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INTERNATIONAL NEWS

Euro area's annual inflation estimated to be 9.2% in Dec '22: Eurostat

The annual inflation rate of the euro area in December 2022 is expected to reach 9.2 per cent, down from 10.1 per cent in November, as per a flash estimate from Eurostat, statistical office of the European Union.

Energy is expected to be the main component of euro area's inflation, as it is estimated to have the highest annual rate in December (25.7%, compared with 34.9% in November).

Non-energy industrial goods are expected to have an annual inflation rate of 6.4 per cent in December 2022, compared with 6.1 per cent in November 2022, according to Eurostat.

Up to December 31, 2022, the euro area included Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Lithuania, Luxembourg, Malta, Cyprus, Latvia, the Netherlands, Austria, Portugal, Slovenia, Slovakia, and Finland.

Source: fibre2fashion.com- Jan 09, 2023

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Global purchasing practices have direct link with non-compliance: BBI

The Better Buying Institute (BBI) has published a special report that analyses the available research, and confirms a link between purchasing practices and non-compliance and human rights violations. The findings reveal that buyer purchasing practices have the most known impacts on non-compliances related to working time, workers' contracts, and workers' compensation.

The German Act on Corporate Due Diligence, which came into force on January 1, outlines companies' obligations for engaging with known human rights risks in their supply chains, requiring companies to identify risks to workers and take preventive measures to ensure their purchasing practices minimise these risks, according to a BBI report authored by Dr. Marsha Dickson.

The report can inform global brands and retailers' supply chain due diligence efforts, guiding them where to look in their own supply chains for possible risks, and supporting them to comply with the requirements of the new Act.

The institute's supplier surveys are designed to enable subscribers to identify, manage, and address risks, and focus on the specific purchasing practices categories which are known to have the greatest impact on suppliers' ability to operate sustainably, and meet their buyers' codes of conduct.

Source: fibre2fashion.com- Jan 09, 2023

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Brazil's cotton exports worth $3.4 mn in Jan-Nov 2022; up 15% YoY

Cotton represents Brazil's seventh-largest export product in terms of value and in the marketing year 2021-22, 1,680 tonnes were exported, generating more than $3.2 billion, according to the country's cotton producers' association ABRAPA. Cotton exports were worth $3.4 million between January and November 2022, up by 15 per cent year-on-year.

Brazil provides a fifth of the world's cotton supply, making it the second largest cotton exporter in the world.

ABRAPA said Asia imports 99 per cent of the output, with China (27 per cent), Vietnam (16 per cent), Turkey (13 per cent) and Bangladesh (12 per cent) being the main costumers, followed by Pakistan, Indonesia, Malaysia, South Korea, India and Thailand, a Latin American news outlet reported.

"Through research, technology, genetics, field management, and precise laboratory verification equipment, we have improved the quality of our products every year. Today we can say that we are on the same level as the best kinds of cotton in the world, with large-scale production", said ABRAPA director of international relations Marcelo Duarte.

Along with ABRAPA, the country's export promotion agency ApexBrasil runs Cotton Brazil, a programme to promote Brazilian cotton globally and supports cotton producers in reaching foreign markets.

More than 70 per cent of the cotton exported in the first eleven months of last year came from companies supported by Cotton Brazil.

Source: fibre2fashion.com- Jan 09, 2023

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Can Hong Kong recover its reputation for luxury?

Year 2022 was the worst for Hong Kong, the already politically-charged South East Asian metropolis faced with a raging fifth wave of Covid-19 infections, stifling pandemic curbs, business closures, recession and falling home and stock prices.

Known to be the priciest retail area in the world, Russell Street in Causeway Bay and Tsim Sha Tsui in Kowloon were veritable paradise for luxury shoppers, particularly from mainland China. From Hermès to Chanel, from Tiffany's to Harry Winston, from Patek Philippe to Vacheron Constantin, Hong Kong's luxury streets had them all.

Today, these areas are witnessing the departure of the famous names to be replaced by supermarkets, fast food restaurants and large dollar shops as Hong Kong has fallen from grace. Retail, along with commercial and residential spaces took a big hit and prices tumbled like never before. According to Cushman & Wakefield, a firm that tracks luxury retail space rents across the world, Hong Kong has been replaced by New York as the priciest.

Are heydays over for the city?

The metropolis will be among the region's worst performers, overtaken by others that opened up earlier. Singapore, whose economy grew 4.4 per cent in the third quarter compared with the same period last year, upgraded its GDP forecast for the year to 3 to 4 per cent growth. Recently, Hong Kong downgraded its full-year economic forecast from between 0.5 per cent growth and 0.5 per cent contraction to a 3.2 per cent drop amid an ongoing recession. This was despite the second round of a consumption voucher scheme to boost the economy, which cost the government HK$68.1 billion (US$8.7 billion).GDP fell by 4.5 per cent in the third quarter from a year earlier, following a 1.3 per cent decline in the preceding quarter, while real GDP for January to September dropped by 3.3 per cent compared with the same period the previous year.

