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INTERNATIONAL NEWS

UK's production output falls 0.2% MoM in November 2022: ONS

UK's monthly production output declined by 0.2 per cent in November 2022, as compared to October 2022, according to the Office for National Statistics (ONS). The decrease in production output in November 2022 was mainly due to a decline in two of the four production sectors, with manufacturing falling by 0.5 per cent month-over-month (MOM).

The country's production output in November 2022 was 2.5 per cent below February 2020, which was the last month of 'normal' trading conditions before the COVID-19 pandemic.

Manufacturing saw 6 of its 13 sub-sectors negatively contributing to growth during November 2022, as per ONS. Output remained below the February 2020 pre-coronavirus pandemic levels in the manufacturing (2.5 per cent below) sector.

UK's production output for the three months to November 2022 declined by 1.4 per cent compared with the three months to August 2022, with manufacturing sector falling by 1.2 per cent.

Source: fibre2fashion.com- Jan 15, 2023

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China's 2022 goods trade worth 42.07 trn yuan, up by 7.7% YoY

China's annual foreign trade value topped 40 trillion yuan ($5.94 trillion) for the first time last year. Total goods trade in 2022 hit a record 42.07 trillion yuan, up by 7.7 per cent year on year, topping the world for six consecutive years, according to the general administration of customs (GAC). Exports rose by 10.5 per cent to 23.97 trillion yuan, and imports went up by 4.3 per cent to 18.1 trillion yuan.

China's imports and exports with the Association of Southeast Asian Nations (ASEAN), the European Union and the United States gained 15 per cent, 5.6 per cent and 3.7 per cent respectively.

China's trade with Belt and Road countries climbed 19.4 per cent to account for 32.9 per cent of its total foreign trade, while trade with other members of the Regional Comprehensive Economic Partnership rose 7.5 per cent, an official media outlet said.

Exports contracted by 9.9 per cent year on year in December last year following a 8.7 per cent drop in November. The drop was the worst since February 2020.

GAC spokesperson Lyu Daliang said China's foreign trade delivered breakthroughs in scale, quality and efficiency last year, a hard-won feat considering headwinds in demand, supply and expectations.

Source: fibre2fashion.com- Jan 15, 2023

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Circularity, sustainability key for global textile industry: PDS CEO

The key themes that are central to the global textile industry in 2023 are circularity and sustainability, according to Sanjay Jain, group CEO of PDS Limited. In the medium to long term, strong growth is expected in the textile and apparel markets, in the short-term innovation and strong financial resilience will be key to tide over the disruptions.

Speaking about his observations and learnings from 2022, Jain said that the industry has shown resilience over the past 12-18 months, with strong headwinds due to volatility in raw materials costs, supply chain disruptions, macroeconomic tensions, and COVID still rearing its head time and again.

"Specific to India, in the medium to long term, we will see a healthy domestic consumption of apparel and fashion, with local manufacturing incentivised by the PM MITRA schemes. Over the last couple of years, the Indian fashion and apparel segment has also gone through a talent metamorphosis as Indian designers and workmanship are gaining the spotlight with a global audience. Taking from learnings in 2022, some of the areas to keep in mind as we move forward are constant innovation, efficient use of technology and effectively conserving resources to increase operational efficiencies," Sanjay Jain said in an email communication with Fibre2Fashion.

In his predictions for 2023, Jain said that circularity and sustainability offer a promising pathway for the global textile and apparel industry. "The concept of 'reuse, recycle and reduce' can take us towards the sustainable future in the years to come. For companies, it means conserving materials, extending a product's lifetime through repair and reuse, and ultimately recycling. It also includes improving utilisation through new business models, such as those that offer products as a service, and sharing economy platforms."

He added that with extreme reliance on non-renewable resources, the present-day textile industry pursues a linear model starting from raw material to production and finally resulting in cloth waste. Eventually, the value chain will transition to a circular economy where the textile waste will become a valued resource for re usage and up-cycled clothes. "At PDS Limited we are committed to invest in technology across our value chain that supports sustainability. We have invested in ventures such as Upcycle Labs (specialising in innovative upcycling service to convert unwanted inventory into new high-quality non-clothing products) and Yellow Octopus (resale service and take-back programme)."

Governments and industries across the world are focused on continuing the path to sustainability. Specifically in textile and apparel, factories and production units will find ways to reduce the environmental impact with better technology in washing plants and using solar energy to power factories. Improvements in worker communities will be seen by investing in skills development, better healthcare, and the education of the next generation.

"With regards to renewable energy, PDS has already installed a solar power project in its factory in Sri Lanka and will complete another solar power project in Bangladesh in the first half of 2023. As responsible corporate citizens, we aim to contribute to the ecosystem and the environment," Jain further said.

Talking about the Indian government's contribution in supporting the growth of the country's textile industry, Jain said: "The Indian government has rolled out various benefits with an aim of empowering the textile, home, and garment industries as well as small/medium businesses. Textile parks, PLI schemes and reduction in customs for MMF will make Indian exports more competitive in the global markets. These schemes along with the international textile trade agreements can foster stronger ties with developed markets and give impetus to India's manufacturing output, as well as foster innovation.

