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IBTEX No. 16 of 2023 — January 21, 2023

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USD	80.98
EUR	88.08
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INTERNATIONAL NEWS

Future of global trade is digital, green & inclusive: WTO

The World Trade Organisation (WTO) and others have warned that deglobalisation would negatively impact the world and especially emerging economies. The future of trade was touted to be green, digital, and inclusive even as declining global growth has posed a challenge for the 2023 trade outlook against a backdrop of the ongoing Ukraine war and unstable supply chains.

"We say the future of trade is services; it's digital; it's green. And it should be inclusive," said Ngozi Okonjo-Iweala, director-general of the WTO, at the World Economic Forum Annual Meeting 2023 at a session on trade, growth, and investment.

Many nations have seen a push to relocate manufacturing closer to consumers' demand, after supply shocks associated with port blockages, the war in Ukraine, and the pandemic.

Moreover, concerns about national security have caused many nations to question their over-reliance on certain countries for critical goods and services, such as European dependence on Russian energy, according to a press release by the World Economic Forum.

"For the US, Mexico is likely to be a major beneficiary of the US reconfiguration of supply chains, given Mexico's educated workforce, low wages, railway transport, and pro-business political climate," noted Laurence D Fink, chairman and CEO of BlackRock. "But Mexico is not going to be the sole beneficiary of that change," he added, citing Eastern Europe, Turkey, Indonesia, and other parts of South-East Asia as well.

Okonjo-Iweala said the future of trade must also prioritise inclusivity. As many countries prioritise national security in their trade policy, there is a risk that "friend-shoring" would distribute the gains of economic growth unequally. "When we talk of 'friend-shoring,' I don't know who is a friend," he said. "I don't ever hear countries in Africa mentioned."

Creating a trade agenda that prioritises inclusivity and decarbonisation is a major priority. Many European governments have welcomed the recent embrace of sustainability in US economic policy. “The world can only be happy that the United States has moved to the right side of the aisle on climate,” said Alexander De Croo, Prime Minister of Belgium.

Ensuring that sustainability remains at the top of the global trade agenda will require coordination with multilateral agencies. As many nations seek out bilateral trade agreements, there is a risk of global trade splintering into trading blocks. Promoting a trade agenda that is fair, inclusive, and sustainable will require institutions such as the WTO to establish clear ground rules for all nations.

Source: fibre2fashion.com- Jan 20, 2023

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China's international trade drops 6% YoY to 4.24 trn yuan in Dec 2022

China's international trade including that of goods fell by 6 per cent year-on-year (YoY) in December 2022—reaching 4.24 trillion yuan (around $606.9 billion), as per the State Administration of Foreign Exchange (SAFE).

The East Asian country exported goods worth 2.05 trillion yuan and imported products valued at about 1.65 trillion yuan. The nation's imports and exports for the period led to China earning a surplus of 402.2 billion yuan, according to several local media reports.

Earlier, China's total goods trade in 2022 hit a record 42.07 trillion yuan, up by 7.7 per cent YoY, topping the world for six consecutive years, according to the general administration of customs (GAC).

At that time, the country'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.

Source: fibre2fashion.com- Jan 21 2023

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USA: Cotton Prices Holding in Range-Bound Limbo

The cotton market flirted with higher prices all week, settling near the two-month highs reaching 86.79 in March and settling at 86.70 cents. Yet, prices are still well within the 10-cent trading range between 75 and 88 cents. The news appears bullish – hopefully is – but likely is more of the same range-bound news.

Chinese buying below 82 cents helped sell exports the prior week, just as it did this week. Last week's sales data, released today, was the impetus for today's move higher. Yet, recall that export buying occurred between 81.65 and 82 cents. Good sales were made this week, but again mostly in the low 82-cent area. Thus, the January 26 export report should reflect good sales, all made in the lows of the trading range.

The move to higher prices generated fund buying as the March contract moved above the 100-day moving average. Also of particular importance was that December moved above the 200-day moving average.

Funds are always in and out of the market, but March futures will need to push 89 cents before high-level fund buying will kickstart any bullish activity. Until then, we will have to be content with the 75-to-88-cent range-bound trading.

Chinese buying over the past two weeks was associated with "low" prices as noted, but also because the Chinese New Year has just begun and extraordinarily little, if any, business will be conducted during the forthcoming 10 days.

Mills were also active in price fixing and rolling on-call sales forward. Fixing of prices was tantamount to mills saying, "The market is coming down to suit me." Rolling of on-call sales was tantamount to saying, "There is acceptable risk in delaying fixing the price of cotton that I have contracted for, and it is likely price will move lower."