The city was also hit by global recession and incessant lockdowns in different parts of mainland China, which dealt a blow to production and Hong Kong exports. Retail outlets in Russell Street and TST now cater to the daily needs of Hong Kong residents and citizens rather than luxury goods shoppers from mainland China.

The tide started turning since 2014 when Hong Kong saw the beginning of the decline of mainland Chinese luxury customers. The pandemic isolated Hong Kong and luxury brands didn't see any reason to linger when mainland China, poised to overtake the USA as the world's largest luxury market, had the ideal place, Hainan, to invest and retail. Since 2021, the luxury brand exodus has been very evident and local experts predict that they are unlikely to return, signaling the end of heydays of luxury for this major international hub of South East Asia.

Regional experts say that not only has Hainan gained but also to an extent Singapore, which handled Covid better and opened up earlier. Speaking to a leading local daily, senior economist Gary Ng Cheuk-yan from Natixis Corporate and Investment Bank said "Talent and investors had stayed away too, put off by stringent pandemic restrictions which "severely undermined Hong Kong's competitiveness".

Border reopening in 2023 brings hope

As mainland China and Hong Kong reopens borders, 2023 brings a ray of hope to Hong Kong's luxury retail. Kowloon's Harbour City, the biggest mall in Hong Kong has already reopened 70 shops that include Chanel, Miu Miu and Prada. Hong Kong does have the legacy of being the greatest luxury shopping destination in South and Far East Asia and can't be written off yet.

Source: fashionatingworld.com- Jan 09, 2023

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Robust growth in Morocco's apparel exports to Europe in Jan-Oct 2022

Morocco's apparel exports to Europe have registered a robust growth during the first ten months of 2022. The shipment was higher than the export of 2021 and preceding years. Due to its proximity, Europe is a major market for Morocco's apparel exports. Trade activities between Morocco and Europe have shown impressive growth and have tripled in last decade.

Morocco's apparel exports to Europe stood at $3.265 billion in the first ten months of 2022. It had exported the products worth $2.460 billion in 2021, according to Fibre2Fashion's market insight tool TexPro. The shipment increased to $3.269 billion in 2018 from $3.047 billion of 2017. But it slipped to $3.110 billion in 2019. The shipment further slowed down in the COVID year of 2020, when it was recorded at $2.985 billion. The export further slipped to $2.460 billion in 2021. But the outbound shipment recorded robust growth in 2022.

On a quarterly basis, the shipment peaked in Q2 2022 when it reached $974.068 million against $873.408 million in Q1 2022 and $810.604 million in Q2 2021. Morocco has exported garments worth $300.526 million in October 2022.

As per TexPro, Morocco exports most of its apparel production to Europe. It is the sole market for Morocco with more than 98 per cent share. In 2021, the country had exported 98.06 per cent of its total apparel shipment of $3.329 billion to Europe.

Source: fibre2fashion.com- Jan 10, 2023

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Germany's retail turnover expected to shrink 0.3% YoY in '22: Destatis

Germany's real (price-adjusted) retail turnover is expected to decline by 0.3 per cent in 2022, as compared to 2021, according to an estimate of the Federal Statistical Office (Destatis). The country's nominal retail turnover is estimated to be 8.2 per cent higher year-on-year (YoY). In retail trade, the difference between the results in real and nominal terms reflected Germany's inflation rate at plus 10 per cent in November 2022.

Germany's retail turnover in November 2022 increased by 1.1 per cent month-on-month (MoM) in real terms, while the turnover increased by 1.3 per cent MoM in nominal terms. The country's real retail turnover decreased by 5.9 per cent in November 2022, as compared to November 2021, while the turnover increased by 4.8 per cent YoY in nominal terms.

In 2021, Germany saw the highest annual turnover ever achieved in the country's retail trade since the start of the time series. In that year, turnover grew a real 0.8 per cent on 2020 and 5.6 per cent on 2019.

Source: fibre2fashion.com- Jan 09, 2023

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Vietnam units shift to Indonesia

Textile factories from Vietnam are moving to Indonesia.

One reason is that wages and other cost components in Vietnam are already relatively high. For Vietnamese companies Indonesia is competitive in terms of raw material prices and salaries.

For the last few years, Indonesia has been a net importer of clothing products from Vietnam. Vietnam's textile and garment export turnover to Indonesia reached 10.057 million USD in September 2022, more than four times that of the previous month.

The figure was 2.354 million USD in August, 5.257 million USD in July, 3.801 million USD in June, 1.232 million USD in May and 2.719 million USD in April.

The increasing trend was recorded in the third quarter of 2022 when the figure neared 17.7 million USD, up from 7.753 million USD in the second quarter, and 15.972 million USD in the first quarter.

Last year, the figure was 13.308 million USD in the fourth quarter, 51 million USD in the third quarter, and 12 million USD in the second quarter.