"Free trade agreements (FTA) with nations in South Asia have boosted the textile and apparel exports in these geographies. The government of India has signed an FTA with Australia and reinitiated FTA talks with Europe and the UK which once signed will be a big win for the Indian industry. With several global retailers initiating a China + 1 strategy, India is well poised to become a global Textile sourcing and manufacturing hub.

Source: fibre2fashion.com- Jan 13, 2023

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Mainland China largest merchandise trading partner of Cambodia in 2022

Mainland China was Cambodia's largest merchandise trading partner last year, with a volume of $11.686 billion—up by 4.39 per cent over the 2021 figure. The former's exports to the latter accounted for 89.38 per cent share—up by 2.87 percentage points on a yearly basis, according to Cambodia's general department of customs and excise (GDCE).

This market represented 22.29 per cent of Cambodia's total global merchandise trade for the year, which was worth $52.425 billion.

China was the largest exporter to Cambodia, with a 34.89 per cent market share, or equivalent to $10.446 billion—up by 7.86 per cent year on year. It constituted a 5.52 per cent share of Cambodia's total exports, at $1.241 billion, which was down by 17.85 per cent from the 2021 figure.

Cambodia's trade deficit with mainland China grew by 12.61 per cent, from $8.174 billion in 2021 to $9.205 billion in 2022, Cambodian media reported.

Source: fibre2fashion.com- Jan 14, 2023

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Cambodia's GDP projected to grow at 6% in 2023: NBC

Cambodia's gross domestic product (GDP) is projected to grow by around 6 per cent in 2023 by the National Bank of Cambodia (NBC). The growth would be backed by garment and non-garment products that are estimated to grow by 6.9 per cent and 14.3 per cent respectively. The prolonged Russia-Ukraine war is the reason behind the highly uncertain inflation in 2023.

However, in the scenario of the slowdown in the global economy and declining food prices, inflation in Cambodia is projected to decelerate to 2.5 per cent after it peaked at 7.8 per cent by the end of the first half of 2022 and has gradually declined in the second half as fuel and food prices subdued.

An NBC report, titled 'Macroeconomic and Banking Sector Development in 2022 and Outlook for 2023', shows the agriculture sector is forecasted to further rise by 1.1 per cent on the back of the implementation of the Regional Comprehensive Economic Partnership Agreement (RCEP) and bilateral free trade agreement (FTAs).

"Flight operations from China to Cambodia have been gradually resumed and the travel restrictions on Chinese people going abroad have been lifted ... as well as the withdrawal of the tariff preference for the imports of rice to European markets amid the rising domestic demand in the affordable real estate market segment while the market demand of non-residents for high-end properties will take times to return to pre-crisis levels," the report was quoted as saying by Cambodian media outlets.

Source: fibre2fashion.com- Jan 16, 2023

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India & Vietnam ideal substitutes for 67% supply chain leaders: Report

About 67 per cent of supply chain leaders consider India and Vietnam as ideal alternatives for China plus one strategy, according to the 'Container LogTech' predictions report for 2023 by Container xChange. The majority of the respondents surveyed, 88 per cent, fear that the biggest impeding factor for businesses in 2023 will be inflation and recessionary fears, followed by implications of war (57 per cent), impact of COVID in China (53 per cent) and worker strikes (23 per cent).

Both India and Vietnam are expected to be top choices for supply chain leaders, as the US will emphasise on 'friendshoring' in 2023 and will aim to gradually shift its manufacturing facilities away from China.

The long-term shipping contract rates will see an uptick in 2023, though gradually. This slow increase applies to all modes of transport. With negotiations going on to bring contract rates in line with spot rates, a reset is expected. On the other hand, until there is a balance reached between supply and demand, forwarders will favour short-term contracts until the rates stabilise. "Freight forwarders will employ a 'wait and see' approach before making any long-term air cargo capacity commitments particularly," the report claims.

Trucking rates for both dry and reefer cargo will continue to drop in 2023. Freight tonnage will continue to contract as market conditions and volumes return to pre-pandemic numbers.

The unresolved worker strikes of 2022 will spill over in 2023. Furthermore, the chances of new strikes coming up are high due to inflation-related rises in prices putting pressure on workers' disposable incomes. Labour dissatisfaction might grow in European and North American economies. In that case, it will cause disruptions in global supply chains.

The report further covers the growing expectation of the 3PL (third-party logistics) market to solidify in 2023. Reportedly, it's projected to reach $1,789.74 billion by 2027. Another key trend on the list is the digital transformation of the industry.

In the years to come, the adoption of digital technologies in shipping will focus on vessel schedules, intuitive booking interfaces, instant slot booking, and capacity confirmations. In this regard, the industry's major concern will be on having systems interact directly via automating the data-analysis-decision-action cycle.