Said another way, mills will not chase the market higher, and, in all probability, prices will move back lower. That is, the price gap near 75 cents remains as major support should the current support at 81-82 cents eventually fail. There is a heavy, heavy cap on price at the 87-88 cent level.

Net sales of upland for the week ending Jan. 12 were 209,400 bales and represented a particularly good week – up noticeably from the prior week and the prior four weeks. Yet, we again note that particularly good sales were expected due to the low futures price. China, Pakistan, Turkey, Vietnam – the usual suspects – were the primary buyers.

Actual shipments were again a bit of a drag as they have been the past three months. The dichotomy is that shipments are 800,000 bales ahead of the prior year's pace, but actual sales are 3,000,000 bales behind.

Commodity prices are still underpriced compared to the general economy. The outlook for the U.S. economy remains very weak, but grain and oilseed prices are buoyed by Washington's desire to use agricultural produced oils and alcohol as automobile, industrial, and machine fuels. The prices of those products will support cotton prices as a necessity to support alignment of price ratios with cotton.

Growers should consider pricing cotton on any price advance above 87 cents as they are paying the carrying cost. Carrying cost will continue to increase while prices face major resistance above 88 cents. I remain bearish on 2023 U.S. planted acres (below 10.5 million).

Source: cottongrower.com- Jan 20, 2023

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Hundreds of EU Textile Plants Face New Environmental Requirements

Roughly 300 textile plants across the European Union will have to contend with new legal requirements under the bloc's industrial emissions directive to whittle their environmental impact based on best available techniques, or BATs.

The legal norms will give existing installations four years to "adapt," the Joint Research Centre, the European Commission's science and knowledge service, wrote last week. New facilities, on the other hand, will be required to comply immediately.

The move is part of the EU's broader zero pollution ambition—itself a facet of the European Green Deal to make Europe the first climate-neutral continent—to reduce air, water and soil pollution to levels harmless to health and the environment. The new norms, together with the EU chemicals strategy for sustainability, are designed to increase the protection of human health and the environment while boosting industry competitiveness.

The new norms will also affect some 3,000 chemical plants that will face new requirements for the management and treatment of waste gas bloc-wide.

In the case of textiles, the legislative changes will have the biggest influence on wet processing, which includes treatments such as bleaching, dyeing or finishing to imbue materials with properties such as water repellency. The new norms will fall under the EU's strategy for sustainable and circular textiles, which aspires to create a "greener, more competitive" textiles sector, the Joint Research Centre said.

There will be a special emphasis, the organization noted, on air and water emissions. The new norms will target more than 20 air and water pollutants including formaldehyde, total volatile organic compounds and dust, as well as ammonia for air and metals for water.

They will also home in on environmental issues relevant to the circular economy, such as energy efficiency and resource efficiency by way of water consumption, chemicals consumption and waste generation.

Overall, the industrial emissions directive is meant to promote more sustainable industrial production through the substitution of chemicals that are hazardous, harmful or have a high environmental impact by introducing an approach buttressed by a chemical management system, the Joint Research Centre said.

The process for compiling and reviewing BAT reference documents is spearheaded by the Joint Research Centre's European Integrated Pollution Prevention and Control Bureau.

The BAT conclusions for the textiles industry, which include fabric production, finishing, lamination, fiber spinning, wool fulling, washing and rinsing, were adopted in Brussels on Dec. 9. They do not cover the production of man-made fibers and yarns or the unhairing of hides and skins, which would fall under conclusions relating to polymer production and the tanning of hides and skins, respectively.

Source: sourcingjournal.com- Jan 20, 2023

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Japan's clothing imports up 18.6% to 258,588 mn yen in Dec 2022

The imports of clothing and accessories by Japan increased by 18.6 per cent year-on-year to 258,588 million yen ($2,009.90 million) in December 2022. They were 2.5 per cent of the total imports of 10,235,704 million yen during the period under review, according to the provisional trade statistics released by the Far Eastern country's ministry of finance.

The imports of textile yarn and fabric were valued at 100,215 million yen in December 2022, which was 14.1 per cent higher than the same period of last year. Yarn and fabric imports were 1 per cent of the total imports by Japan, as per the latest data.

Japan exported textile yarn and fabric worth 72,355 million yen during December 2022, an increase of 8.7 per cent year-on-year. The country’s exports of textile machinery were valued at 27,199 million yen, which was 19 per cent higher than the exports in December 2021, contributing 0.3 per cent to the total exports.