Indonesia's garment and textile imports from Vietnam reached 53.543 million USD in 2021 and 41.611 million USD in 2020. As it happens Indonesia is a significant importer of used clothes.

Source: fashionatingworld.com- Jan 09, 2023

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Cambodia suspends advance IT till 2025 end for eligible textile firms

The Cambodian government recently extended a suspension of advance income tax (IT) until the end of 2025 for eligible textile-related enterprises, several of which have been affected by a drop in orders due to global economic headwinds induced by the Ukraine-Russia war. The drop in export orders is expected to continue for the whole of this year.

The decision follows a request by the Textile, Apparel, Footwear and Travel Goods Association in Cambodia (TAFTAC) last October to the ministry of economy and finance to extend the suspension of advance income tax of enterprises in the textile and garment industry, according to Cambodian media reports.

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

Source: fibre2fashion.com- Jan 09, 2023

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Vietnam govt to boost competitiveness of logistics industry

Vietnam's logistics industry is set to receive a boost and become more competitive as Deputy Prime Minister Le Minh Khai recently signed Resolution No. 163/NQ-CP for promoting the simultaneous execution of important tasks and solutions for the sector. The country's government also intends to focus on leveraging Vietnam's geographical advantages and supporting connectivity.

Apart from developing sustainable supply chains, attention will be aimed towards enhancing digital technology and application as well as quality of human resources. The nation's trade, transport, and finance ministries are expected to collaborate to monitor the international and regional condition and analyse any related impact on the economy, as per Vietnamese media reports.

The transport ministry will make sure that transport infrastructure such as bonded warehouses, inland depots, and logistics centres are in line with logistics development goals. The finance ministry is responsible for reviewing and removing impediments such as fees, service costs, and tax policies to enable the provision of logistics services. Moreover, the goods trading floor will be expanded along with e-commerce towards the development of green logistics.

Source: fibre2fashion.com- Jan 10, 2023

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Not a Good Look: Big Brands Named in Bangladeshi Supplier Underpayment Report

Some of Bangladesh's garment suppliers have been forced to sell their wares at less than the cost of production, one of the largest sector assessments conducted to date has found.

Despite the rising cost of raw materials, the majority of the South Asian nation's garment factories have had to maintain or reduce their prices to secure and retain buyers, according to the survey of 1,000 manufacturers, which the University of Aberdeen Business School and the fair-trade nonprofit Transform Trade published on Sunday.

In December 2021, 76 percent of respondents said they were selling at the same price as they did in March 2020, while 8 percent were churning out clothes for less than they cost to make, even for major—and profitable—retailers like C&A, H&M and Zara owner Inditex. As a result, nearly one in five said they struggled to pay the minimum wage of $2.80 a day.

In fact, purchasing practices as a whole took a grueling turn between March 2020 and December 2021, with more than half of those polled saying they experienced unfair commercial terms.

Of the almost 1,140 brands that respondents named, 37 percent were linked to abusive practices, including order cancellations (25 percent), refusals to pay for in-transit or production goods (10 percent), demands for discounts (19 percent) and delayed payments for dispatched goods by more than three months (24 percent).

While every brand buying from 15 or more garment factories was reported to employ at least one of these practices, larger brands were more likely to undercut their suppliers more frequently than smaller ones, manufacturers said. The 78 brands that bought from four or more factories bore this out, with 90 percent engaged in practices deemed unfair, including order cancellations (86 percent), reduced prices (85 percent), refusals to pay for shipments that were in transit or production (50 percent) and drawn-out payments for delivered goods by more than 90 days (85 percent).

Large brands buying from 15 or more factories were also more inclined to offer the same prices in December 2021 as they did in March 2020, shell out below the cost of production and purchase from manufacturers that struggled with providing the minimum wage. Among the 26 companies identified as such, 72 percent gouged their suppliers by paying less than the manufacturing cost of their products, and another 96 percent bought from suppliers that had trouble keeping up with the legal wage, the study said.

“Two years on from the start of the pandemic, Bangladeshi garment workers were not being paid enough to live on…while many fashion brands which use Bangladeshi labor increased their profits,” said project lead Muhammad Azizul Islam, professor in sustainability accounting and transparency at the University of Aberdeen Business School. “Inflation rates soaring around the world are likely to have exacerbated this even further.”

In 2021, 11 percent of C&A’s 45 suppliers said they sold to the retailer below the cost of production, 73 percent received pre-pandemic prices and another 11 percent struggled with paying the minimum wage. The same year, 9 percent of H&M’s 96 suppliers said they were paid less than the manufacturing cost, 73 percent received March 2020 prices and 12 percent sweated over wages. Similarly, 11 percent of Inditex’s 112 factories fell into negative margins, 57 percent experienced no price change and 17 percent had issues with paying employees what they were owed.

The brands did not immediately respond to requests for comment.