"The overall outlook for the year 2023 remains gloomy. Europe is hit hard with all-time high inflation; China struggles to cope with the virus, and the US continues to witness hinterland transportation challenges and labour unrest. Most of these challenges will stay in 2023. Consumer confidence will pick up, but it really depends on whether we witness more disruptions in the coming times," said Christian Roeloffs, cofounder and CEO, of Container xChange, an online container logistics platform.

Source: fibre2fashion.com- Jan 14, 2023

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Vietnam's textile & garment exports grow 14.7% to $37.5 bn in 2022

Vietnam earned $37.566 billion from textile and garment exports in the year 2022, an increase of 14.7 per cent over the previous year, as per preliminary data from customs IT and statistics department, general department of customs, Vietnam's ministry of finance. The shipment fell short compared to a target of $43 billion for the last year.

The US accounted for a major share (about 46.20 per cent) totalling $17.359 billion in the textile and garment exports of Vietnam during the period under review. Japan and South Korea were the other major destinations with exports of $4.072 billion and $3.309 billion, respectively, according to the latest figures.

Vietnam's yarn exports, however, decreased by 16 per cent to $4.713 billion compared to the same period of last year. Of this, China imported around 46.28 per cent or $2.181 billion worth of yarn, followed by India that imported yarn worth $120.996 million. In volume terms, Vietnam exported 15,73,872 tons of yarn which was 18.4 per cent lower than the exports during the corresponding period of last year.

Vietnam's exports of textiles and garment inched up 0.3 per cent in December 2022 compared to the previous month. The shipment was recorded at $2.9 billion in the last month of the year 2022. Overall, a tough time for exports continued and the growth slowed down, but Vietnam managed to remain in green zone in recent months.

In 2021, Vietnam's textile and garment exports earned $32.750 billion, registering a growth of 9.9 per cent over the exports of $29.809 billion in the previous year, while yarn exports increased by 50.1 per cent to $5.609 billion from $3.736 billion in 2020.

For 2022, Vietnam has set a target of $43 billion for its textiles, garments, and yarn exports, according to the Vietnam Textile and Apparel Association (VITAS).

Source: fibre2fashion.com- Jan 15, 2023

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Manufacturing in India, Brazil strongly hit by COVID-19: Study

The COVID-19 pandemic strongly affected the manufacturing sector in India and Brazil, while human health, public administration and defense were strongly hit in the United States and Sweden, according to a study which offers new insight into how countries respond to systemic shocks. The construction sector was moderately or strongly affected in all nations.

Unlike other countries, retail trade—excluding motor vehicles and motorcycles—was quite strongly affected in India relative to other sectors, as was the land transport sector, the researchers said.

While earlier attempts to quantify the impact of the pandemic mostly looked only at it in a single dimension, this study, published in PLOS One peer-reviewed journal, explored resilience across a variety of social, economic and political domains in several countries.

"We found significant discrepancies between what experts had predicted would be the most resilient countries if struck with a pandemic," Sara Del Valle from the Los Alamos National Laboratory in the United States was quoted as saying.

"For example, we saw stricter governmental pandemic policy was associated with higher political unrest across states within the US, while the opposite was true for states in Brazil," she said.

Education played a key role in pandemic response, the researchers found. Even after adjusting for strictness of governmental COVID policies, they found that higher education was significantly associated with lower amounts of political unrest across the United States.

Source: fibre2fashion.com- Jan 14, 2023

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Bangladesh hikes retail electricity tariff by 5%

After the Bangladesh cabinet last month amended the Bangladesh Energy Regulatory Commission (BERC) Act 2003 to include a provision to permit the government to adjust the prices of gas, electricity and fuel in special circumstances, electricity retail price has been hiked by 5 per cent ignoring BERC's public hearing. A gazette notification was issued yesterday.

The custom has been to announce such decisions 90 days after BERC holds public hearings for adjusting gas and electricity prices.

During a hearing on January 8, BERC's technical evaluation committee had recommended raising the retail electricity price by 15 per cent. BERC was supposed to declare the new price within 60 working days of the hearing.

When the retail price of electricity was hiked in December last year by 19.92 per cent at the producers' end, Nasrul Hamid, state minister for power, energy and mineral resources and BERC chairman Abdul Jalil had assured that the retail electricity price level would not rise, according to Bangla media reports.

But soon after, the six distributors started submitting their proposals to hike the electricity price by an equal percentage.

Source: fibre2fashion.com - Jan 14, 2023

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Bangladesh misses out on using textile scraps in full

pinners in Bangladesh are facing a shortage of waste cotton and textile scraps since a major portion of them is shipped abroad amid higher demand for recycled yarns and fabrics worldwide.

Bangladesh, the second-largest apparel producer in the world, sees a huge volume of cotton textile scraps, but these wastes are usually dumped into a landfill, burned, exported, or recycled into low-quality fabrics.

This means the country misses the opportunity to produce recycled yarn from the bi-products with a view to manufacturing the apparel products whose demand is rocketing globally.