Source: fibre2fashion.com- Jan 21, 2023

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Morocco, Brazil Trade Volume Hits Over $3 Billion in 2022

Data compiled by the Brazilian Ministry of Economy shows that trade between the two countries increased by 26.12% in 2022 compared to a year earlier. The statistics cited by Morocco's news agency MAP, reported that Morocco exported over $2.06 billion of goods to Brazil last year.

Morocco's products from the chemical industries or other related industries dominated Moroccan exports to Brazil by $1.87 billion. Other leading industries that followed include animal products, mineral products, textiles, as well as machinery, and electrical parts. Brazil, which is Morocco's fourth trading partner, exported goods worth $1.06 billion to the North African kingdom. The number generated a trade surplus of about $1 billion for Morocco.

The data further explained that Moroccan exports to Brazil increased by 7.63%, while Moroccan imports from the Latin American country have almost doubled last year, increasing by 88.82% compared to 2021. Morocco's trade surplus dropped by 26.31% compared to $1.35 billion in 2021.

Products that Morocco imports from Brazil include food industry goods, which topped the list with $648.32 million, followed by plant products, base metals and derivatives, products of chemical or allied industries, and wood. Morocco and Brazil maintain stable diplomatic ties. The Latin American country has frequently expressed determination to boost ties with Rabat, stressing the country's geographical position in North Africa as a bridge to other countries and continents.

Morocco has been intensifying efforts to boost its leadership in international trade and cooperation. The 2022 US Investment Climate Statements identified Morocco's business hub as a favorable and safe investment climate. "Morocco actively encourages and facilitates foreign investment, particularly in export sectors like manufacturing, through positive macro-economic policies, trade liberalization, investment incentives, and structural reforms," the report emphasized.

Source: moroccoworldnews.com- Jan 20, 2023

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Netherlands' exports increase by 4.8% YoY in November 2022: CBS

Netherlands’ total volume of goods exported was up by 4.8 per cent in November 2022, compared to the corresponding period of the previous year, according to Statistics Netherlands (CBS).

The increase over November was mainly seen in exports of petroleum products and transport equipment. The country’s total volume of goods imported declined by 0.9 per cent year-on-year (YoY) in November 2022.

The CBS Exports Radar indicates that circumstances for exports in January are less favourable than in November. This is mainly because the YoY growth of German manufacturing output was lower and opinions of Dutch and European manufacturers about their foreign orders deteriorated.

In October 2022, Netherlands’ total volume of goods exports was up by 8.5 per cent YoY, while the country’s volume of goods imports was up by 7.4 per cent YoY.

Source: fibre2fashion.com- Jan 20, 2023

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Vietnam targets industrial productivity growth of 7.5% per annum

Vietnam's industrial productivity is targeted to grow by 7.5 per cent per annum on average, according to a draft plan for 2030 by the ministry of industry and trade. The country's index of industrial production is also targeted to increase by 8.5-9 per annum on average. The draft is based on the restructuring of the country's industry and trade sector.

The plan also targets average annual growth of over 8.5 per cent in added industrial value.

Manufacturing and processing sectors will account for roughly 30 per cent of GDP by 2030, as per the draft.

The plan aims to make a breakthrough in improving productivity, competitiveness, product quality, and added value by harmoniously developing the industry and fully optimising achievements of the Fourth Industrial Revolution and trade advantages, said Vietnamese media reports quoting the ministry.

In order to achieve those targets, focus will be on perfecting the domestic industrial production system via the development and upgrade of supply and value chains in industries. To reduce dependence on the import of equipment, machinery, and materials, industry supply chains are to be localised in the country. This could help in enhancing the competitiveness of Vietnamese products in global value chains.

The draft also emphasised that specifically green practices in industries will be promoted for efficient use of natural resources and energy. Vietnam is planning to shift from natural resource-based and labour-intensive industries to technology- and capital-intensive, green, and low-carbon ones.

Support industries will be facilitated to serve major export sectors like textile (garment, leather, footwear), the draft plan noted. With the restructuring of the industry and trade sector, support industries are expected to meet 70 per cent of domestic production demand.

The country also plans to strengthen the connectivity between domestic suppliers and multinationals investing in Vietnam to boost Vietnamese firms' participation in domestic and global manufacturing networks.

About 2,000 businesses are expected to be capable of directly supplying assembly companies and multinationals by 2030, as per the draft plan.

Source: fibre2fashion.com- Jan 20, 2023

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Bangladesh: Commerce minister seeks duty-free cotton from USA

Commerce Minister Tipu Munshi has sought duty-free benefits from the United States of America (USA) for importing cotton.