“This research is a wake-up call,” said Fiona Gooch, senior policy advisor at Transform Trade, previously known as Traidcraft. “When retailers treat suppliers badly by breaching previously arranged terms, it’s workers who suffer. If a retailer fails to pay the agreed amount or delays payments, the supplier has to cut costs some other way, and this is frequently passed on to their workers, who have the least power in the supply chain. Reports of being rehired on worse pay and conditions, bullying and unpaid overtime are the predictable result.”

Gooch echoed calls by a group of British Members of Parliament to appoint a “garment trade adjudicator” that can regulate the United Kingdom’s fashion industry the way the groceries code adjudicator oversees food.

“We need a fashion watchdog to stop unacceptable purchasing practices of the clothing retailers benefiting from large consumer markets, along the same lines as existing protections for food suppliers,” she said. “Only when suppliers are able to plan ahead, with confidence that they will earn as expected, can they deliver good working conditions for their workers.”

The survey also found that following the initial wave of Covid-19, apparel factories employed only 75 percent of the workers they did before, suggesting that up to 900,000 jobs could have disappeared. Bangladesh, the second-largest exporter of clothing after China, employs roughly 4 million people, more than half of whom are women. Altogether, its 4,000 garment makers account for 85 percent of the nation’s exports.

Even so, nearly two-thirds of the factories polled admitted to receiving some kind of financial aid from the Bangladesh government or banks in order to stay solvent. None of the suppliers that reported contract breaches in the survey resorted to legal action because of the “unequal power dynamic” between the suppliers and buyers, said Professor Pamela Abbott, director of the Centre for Global Development at the University of Aberdeen and the study’s co-investigator. “Multi-million fashion brands are extracting their wealth from some of the world’s poorest countries in a form of 21st-century neo-colonialism,” she added.

Still, poor purchasing practices can lead to noncompliance that could run afoul of tightening due diligence regulations, especially in Europe, Better Buying revealed in a report, based on a desktop review of existing research, that it published on Monday.

More than 4 percent of suppliers, for instance, reported excessive overtime as a result of monthly order variations in the second quarter of 2022, according to the organization, which allows suppliers to anonymously rate the purchasing practices of the companies that purchase their products.

It also pointed to a 2020 study by the Center for Global Workers’ Rights at Penn State University, where 80.4 percent of suppliers who abruptly lost buyer in-process contracts with no compensation said they were unable to provide severance when order cancellations led to layoffs.

Apropos of the University of Aberdeen study, a 2016 International Labour Organization survey found that nearly one-third (29 percent) of suppliers would have wage and overtime payment difficulties if they were paid prices below the cost of production. Another 33 percent could be driven out of business altogether.

Better Buying said that purchasing practices have the most known impacts on working time, workers' contracts and workers' compensation, with some evidence of impacts on occupational health and safety and minimal evidence of impacts on child labor, forced labor, freedom of association and discrimination.

"These findings underscore the urgency for buyer companies' human rights due diligence to examine how their own practices are creating risks for workers, both for preventing and addressing adverse impacts in their supply chains," the report noted. "A buyer company can review its behavior in the relevant category of purchasing practices to ensure its practices contribute to the prevention of adverse human rights impacts."

Conversely, if noncompliance persists in a brand's supply chain in any of the three clusters, "thorough" due diligence should include a review of the buyer's own purchasing practices, starting with the most relevant purchasing practices categories, to identify and then tackle the potential root causes behind the noncompliances, Better Buying said.

"It is understandable that companies working to improve their purchasing practices are most interested in direct evidence of whether their own practices led to a noncompliance. However, the available research confirms that purchasing practices place risks on workers in global supply chains," it added. "These risks require that brands and retailers examine their own practices as part of human rights due diligence. Buyer companies can use the facts identified through this research to guide this due diligence work and take targeted steps toward improvement."

Source: sourcingjournal.com-Jan 09, 2023

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NATIONAL NEWS

Shri Goyal says India is a land of opportunity and Indian diaspora should take this message to the world

Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today called upon Indian diaspora to contribute and shape the contours of New india, an India that will lead to global growth and is destined to become a Vishwaguru. He was addressing the Indian community at an event in New Jersey, US.

Applauding Indian Diaspora for their outstanding contribution overseas, Shri Goyal said they are the torch bearers of the India Story. He said that it is a matter of pride that Indians have contributed through India's rich traditions and culture that helped Indian diaspora lead large corporations and have contributed to the economic well being of several countries. He highlighted that India is truly recognized and respected across the world due to the achievements of the Indian diaspora.

He also stressed that the World today looks up to Prime Minister Shri Narendra Modi as the most popular and tallest leader in the World. Speaking about the G20 Meeting that was held in Bali Indonesia, Shri Goyal said it was the efforts and leadership of PM Modi in the Leader's summit that brought all the leaders on one page to agree on a collective declaration.

Expressing his delight at celebrating Pravasi Bhartiya Divas (PBD) with the Indians residing in New Jersey, Shri Goyal said that PBD, that was started by the former Prime Minister of India Late Shri Atal Bihari Vajpayee, is a occasion to celebrate all Pravasis and recognize their contribution.