Owing to fast fashion -- the term used to describe clothing designs that move quickly from the catwalk to stores to take advantage of trends -- and cheaper clothing items, cotton consumption has gone up.

Higher cotton farming is hampering the environment whereas the manufacturing of apparel involves more groundwater, especially during washing and dyeing.

So, many clothing retailers and brands such as H&M prefer the reuse and recycling of garments to avoid environmental damage.

But a section of local traders in Bangladesh feels encouraged to export waste cotton and fabrics than sell them in the local market because of the price factor, said millers.

The shipments of waste cotton and scrap rose 49.67 per cent year-on-year to $153.38 million in the July-December half of the current financial year. It was $102.48 million in the identical period a year earlier.

This forces millers to buy recycled yarns from international markets. This means local manufacturers are paying more for the imported goods that are already available locally.

In some cases, imported recycled yarns are made from the wastes and scrap fabrics exported from Bangladesh, said industry people.

In 2019, Bangladesh produced approximately 577,000 tonnes of waste just from the ready-made garments and fabrics mills of which almost half was 100 per cent pure cotton waste, according to the Circular Fashion Partnership project led by Global Fashion Agenda, with partners Reverse Resources and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

On the other hand, Bangladesh heavily relies on the import of textile fibre.

The country imported 1.63 million tonnes of staple cotton fibre in 2019 with a value estimated to be $3.5 billion. And if the 100 per cent cotton waste is recycled within Bangladesh, imports could decrease by around 15 per cent, therefore saving $500 million that would have been spent on cotton imports, said the Circular Fashion Partnership.

Cotton imports were more than $3 billion in 2021.

Md Abdur Rouf, executive director of Bhaluka-based Simco Spinning & Textiles Ltd, says currently, the company is producing 20 tonnes of recycled yarn a day against the capacity of 50 tonnes.

Since the demand for recycled yarn-made apparel is growing worldwide, the company is fully booked for the next three months. But, Rouf's company is facing difficulties when it comes to sourcing scraps and waste cotton from the local market as traders prefer to export them.

Almost all kinds of apparel items such as T-shirts and denim and knitted fabrics are made from recycled yarns.

"International retailers and brands nominate recycled yarns as eco-friendly consumers also want companies to manufacture more garment items from recycled yarn and fabrics," Rouf said.

The demand for recycled yarn and fabrics is so high that the company has reinvested almost every year to expand its production capacity.

In 2010, Simco began its journey with an investment of Tk 60 crore. Later, it reached Tk 150 crore.

Square Textiles Ltd is also witnessing a recycled raw materials shortage.

"In many cases, the same recycled materials are mixed with the cotton local millers import," said Taslimul Haque, operation director of the company.

BGMEA President Faruque Hassan says the demand for apparel made from recycled yarns is growing globally as consumers are increasingly getting conscious of the importance of protecting the environment.

"So, the export of textile scraps is also growing from Bangladesh."

He cited scraps and waste cotton as the asset of the country and urged the government to put a restriction on their exports.

"A separate hub of waste cotton and scraps should be built so spinners don't face any crisis of raw materials," he said.

Hassan thinks a new opportunity has been created for Bangladesh as buyers favour apparel made from recycled yarn and fabrics.

"The value-addition in the recycled yarn is higher than the traditional yarn made from cotton and manmade fibre as scraps are entirely generated locally," he added.

Bangladesh has the potential to produce $1.2 billion worth of recycled textile and garment items as the country has a big production base for cotton fibre clothing items, said the Global Fashion Agenda and McKinsey & Company in a report in 2021.

Source: thedailystar.net - Jan 16, 2023

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Pakistan: Cotton market: trading volume low as high prices keep buyers away

The local cotton market on Saturday remained stable and the trading volume remained very low.

Cotton Analyst Naseem Usman told Business Recorder that the reason behind low trading volume is that mills are not showing interest in buying due to higher rates.

The rate of cotton in Sindh is in between Rs 18,000 to Rs 20,500 per maund. The rate of cotton in Punjab is in between Rs 18,000 to Rs 21,000 per maund.

The rate of Phutti in Sindh is between Rs 6,000 to Rs 8,500 per 40 kg. The rate of Phutti in Punjab is in between Rs 7,000 to Rs 10,500 per 40 kg. The rate of Balochi cotton is Rs 20,500 per maund. 200 bales of Rani Pur were sold at Rs 18,000 per maund.

The Spot Rate remained unchanged at Rs 20,000 per maund. Polyester Fibre was available at Rs 288 per kg.

Source: brecorder.com - Jan 15, 2023

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NATIONAL NEWS

CAI lowers cotton crop estimate to 330.50 lakh bales for 2022-23 season

The Cotton Association of India (CAI) on Saturday lowered the cotton crop output estimate by 9.25 lakh bales for the 2022-23 season to 330.50 lakh bales as production is expected to decline in Maharashtra, Andhra Pradesh and Karnataka.

The total cotton production in the last season is estimated at 307.05 lakh bales, the CAI said in a statement.