"Bangladesh is the second largest exporter of Ready-made Garments (RMG) in the world. About 82 per cent of Bangladesh's total exports come from RMG. The USA is a major cotton producer. Every year, Bangladesh imports a huge amount of cotton from different countries for use in garment factories. If the USA grants Bangladesh duty-free trade facilities for the import of cotton for use in RMG factories, it will benefit our industry," he said.

Tipu said this while speaking as the chief guest at the "4th Global Cotton Summit Bangladesh-2023" organized by Bangladesh Cotton Association (BCA) in collaboration with Bangladesh Textile Mills Association (BTMA) at Hotel Radisson Blue Water Garden in Dhaka, reports BSS citing a press release.

In his speech, Tipu said Bangladesh needs nine million belts of cotton to export RMG to the world market.

Out of this, only 1,50,000 belts of cotton are produced in the country and the production is about 1.6 per cent of the total demand, he added.

He said, "Bangladesh has to import the remaining huge amount of cotton from different countries. Bangladesh is making efforts to increase cotton production in the country. More efforts will be made in the coming days."

Tipu mentioned that if Bangladesh wants to export RMG worth US$ 100 billion in the next two years, a huge amount of cotton will be required.

Source: thefinancialexpress.com.bd - Jan 21, 2023

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Pakistan: Textile exports dip 16pc in December

The exp-orts of textile and clothing fell 16.47 per cent in December to $1.35 billion compared to $1.62bn in the same month last year, data released by the Pak-is-tan Bureau of Statistics (PBS) showed on Thursday.

The overall export proceeds shrank for the fourth consecutive month in a row. The drop shows the government would find it difficult to achieve the export target this fiscal year leading to more pressure on foreign exch-ange reserves of the country. The drop in textile and clothing exports is gaining momentum over the past four months owing to multiple factors including high energy costs, stuck-up refunds and a slump in global demands despite the massive depreciation of the rupee.

Exporters believe that one of the main reasons behind falling exports was the exchange rate instability. The discontinuation of duty drawbacks on local taxes and levies by the government has also created liquidity issues for the export sector. No official statement was issued from the commerce ministry to explain the reasons for the decline in export proceeds. Com-merce Minister Naveed Qamar since taking responsibility for the ministry has constantly been on foreign tours.

The PBS data showed the exports of readymade garments recorded 7.92pc negative growth in value in December but grew by 50.5pc in quantity, while knitwear dipped 19.54pc in value and but grew 24pc in quantity, bedwear posted a negative growth of 17.77pc in value and 22.74pc in quantity.

Towel exports went down by 14.05pc in value and 13.09pc in quantity, whereas those of cotton cloth dipped by 13.97pc in value and 19.42pc in quantity.

Among primary commodities, cotton yarn exports declined by 60.71pc, while yarn other than cotton by 19.09pc. The export of made-up articles — excluding towels — dipped by 49.92pc, and tents, canvas and tarpaulin by 26.04pc.

Source: dawn.com- Jan 20, 2023

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NATIONAL NEWS

Indian Embassy in Baku organizes India-Azerbaijan Textiles Business Meeting

The Embassy of India in Baku, in association with Texprocil and Founder Club, organized an India-Azerbaijan Business Meeting on Textiles Sector in hybrid mode on 19 January with the participation of the representatives of Azerbaijani and Indian textile companies in order to explore the potential for business cooperation in textile sector. About 20 Azerbaijani companies gathered in JW Marriott Absheron Baku to attend the event in physical mode, while their Indian counterparts joining the event in virtual mode.

The Cotton Textiles Export Promotion Council or Texprocil was set up in 1954 and is the international face of the cotton textile industry facilitating exports worldwide.

In his opening address, Vinay Kumar, Chargé d'Affaires of India in Baku, highlighted that there is a huge scope for diversifying India's economic engagement with Azerbaijan.

He mentioned that Indian apparel and ready-made garments like in many parts of the world are already well known in Azerbaijan both through sale by local entrepreneurs and other global franchises and underlined the huge potential for increasing market share of India in this sector in Azerbaijan. He also informed the participants that more details about Indian companies in various sectors may be seen at the portal www.indianbusinessportal.in

Speaking at the event with a keynote address, Dr Siddhartha Rajagopal, Executive Director of Texprocil said that the business meeting would provide a useful platform to gain more knowledge and access for Indian companies into the Azerbaijani market.

He also informed that Texprocil is organising the "Ind-Texpo" Exhibition, which will be held on 22nd & 23rd March 2023 at the Leela Ambience Convention Hotel in New Delhi.