He appreciated Indians residing in America for maintaining and keeping the Indian tradition, culture and value system alive. He further added that Indians look up to overseas Indians residing in different countries as ambassadors of India.

Appreciating the fact that over 90 out of 1078 founders of about 500 Unicorns in USA are persons of Indian origin, Shri Goyal said the Indian diaspora has clearly demonstrated tremendous capacity through their work across different areas of healthcare, hospitality, journalism, technology, management. Quoting Atal ji, who had said - "Success of every category of our immigrants all over the world testifies the indomitable spirit carried from the Indian soil", Shri Goyal said this spirit of service represented by the Indian community is celebrated in PDB.

Quoting PM Shri Narendra Modi that "mere incremental progress is not enough, today a metamorphosis is needed", Shri Goyal said transformational reforms that India witnessed over the last few years have made India a world's 5th largest economy. He expressed confidence that in a few years from now India will be the third largest economy.

The Minister said both the US and India are vibrant democracies, both have strong linkages, geopolitical ties, huge interest in Business and economic well being of both countries. Shri Goyal said that Diaspora would continue to act as a living bridge between India and the USA.

Speaking about Azadi ka Amrit Mahotsav that is being organised to celebrate 75 years of India's independence, Shri Goyal spoke about the grand success of Har Ghar Tiranga drive across the length and breadth of the country stating that each and every home, every shop, office had a Tiranga unfurled demonstrating India's unity in diversity. Shri Goyal referred to PM's clarion call of 5 Prans in his Independence Day address to the Nation last year, Shri Goyal said these Prans reflect the collective aspiration of 1.4 billion Indians, to make India a developed and prosperous nation by 2047. He encouraged everyone to aspire to prioritise these Prans as their mission and become a part of India's journey to become a developed nation in the next 25 years.

Shri Goyal said during covid pandemic India faced all the challenges head on with grit and determination and converted those challenges into opportunities. India today has 6 indigenously developed covid vaccines, ramped up health infrastructure. India also rebounded quickly after the lockdown. He also mentioned that last year India witnessed phenomenal achievement in terms of growth, FDI, exports. He also said that over the last 2 and a half years, the government continued to provide foodgrains to 800 million less privileged Indians ensuring not a single Indian sleeps hungry.

Shri Goyal highlighted that today India is the land of opportunity and expressed confidence that the diaspora will continue to contribute to make India a great superpower. India offers huge opportunities due to its large domestic consumption demand, democracy, rule of law, and transparent economy. He urged everyone to take this message to the world that India can be your trusted partner- in supply chains, investment portfolios, in your business.

Shri Goyal concluded by giving few calls for action :

- Encourage everyone to aspire to bring high quality in everything that they do.
- Buy India made products- handlooms/ handicrafts for gifting needs/ festive occasions.
- Present India investment opportunities to investors in the USA.
- Contribute to India's growth story through a great degree of philanthropy, knowledge transfers and taking innovation to India.

Source: pib.gov.in- Jan 10, 2023

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India will be a $7-trillion economy in seven years: CEA

India is expected to be a $7-trillion economy in the next 5-7 years said V Anantha Nageswaran, Chief Economic Advise.

Talking about the global scenario, he said, the continuing conflict between Russia and Ukraine will create geopolitical and geo-economic uncertainties. India should be able to clock real GDP growth of around 6.5 per cent in the medium term on the back of digital infrastructure and improvement in financial and corporate sector balance sheets.

"In these contexts, the Indian economy will be of the size of $3 trillion at the end of March 2023 and $7 trillion in the next seven years, which is not impossible," Nageswaran said while virtually addressing the round table session of MCCI Economist Forum, organised by the Merchants' Chamber of Commerce & Industry here on Monday.

Banks are well capitalised, non-performing assets have been coming down and it is amply reflected in the credit growth. The corporate sector is deleveraged and is now willing to resort to borrowing and investing, he said adding that the country has the opportunity to grow consistently above 6 per cent.

Employment generation, particularly in the informal sector, is expected to gain momentum on the back of recovery in construction and real estate sectors. "Employment opportunity in informal sector will start to improve like (we have seen) the formal sector," he said.
Currency appreciation

India may have to manage the challenge of rupee strengthening in the years to come, rather than depreciation of currency, which the country has been witnessing in recent years. According to Nageswaran, the US might resort to lowering of interest rates in 2024-25 and if that happens, the Indian rupee might start gaining strength moving forward.

"India will have to manage the challenge of rupee strengthening rather than depreciation like we witnessed in the first decade of the millenium, (when we saw rupee strengthening against the greenback)," he said.

Even though the Indian rupee lost ground against US dollar, it has been much stable as compared to some other currencies such as Japanese yen, pound sterling and the euro. There is an opportunity for India to internationalise its currency, he said.