The cotton production in the current season that started on October 1, 2022, is expected to decline by 2 lakh bales each in Maharashtra, Andhra Pradesh and Karnataka to 82.50 lakh bales, 13 lakh bales and 22 lakh bales, respectively.

Except for Gujarat, where the output is likely to remain flat, the cotton growing states are expected to witness a decline in production, the CAI added.

The total cotton supply in October-December 2022 is estimated at 116.27 lakh bales, which consists of the arrivals of 80.13 lakh bales, imports of 4.25 lakh bales and the estimated opening stock of 31.89 lakh bales.

The CAI has estimated cotton consumption for October-December 2022 at 65 lakh bales while the export shipments up to December 31, 2022, are estimated at 2 lakh bales.

Stock at the end of December 2022 is estimated at 49.27 lakh bales including 35 lakh bales with textile mills and the remaining 14.27 lakh bales with the Cotton Corporation of India (CCI), Maharashtra Federation and others (MNCs, traders, ginners, MCX among others, including cotton sold but not delivered), the CAI statement added.

The cotton supply till end of the cotton season 2022-23, up to September 30, 2023, is estimated at 374.39 lakh bales.

The total cotton supply consists of the opening stock of 31.89 lakh bales at the beginning of the cotton season on October 1, 2022, crop for the season estimated at 330.50 lakh bales and the imports for the season estimated at 12 lakh bales.

The import estimated by the CAI for the corresponding year 2021-22 was at 14 lakh bales.

The domestic consumption for the season is estimated at 300 lakh bales, while the exports at 30 lakh bales.

The carry-over stock which was earlier estimated at 53.64 lakh bales is now estimated at 44.39 lakh bales, CAI added.

Source: economictimes.indiatimes.com- Jan 14, 2023

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Govt plans new trade body to push exports

The commerce ministry has proposed a unified body to coordinate trade promotion efforts, as the global economy appears headed for a deep slump.

The commerce ministry has proposed creating a unified body to strategize and coordinate trade promotion efforts, as the global economy appears headed for a deep slump because of the continuing conflict in Ukraine and China's struggles with covid-19.

The proposed organization aims to boost collaboration among various export promotion entities, with a focus on expanding into non-traditional markets such as Latin America and Africa to drive trade growth, government officials aware of the development said, requesting anonymity.

"Currently, export promotion activities are done by various ministries, councils and state governments. CII has been requesting a national export mission, and one of the pillars under this is a dedicated export promotion body that can converge resources and initiatives to build the India brand, facilitate Indian exporters to access overseas markets and assist overseas buyers in connecting with exporters," said Sanjay Budhia, chairman of CII National Committee on Exports.

India's merchandise exports are affected by a demand slowdown in key markets, with outbound shipments at $32 billion in November, little changed from the corresponding month last year, according to official government data. Merchandise exports contracted 16.7% to $29.8 billion in October.

Presently, there are 14 export promotion councils under the administrative control of the commerce department. These are registered as non-profit organizations under the Companies Act/Societies Registration Act.

These include the Apparel Export Promotion Council, Engineering Export Promotion Council, Services Export Promotion Council, Carpet Export Promotion Council, and Pharmaceuticals Export Promotion Council.

“There is no need for so many sector-wise councils. If an exporter has to export engineering goods, membership in the engineering council is required. If he has to export pharma products, membership for pharma council membership is required. That adds to the cost. A member pays ₹15,000 to ₹50,000 annually depending on the turnover of the company," said Vijay Kalantri, president of the All India Association of Industries and chairman at MVIRDC World Trade Center, Mumbai.

Kalantri further stated that the main aim of the body should be to promote exports and explore newer markets and focus on getting technology which can ramp up manufacturing in the country.

Biswajt Dhar, a professor at Jawaharlal Nehru University, said that export promotion could not be centred on ad hoc schemes.

It needs a comprehensive strategy, prioritizing the perspectives of exporters, Dhar said, emphasizing the importance of a robust organization that aligns activities with export promotion councils.

“A single umbrella body to coordinate exports can avoid duplication of efforts and will remove the silos giving every organization a 360-degree view on exports facilitation and support," said Ajay Sahai, director-general of the Federation of Indian Export Organisations.

Export promotion councils assist Indian exporters in facilitating access to international markets, promoting Indian products through various activities and increasing overall exports from India. These are government-initiated bodies that promote and support export firms in developing their overseas trade and presence by providing technical and industry insights. They also promote government schemes and help with research and outlook estimation.

If every organization works to support exports within the overall framework provided by the nodal organization, we will be reaching the $2 trillion goods and services exports target by 2030, Sahai added.

Reform measures by the commerce ministry come at a time global growth is expected to decline sharply. According to the World Bank, global growth is expected to slow to 1.7% in 2023, the third weakest in nearly three decades, overshadowed only by the global recessions caused by the pandemic in 2020 and the global financial crisis in 2009.

Growth projections have been downgraded for almost all advanced economies and about two-thirds of emerging markets and developing economies in 2023 and for about half of all countries in 2024.

