs a reset

For centuries, Karur was a popular trading hub known for its handlooms and weaving. Over the last 40-50 years, this district in the Cauvery delta made a mark in home textiles, bus body building and mosquito net fabrics. And, many of Karur's entrepreneurs are among those who fund the great Indian election circus.

Karur supplies dining room, kitchen and living room fabrics to global brands. It's a `9,000 crore industry, with more than `5,000 crore in exports, most of it to the US and Europe. With around 800 manufacturing and 1,000 supporting units, the sector offers jobs to two lakh unskilled and semi-skilled people, mostly women.

With 60-75 units – all MSMEs – the bus building industry in the district had an annual turnover of `500 crore to `750 crore in pre-Covid days, and employed 25,000 people.

Started in 1975, Karur's mosquito net fabric industry employed more than 50,000 people by the early 1990s catering to the Indian market. It is now a `2,200 crore industry -- with `1,200 crore coming from exports – and employs about one lakh people.

But Karur is now at a crossroads, with all these three sectors facing challenges. The home textiles segment is threatened by global preferences shifting away from natural fibre (cotton) towards sustainability. Post-Covid changes and policy shifts have hit the bus body segment. And, the global recession is squeezing the mosquito net business.

"We have a vision to make the Karur textile cluster a `25,000 crore industry, including `15,000 crore in exports, by 2030. To achieve that we are working closely with the state government. We need a trade facilitation centre with a multi-purpose convention hall, permanent expo centre, besides a museum to showcase history of the Karur cluster and a skill development centre," says P Gopalakrishnan, president, Karur Textile Manufacturer Exporters Association.

Every year, 4-5 exhibitions relating to the textile industry are held in wedding halls. "A permanent centre can help conduct such exhibitions, including those for finished goods, at Karur itself by inviting big brands from India and abroad, instead of going to Mumbai and New Delhi," he says. "We have formed a young generation group and are offering lot of ideas to change the line of focus from traditional textiles to technical textiles, especially since the world is moving towards man-made fibre," he adds.

"Covid dealt a body-blow to the bus body industry. Though there are signs of revival from staff and mofussil bus segments, the situation looks grim with dip in city and mini-bus business segment," says T Muruganandam of PEETEE Coach Builders and president, Association of Automobile Coach Builders Karur.

The global recession has hit mosquito net fabric manufacturers, especially since two of the 12 global suppliers for WHO are from this district. "The space has now got crowded. The small operators are facing issues over high-cost power charges and labour issues, since the industry is now depending mostly on migrant workers. We have sought subsidized power from the government, besides quarters for accommodating migrant workers," says A R Malaiyappasamy, president, Karur HDPE Filament and Bednets Manufacturers Welfare Association.

Karur has another problem: The cost of land is quite high, while availability is limited. As a result, prospects of large industries setting up base in the district are dim. The district has to focus on MSMEs.

"We find exciting new opportunities emerging for Karur-based entrepreneurs through the Centre's 'Make in India' initiative of developing indigenous vendors, especially for railways and defence," says C Basker, managing partner, VNC Group. "Karur can be a hub for units that service large industries given its strategic location, financial resources, qualified manpower and honest entrepreneurs who compete to repay loans," he adds.

Senthil Sankar, vice-chairman, CII – Karur Zone, and managing partner, Shree Renga Polymers, agrees. "Karur needs to evolve and focus on new industries and money has to come from outside. I don't think the Karurians will invest in any industry that is futuristic, until the NextGen with global experience and exposure comes up," he says.

Source: timesofindia.com- Jan 09, 2023

HOME

****