Source: thehindubusinessline.com- Jan 09, 2023

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India can tap Switzerland's innovation with FTA, says Ralf Heckner

Switzerland, known for its foreign policy neutrality, has for the first time joined the United Nations Security Council (UNSC) as a non-permanent member after joining the UN in 2002. Switzerland ambassador to India, Ralf Heckner, tells Asit Ranjan Mishra in an interview that India and the European Free Trade Association (EFTA) grouping of Switzerland, Iceland, Liechtenstein, and Norway aim to accelerate the long-pending trade negotiations starting next month. Edited excerpts:

Switzerland is an invitee to the Finance Track during India's ongoing G20 presidency and cryptocurrency is part of the agenda. The Reserve Bank of India (RBI) governor has advocated banning it, cautioning it may create the next financial crisis. Where does Switzerland stand on cryptocurrencies?

Cryptocurrency was one of the issues discussed between the Swiss National Bank president and RBI governor in July last year. We see a lot of potential in new technologies like blockchain and fintech opportunities. Switzerland has come up very quickly with a legislation that has clear boundaries, especially for fighting money laundering, but at the same time creating a sandbox within which some of the new technologies can be used and, after a certain point, could be played with in Switzerland.

So the RBI's approach is a more protective way of seeing things of not allowing cryptocurrency. This will be a point of discussion at the Finance Track where the RBI governor and Swiss National Bank president will be on the same table.

So Switzerland is in favour of regulating cryptocurrencies rather than banning it.

Yes, that would be a good way to summarise the different approaches.

One of the contentious issues between Switzerland and India has been exchange of financial information. What is the level of cooperation in this area at present?

There is no clout when it comes to our bilateral relations because Switzerland and India signed a treaty on the automatic exchange of banking information from both sides. That means the exchange of information is there on an annual basis during September-end, beginning of October. The objective of the Swiss government when it comes to the Swiss financial centre is twofold — sustainability and that all countries should adhere to the same international standards. For that reason, it is so important for Switzerland to be part of the Finance Track because a lot of those standards are being discussed at that level. It's quite a radical change when it comes to the Swiss financial centre and it is going in a very positive direction.

Why are talks for a free trade agreement (FTA) between India and the European Free Trade Association (EFTA) languishing when talks have resumed?

We are not languishing at all. In 2023, we would like to see our trade negotiations being accelerated. At the beginning of February, the secretary of state for economic affairs of Switzerland will be in New Delhi to meet her counterpart joint secretary (Nidhi Mani) Tripathi for the negotiations. That is the next milestone when it comes to our negotiations. Both sides will look into their negotiating positions and then assess whether, if and how, the negotiations could be revved up within a given timeframe.

For India, what is important is the potential of trade relations when it comes to revving up an FTA with Switzerland. I will give two examples. There are now 330 Swiss companies physically present in India. In China, there are 1,000 Swiss firms present.

With China, we were able to rev up FTA, including on intellectual property rights, years back. We could actually triple the presence of Swiss businesses on Indian soil. Now, if you take the US, we are talking about $300 billion being invested from Switzerland in the US. In India, we have $10 billion invested. We could go from $10 billion to $300 billion. So the sky's the limit when it comes to our trade and investment relations.

We are the most innovative country on the planet. With a trade deal, India would tap the number 20 when it comes to the size of economies of the world, the most innovative nation on the planet and would tap one of the most important foreign direct investors of this planet. With that potential, the ambition to rev up a trade deal should be high.

The University Grants Commission (UGC) has released draft guidelines allowing foreign universities to open physical campuses in India. Will Swiss universities be interested to open campuses here?

What we are interested in is to have a more strategic innovation relationship with India because we see India is turning more and more into an innovative country. We would like to have on one platform the most innovative Swiss-Indian universities, companies and then according to their priorities align our governmental innovation policies. We will go now for a pilot of that. We have never done that before in any other country. On opening campuses here, we will see what Swiss universities think about it. It would also be new for our universities to have campuses in another country.

They have never opened a campus outside the country?

I have to check that. But not that I am aware of.

There is discussion on expanding the permanent members of the UNSC. What's Switzerland's stand on it, including India's bid for a seat at the high table?

We join India in the need of reform. India has an approach, as a big country, to have a permanent seat at the table. Our approach is a more incremental one. We have been favouring a reduced use of the veto by the P-5 (Permanent Five). If a member of P-5 is directly involved in a conflict, that country shouldn't use the veto power. What we see today and what we have seen in the past that incremental approach will be a good thing to have in the current situation.

So Switzerland has not made up its mind whether to support India's candidature for the UNSC or not. It's not at the table at this point. But if you look at the attention that India receives from Switzerland, it is very clear that India is a very important country for the world and for Switzerland. When the time is right, I am sure this will be the direction that will be taken.

Source: business-standard.com- Jan 09, 2023

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Central Govt likely to make adjustments in the textile sector's duty structure

To develop India's competitiveness in the global market, the central government may announce changes in the Indian apparel and textile sector's duty structure in the Union Budget for 2023-24, as per a report by Mint citing a government official.