Source: livemint.com- Jan 14, 2023

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Regulatory, internal market barriers of China impact India's exports: GTRI

Regulatory and internal market barriers of China are some of the major impediments which impact India's exports to that country, economic think tank Global Trade Research Initiative (GTRI) said on Sunday. "India must take up all market access issues faced by its exporters with China on a priority basis. India may consider applying mirror regulations to imports from China," it said. China uses four significant barriers besides customs duties to regulate imports from countries like India and those barriers include regulatory, internal market, trade defense, and political, it said.

"China stifle competitive imports from India through complex regulations," the GTRI said Quality and standards of products cannot be a problem as India exports to over 100 countries, including the US and Europe, GTRI said. Citing an example of the pharma sector, it said India imports 90 per cent of bulk drugs or APIs (active pharma ingredients) from China and allows easy access through a simple registration system.

A firm also needs to register its product with the specified Chinese authority, which means submitting many documents, including details about the firm and its products. There is also a requirement of meeting the inspection, product testing, and quality certification. But in China, registration takes one to three years and Chinese authorities conduct tests again at the time of imports and China cancels registration even if one batch has issues, it added.

"China uses trade to meet political ends," it said, adding an exporter would also have to clear extra barriers to sell goods in the Chinese market as the country always gives preference to its domestic firms. Further, it said that India's imports from China are in line with global trends as other countries too have similar levels of imports.

"While India must contain imports, the real issue is not high imports but India's low exports to China," it said. According to the data of Chinese Customs, India's exports to China fell from USD 28.1 billion in 2021 to USD 17.48 billion in 2022. India's imports from China rose from USD 97.5 billion 2021 to USD 118.5 billion in 2022.

Source: financialexpress.com- Jan 15, 2023

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Supply chain disruptions likely despite falling trade

Shippers worldwide expect supply-chain disruptions this year due to fewer sailings, longer transit time, and strikes by workers in various transport segments, amidst demand-supply mismatches.

The global consumer sentiment is weak due to higher interest rates, tighter monetary conditions, higher energy prices and diversion of more funds for climate change mitigation and adaptation imperatives, higher military expenditure, refugee rehabilitation needs, coping with resurgence of Covid-19 virus, and so on.

Any pick-up in the global economy later in the year may perk up the commodity prices but may not boost the demand for container shipping services significantly.

After two years of revenue and profit growth, the shipping lines are facing losses on most sailings due to falling freight rates. With very few shipments from Pakistan, Bangladesh, and Sri Lanka, capacities of many container vessels are not fully utilised and so they are ready to carry cargo from Indian shores at very low rates.

The freight rates from India to the relativly better-performing economies in the Far-East and Middle-East are hovering around $100 per container, whereas the freight rates to struggling Europe and North America are closer to $1,000 per container. Most less developed countries are stressed with debt burdens that constrain their consumption and demand for goods.

The falling demand for shipping services comes at a time when many new vessels will be delivered this year against orders placed earlier, adding to global capacity.

Severe competition to utilise the available space might result in further fall in freight rates, forcing many carriers to retire older vessels, send several of them for maintenance, let some idle at the ports, suspend or merge shipping services on different routes and even opt for blank sailings i.e. skip scheduled sailings.

To meet the commitment of the shipping industry to cut the carbon emissions, all vessels of 400 gross tonnage and above will be annually tested for exhaust emissions using the Energy Efficiency Existing Ship Index. Besides, the vessels will stream more slowly to cut emissions under the new climate disciplines. Lower demand may also mean fewer direct sailings and more halts at intermediate ports to pick up cargo, effectively resulting in longer voyage time to reach the destinations.

In its annual report based on its surveys and interviews with various experts, Container xChange, a logistics technology company based at Hamburg, Germany, says about 73 per cent of the respondents expect workers strikes due to rise in prices putting pressure on workers' disposable incomes.

Labour dissatisfaction might grow in Europe and North America causing disruptions in global supply chains, says the report.

The report says container depots will be overstocked with excess idle inventories resulting in higher storage fees to discourage containers from staying past their deadlines. Empty container repositioning will remain a problem while more equipment will arrive in the system.

Ports will face congestion with containers exceeding their dwell times causing increased demurrage and detention charges. Shippers with their own containers will struggle to get accurate quotes, space availability confirmations and reliable schedules, says the report.

Overall, the carriers, freight forwarders, container leasers, and port operators might bear the brunt of low rates and excessive competition as the markets will slowly align with the falling demands during 2023.The trade must factor in the possibilities of disruptions in the supply chains.

Source: business-standard.com- Jan 15, 2023

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GST not payable on Govt incentive to banks for promoting RuPay card

Incentives paid by the government to banks for promoting RuPay debit cards and low-value BHIM-UPI transactions will not attract GST, the Finance Ministry said.

Last week the Cabinet cleared a Rs 2,600-crore incentive scheme for banks to promote RuPay debit cards and low-value BHIM-UPI transactions in the current fiscal.

Under the Incentive scheme for the promotion of RuPay Debit Cards and low-value BHIM-UPI transactions, the government pays banks an incentive as a percentage of the value of RuPay Debit card transactions and low-value BHIM-UPI transactions up to Rs 2,000.

The Payments and Settlements Systems Act, 2007 prohibits banks and system providers from charging any amount from a person making or receiving payments through RuPay Debit cards or BHIM.

In a circular to chief commissioners of GST, the Ministry said the incentive is in the nature of a subsidy directly linked to the price of the service and the same does not form part of the taxable value of the transaction in view of the provisions of the Central GST Act, 2017.

As recommended by the Council, it is hereby clarified that incentives paid by MeitY to acquiring banks under the Incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions are in the nature of subsidy and thus not taxable, it said.

In December alone, UPI achieved a record of 782.9 crore digital payment transactions with a value of Rs 12.82 lakh crore.

Separately, the Ministry has also clarified the applicability of GST on accommodation services supplied by Air Force Mess to its personnel.

It said that the revenue department had received references requesting clarification on whether GST is payable on accommodation services supplied by Air Force Mess to its personnel.

Currently, all services, barring a few specified services such as services of the postal department, transportation, supplied by Central or State Governments, or local authority to any person other than business entities are exempt from GST.

It is hereby clarified that accommodation services provided by Air Force Mess and other similar messes, such as Army mess, Navy mess, Paramilitary and Police forces mess to their personnel or any person other than a business entity are covered by Sl. No. 6 of notification No. 12/2017 Central Tax (Rate) dated 28.06.2017 provided the services supplied by such messes qualify to be considered as services supplied by Central Government, State Government, Union Territory or local authority, the Ministry said.

CBIC has clarified that accommodation services provided by Air Force Mess, Army mess, Navy mess, Paramilitary, and Police forces mess to their personnel or any person other than a business entity are tax neutral. This clarification would help restrict the cost of accommodation services for our elite forces services, AMRG & Associates Senior Partner Rajat Mohan said.

Source: business-standard.com- Jan 15, 2023

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India's trade deficit with China hits $100 billion for first time

Trade between India and China touched an all-time high of $136 billion in 2022, overtaking the $125-billion mark a year earlier even as New Delhi's trade deficit with Beijing crossed the $100-billion mark for the first time despite frosty bilateral relations, according to data released by the Chinese customs on Friday.

China's exports to India climbed to $119 billion, a year-on-year increase of 22%. During 2022, China's imports from India dwindled to $17.5 billion, a year-on-year decline of 38%.

The trade deficit for India stood at $101 billion, crossing the 2021 figure of $69.4 billion. In 2021, the overall trade with China totalled $126 billion, an increase of 43% year-on-year crossing the $100-billion mark for the first time. The trade deficit in 2021 stood at $ 69.6 billion as India's imports from China witnessed an increase of 46% to reach $98 billion.

India's exports to China increased by 34.3% year-on-year to reach $28 billion in 2021. The trade between the two countries continued to boom despite border tensions following the military standoff in eastern Ladakh in May 2020.

According to an official brief posted on the Indian embassy website in Beijing, the rapid expansion of bilateral trade since the beginning of this century has propelled China to emerge as India's largest goods trading partner by 2008.From 2015 to 2021, India-China bilateral trade grew by 75%, an average yearly growth of 13%, it said.

Source: economictimes.com- Jan 15, 2023

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India's big retail boom all set to be a premium experience this year

Indian consumers with a taste for the good life have much to look forward to this year, as several high-end lifestyle brands are set to enter or expand in the Indian market. From apparel to accessories, food to beverage, premium is the key word on the retail horizon. And, both e-commerce and offline players are readying for a slice of the pie.

"A lot of global high-end and retail fashion brands see India as the next destination, as China has slowed down with the stigma associated with Covid-19. Europe is a very mature market in this sense and has an ageing population; it has also reached a saturation point in terms of the luxury retail sector. So, in a 10-year horizon, a lot of global luxury brands are expected in India," said business strategist and independent director Lloyd Mathias.

US clothing retailer Gap is all set for its second coming in India, this time on the back of a partnership with Reliance Retail, a subsidiary of Reliance Retail Ventures (RRVL).

Reliance Brands (RBL), another subsidiary of RRVL, forayed into food and beverage retailing, announcing a partnership with UK-based fresh food and organic coffee chain Pret A Manger. The plan is to build the global sandwich franchise's brand in the country, with the first expected to open in Mumbai before March 2023.

Canadian coffee chain Tim Hortons made its India foray with outlets in Gurugram and Delhi in August 2022. It has plans to open around 120 stores in India in the next three years at an investment of up to Rs 300 crore.

Last year in September, lingerie, clothing and beauty retailer Victoria's Secret opened its first store in Mumbai. Tushar Ved, president, Apparel Group, which brought the brand to India, shared that two more stores in Bengaluru in 2023 and an eventual online category (after a few years) are in the pipeline.