On account of high cotton prices in the country, the textile manufacturers said that they have been asked to reduce production days. Further, the cotton yarn export, an integral raw material in the apparel industry, may register a degrowth of 28-30 per cent in FY2023 due to weakening global demand, the report added.

"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," the report added, citing the official. However, it noted that higher production of cotton in the new season of 2022-23 could ease cotton prices.

The inconsistency in the demand and supply in the current fiscal had led to prices of Indian cotton skyrocket to Rs 1 lakh per candy at one point which in turn resulted in a sharp rise in imports.

Further, the imports of 'Cotton Raw & Waste' spiked 260 per cent to $1.3 billion between April and November 2022, compared to $361.83 million during the year ago period in 2021.

"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 told Mint.

Expressing concern over the import duty on cotton and seeking exemption on the same, Atul S. Ganatra, president of the Cotton Association of India, said, "the government has imposed an 11 per cent 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 per cent of its installed capacity."

The association further said that every year India requires around two million bales of extra-long staple (ELS) cotton but produces only around half a million. Therefore, cotton farmers should be given an additional MSP (minimum support price) to boost ELS cotton production, it asked.

Further, Chandrima Chatterjee, secretary general of the Confederation of Indian Textile Industry (CITI) said, "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."

In addition, the industry associations also brought focus on the tax anomaly that comes under the realms of the GST (Goods and Services Tax) council and needs correction. Last year, GST Council had adjourned the decision on increasing the tax rate on several products used in the textiles and apparel industry due to pressure from businesses.

Source: financialexpress.com - Jan 09, 2023

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'DGFT should clarify duty payment for destruction of imported goods'

Q. Para 4.49(g) of the HBP deals with regularisation of bona fide default in cases where Authorisation was issued for import of drugs from unregistered sources with pre-import condition. Para 4.49(g)(i) deals with destruction or re-export of unutilised imported goods. It does not mention duty payment on imported goods. Para 4.49(g)(ii) deals with exports made under free shipping bills under the same authorisation after expiry of the EO period in lieu of destruction of imported duty-free goods. Here, the requirement is payment of customs duty with applicable interest to the Customs Authority on the unutilised quantity imported under Advance Authorisation. Does this mean that where such unutilised goods are destroyed under Para 4.49(g)(i), no duty has to be paid?

A plain reading of Para 4.49 of the HBP conveys the same message. Even logically, where imported goods are destroyed or re-exported, there ought to be no need to pay duties. In fact, in a different context, Section 26A of the Customs Act, 1962 allows refund of customs duty where the imported goods are re-exported or destroyed, or where the title to the imported goods is relinquished. However, as you mention, Para 4.9(g)(ii) does mandate payment of duties on imported goods where the goods manufactured using them are exported outside the EO period.

Also, I find that in the standard conditions attached to advance authorisations, condition no. 10 states that import of approved and unapproved drugs made by the authorisation holder under advance authorisation shall be subject to the procedures and conditions specified in several Policy Circulars. One of these, Policy Circular no.18 dated October 30, 2007, says that “the authorisation holder shall also have the option to destroy such inputs or the finished product made out of it, in the presence of Jurisdictional Excise Authority subject to payment of applicable customs duty with interest”.

So, practically, it is difficult to escape payment of customs duty and interest even when the goods are destroyed or re-exported. In my opinion, the Director General of Foreign Trade should review the way Para 4.49 of HBP is worded and also the standard conditions attached to advance authorisations, so that exporters are left in no doubt regarding duty payment.

Q. The initial period for realisation of export proceeds is nine months from the date of shipment. Do we have to pay any penalty where no extension in time limit is sought and payment comes through later?

No. Para C.20 of the RBI FED Master Direction no.16/2015-16 dated January 1, 2016 (as amended), on Export of Goods and Services dealing with extension of time limit for realisation of export proceeds makes no mention of penalty. Usually, when payment is realised after the initial nine-month period, banks simply mark off the EDPMS entry and close the matter, even where no extension is sought. In effect, that amounts to grant of extension and regularisation of any default.

Source: business-standard.com- Jan 09, 2023

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PM Modi to hold pre-Budget meeting with economists, sectoral experts

Ahead of the Union Budget, Prime Minister Narendra Modi will meet economists and sectoral experts at NITI Aayog on Friday to discuss the state of the economy and measures to accelerate growth which is estimated to drop to 7 per cent, a senior government official said.

The official further said that the meeting will also be attended by several Union ministers.

Finance minister Nirmala Sitharaman will present the 2023-24 Budget in Parliament on February 1, 2023

Hit by weakening demand, the Indian economy is expected to grow at a slower rate of 7 per cent in the current fiscal ending March 2023, setting the stage for the country losing the fastest-growing major economy tag.

The 7 per cent expansion projected in the first official estimate released by the statistics ministry compares with 8.7 per cent gross domestic product (GDP) growth in 2021-22.

The projections are much lower than government's earlier forecast of 8-8.5 per cent growth but above the Reserve Bank's projection of 6.8 per cent. If the forecast comes true, India's GDP growth will be lower than Saudi Arabia's expected 7.6 per cent expansion.

In fact, India's GDP growth in the July-September quarter at 6.3 per cent was lower than the 8.7 per cent growth rate of Saudi Arabia.

Source: business-standard.com - Jan 10, 2023

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Textile industry should capture the global market and move up the value chain: MoS Textile Darshana Jardosh

Ease of Doing Business for MSMEs: Darshana Jardosh, Union Minister of State for Textile and Railways said that India's textile industry should capture the global market and move up the value chain, while making research and marketing imperative, as per a report by Knowledge and News Network (KNN).

Speaking at the inauguration of the three-day (January 7-9) Surat International Textile Expo (SITEX), Jardosh highlighted that the central funds for the textile industry, which was Rs 400 crore, have increased to Rs 1,200 crore.

The seventh edition of the exhibition saw participation of more than 100 exhibitors, including textile machinery manufacturers from European and Japanese companies.

Calling upon the industry's focus on readymade garments, the minister said there is major potential in these garments and technical textiles. The textile industry should pay attention to it and also become the largest exporter in the silk sector, she suggested.

Himanshu Bodawala, SGCCI president while speaking on the occasion said, "Union Textile Minister Piyush Goyal made an appeal to the textile industry people to keep target of exports over 100 billion US dollars till 2030. The SITEX 2023 will be a tool to help to achieve the target."

"The central government had done Free Trade agreement with the US, European, and African countries and even attempts are being made to cover more foreign countries. These agreements will also help to increase the textile exports," he added.

In 2019, the state government had introduced interest waiver and interest subsidy schemes for the textile industry, said Balvantsinh Rajput, Gujarat Industry Minister who attended the event.

"The state government is working on all aspects for the upcoming Mega textile park at Navsari under PM Mitra scheme," he added.

SITEX was organised by Southern Gujarat Chamber of Commerce and Industry (SGCCI) in association with Southern Gujarat Chamber Trade and Industry Development Centre (SGCTIDC).

Source: financialexpress.com - Jan 09, 2023

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Cotton yarn gains in Ludhiana, demand better in north India

North India's cotton yarn market noticed better demand after the recent rise in cotton prices. Buyers were anticipating that yarn prices will rise due to costlier cotton. This encouraged buyers for fresh deal as they wanted to book yarn early. Cotton yarn gained ₹5-10 per kg in Ludhiana due to better buying, but the prices were stable in Delhi and Panipat.

Ludhiana market witnessed higher prices of cotton yarn. Demand was better from both exports and domestic consumption. A trader from Ludhiana market told Fibre2Fashion, "There was better buying from weaving industry and stockists. Buyers were trying to book new deals as they expected price rise after recent gain in cotton prices." 30 count cotton combed yarn was sold at ₹280-290 per kg (GST inclusive). 20 and 25 count combed yarn were traded at ₹270-280 per kg and ₹275-285 per kg respectively. Carded yarn of 30 count steadied at ₹260-270 per kg, according to Fibre2Fashion's market insight tool TexPro.

In Delhi, cotton yarn prices were stable, but trading activities were better. A trader from Delhi market said that despite better trading activities, uncertainty persisted.

Cotton yarn was traded steady. Sources said that the buyers were trying to get clearer picture of market trend. In Delhi market, 30 count combed yarn was traded at ₹280-285 per kg (GST extra), 40 count combed at ₹305-310 per kg, 30 count carded at ₹255-260 per kg and 40 count carded at ₹280-285 per kg.

Panipat's recycled yarn market also noticed better buying, but prices maintained steady trend. Traders expected higher supply of raw material like cotton comber, recycled polyester fibre and textile waste. Recycled yarn market is watching market of virgin yarn for broader market direction. 10s recycled yarn (white) was traded at ₹90-95 per kg (GST extra). 10s recycled yarn (coloured - high quality) was traded at ₹105-110 per kg, 10s recycled yarn (coloured - low quality) at ₹80-85 per kg and 20s recycled PC coloured (high quality) at ₹110-115 per kg. The price of 30 recycled PC coloured (high quality) was ₹145-150 per kg. 10s optical yarn was priced at ₹100-110 per kg in the market. Comber prices were noted at ₹150-155 per kg. The price of recycled polyester fibre (PET bottle fibre) was noted at ₹80-82 per kg.

North India's cotton prices noted weakness amid slower demand from MNCs. After quick rise in last week, the prices eased by ₹50-75 per maund of 37.2 kg. According to local traders, higher prices after recent gains have discouraged buyers.

MNCs were reluctant for buying at higher prices. Cotton arrival also increased to 14,000 bales of 170 kg in north India. Cotton was traded at ₹6,250-6,375 in Punjab, ₹6,250-6,400 in Haryana and ₹6,480-6,550 per maund in upper Rajasthan. Cotton was sold at ₹61,500-63,000 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com- Jan 09, 2023

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