Luxury fashion brand Valentino opened in Delhi last year, with plans to open in Mumbai soon. Paris-based luxury department store Galeries Lafayette is expected to open in Mumbai by 2024 and Delhi by 2025.

While brands like Gap, Victoria's Secret, Pret a Manger and Balenciaga have set foot in India for expansion at a time when the cost of living crisis and soaring inflation is expected to have a deep impact globally, experts feel this upward trend will fuel luxury retail in the country as the Indian economy is in a better position than other Western markets.

With GDP growth, affluent class, better disposable income and global exposure for Indians, Mathias sees an increased amount of high-end consumers here. "Even if 1% of India's 1.4-billion population consumes luxury, it's a huge number for brands foraying into India," he pointed out. In fact, a further indication of consumer optimism regarding personal finances is that roughly seven of 10 Indian consumers are fairly confident about their financial situation over the coming year, says Saptarshi Banerjee, senior lifestyle research analyst, Mintel.

"Consumers' desire to purchase premium goods of higher quality at a marginally higher cost and revenge buying — which is in play among affluent Indian consumers who were not necessarily affected by the pandemic and want to spend more on luxury products, eating out, experiences after a prolonged lull — is another factor fuelling more luxury retail in India," he says.

Mintel's Indian Consumer Report on Attitudes to Premiumisation 2021 suggests half of Indians are willing to pay more for premium products of superior product quality. Banerjee is of the view that the subsequent retail growth in India would be around luxury goods. However, the brands should employ an omnichannel strategy to achieve widespread growth across the country.

"Since the pandemic, numerous luxury brands are available online from retailers like Tata Cliq Luxury, Ajio Luxe, and even The Collective. As a result, foreign luxury brands can cater to the convenience offered by online platforms (that only sell luxury goods) and offer distinctive upmarket shopping experiences in their physical stores," says Banerjee.

An upward trend that experts witnessed during the festive season sales last year continues this year too. DLF Malls strengthened its brand portfolio by adding 130 unique brands across its retail and F&B categories in its eight premium and luxury properties in Delhi-NCR.

"We are 130% pre-Covid levels in terms of demand and occupancy across all malls. We expect to grow month-on-month in October-December with an average growth of 15-20%. Our luxury retail segment is growing between 150-170%," says Pushpa Bector, executive director, DLF Retail, and head, luxury and shopping malls.

Delhi's Select Citywalk saw 7-8% growth in demand and increased footfalls last year. "Supply chain issues have been minimised and retail stores are stocked up. Luxury shopping is back, so are the premium brand categories. Footfalls have increased, people are eager to shop, get entertained at physical shopping centres," says Yogeshwar Sharma, CEO and executive director, Select Citywalk, Delhi.

Reliance's new consumer goods push targets deals with popular Indian brands, besides launching its own brands.

Aditya Birla Fashion and Retail (ABFRL) is working on strategic alliances and building a comprehensive set of iconic brands. In FY22, ABFRL launched a premium ethnic wear brand, Tasva, in partnership with designer Tarun Tahiliani. In May 2022, Singapore's sovereign wealth fund GIC entered into a deal to acquire a 7.5% stake in ABFRL for Rs 2,195 crore.

ABFRL picked up a 51% stake in designer Masaba Gupta's House of Masaba label for Rs 90 crore and plans to scale it up. The group also launched its 'House of Brands' business – TMRW – in the direct-to-consumer segment, besides foraying into a bouquet of brands and strategic partnerships with designers, including Shantanu & Nikhil, Tarun Tahiliani and Sabyasachi.

Source: financialexpress.com- Jan 15, 2023

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India's apparel exports to Mauritius up 5.96% in FY22 post FTA

India’s apparel exports to Mauritius noted mild gains after the free trade agreement (FTA) came into force on April 1, 2021. The exports increased by 5.96 per cent year on year to reach $36.008 million during April 2021 to March 2022 (FY22). Apparel exports from India to Mauritius amounted to $19.31 million in the first half (H1) of 2023.

On a quarterly basis, the shipment had increased to $12.251 million in Q1 2022, which eased to $7.059 million in Q2 of the same year.

The outbound trade is yet to reach the level of April 2016-March 2017 when the shipment had peaked at $42.672 million.

India’s shipment of apparel to Mauritius decreased by 7.71 per cent to $33.984 million in April 2020-March 2021 due to the pandemic. India’s apparel exports to Mauritius were recorded at $34.170 million in April 2017-March 2018, $31.322 million in April 2018-March 2019 and $36.824 million in April 2019-March 2020, according to Fibre2Fashion’s market insight tool TexPro.

The industry is confident that FTAs will encourage India’s exports to partner countries. Sanjay Garg, president of North India Textile Mills Association (NITMA) recently said, “The trade agreements with the UAE and Mauritius have already begun to provide better results.”

Mauritius is a minor market for Indian apparel exports. Mauritius contributed merely 0.23 per cent in the total outbound apparel trade of India, which was at $15.747 billion in April 2021-March 2022.

Source: fibre2fashion.com- Jan 16, 2023

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