The "Ind-Texpo" Show is the flagship event of Texprocil and is a Reverse Buyer Seller Meet wherein Texprocil will pay for the air fare (subject to a limit) and for the hotel stay for Azerbaijani business people to visit the Show in India and to do business with the Indian suppliers. The Show comprises of special B2B meeting sessions for the visiting companies with relevant exhibitors.

Leman Azizli, International Relations Manager of Founder Club spoke about the interest of Azerbaijani textile importers for cooperation and the potential for cooperation between the two countries in textile sector.

Representatives of 10 Indian companies dealing in cotton yarns, fabrics, uniforms, home textile and ready-made garments made presentations about their companies, production capacity and export potential. This was followed by the presentations by Azerbaijani textile companies and fruitful business discussions between Indian and Azerbaijan companies in question and answer session.

According to the Azerbaijani statistics, bilateral trade between India and Azerbaijan was $1.859 billion during the period from January to November 2022, with an increase of 156.5% in comparison with the same period of last year. During this period, India was Azerbaijan's fifth largest trade partner.

Source: azertag.az- Jan 20, 2023

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FTA negotiations with India 'well advanced', next round set to commence very soon: UK minister

A UK Foreign Office minister mentions in Parliament that the negotiations between Britain and India for the ambitious Free Trade Agreement (FTA) are moving further along, with the next round of talks set to take place very soon. He asserted the importance of a strong deal, stating that it could boost the country's economy.

UK Foreign Office minister for South Asia, Lord Tariq Ahmad also said that Britain's relationship with India is central to its foreign policy as it is one of the world's biggest economies, is a key partnership.

Ahmad was responding to the debate entitled "The Importance of the Relationship Between the United Kingdom and India" in the House of Lords on Thursday, tabled by British Indian peer Baroness Sandy Verma.

He confirmed that negotiations for a bilateral free trade agreement (FTA) are "well advanced", with the next round of negotiations set to commence very soon.

"It is true that, as we set up and strengthen this relationship, the United Kingdom's relationship with India is central to UK foreign policy," said Ahmad.

"As one of the world's biggest and fastest-growing economies, India is a key partner to the UK... We are also looking at lowering non-tariff barriers on medical devices to benefit British exporters, and are well advanced in our negotiations for an ambitious and balanced free trade agreement," he said.
A strong trade deal with India could boost the UK economy by billions of pounds over the long term, helping families across the country, he said.
"Cutting red tape and high tariffs could also make it easier and cheaper for UK companies to sell in India, driving growth and supporting jobs," he added.

As part of a review of the progress across all sectors of bilateral cooperation, including defence, health and climate action, the minister also addressed the issue of timelines related to a UK-India FTA.

"As an update, we have now completed six rounds of negotiations for a trade deal and will begin the next round very soon... Several noble Lords talked about timelines.

"I assure them that we are working those through specifically, but it was very much by mutual agreement to ensure that the trade deal signed is not rushed but properly thought through, and that all chapters are discussed in an exhaustive manner so that we reach a deal that is of mutual benefit to both countries and their peoples," the minister said.

As per the official UK government data, the India-UK bilateral trade currently stands at around 29.6 billion pounds a year. Both sides formally launched FTA negotiations in January last year with former prime minister Boris Johnson announcing a Diwali deadline for its conclusion.

However, Prime Minister Rishi Sunak committed to working "at pace" towards an FTA that does not "sacrifice quality for speed" after that October deadline was missed amid political turmoil in the UK.

The sixth round of negotiations to finalise the deal concluded last month with detailed draft treaty discussions across 11 policy areas over 28 separate sessions.

The UK government has said its target for the FTA is to achieve a deal to cut tariffs and open opportunities for UK services such as financial and legal, making it easier for British businesses to sell to the Indian economy.

Verma opened the debate by highlighting the recent creation of the India (Trade and Investment) All Party Parliamentary Group (APPG), backed by the British Indian think tank 1928 Institute as its secretariat. She revealed that the cross-party group is scheduled to take its first delegation to India in April.

"We believe that the group will provide a strong Parliament-wide link that will not just strengthen political engagement and understanding but will build on what will become the free trade agreement for us to make this century one of the strong foundations, strong collaborations and new partnerships," she said.

Lord Karan Bilimoria spoke of the need for large prime ministerial delegations to India and called on Prime Minister Sunak to lead one "as soon as possible".

"Today India has the presidency of the G20. Today India has a vision to become, in the next 25 years, the second-largest economy in the world with a GDP of USD 32 billion," he said.

"The Indian express has left the station. It is now the fastest train in the world-the fastest-growing major economy in the world. The UK must be its closest and most trusted friend and partner in the decades ahead," he added.

Source: economictimes.indiatimes.com- Jan 21, 2023

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Indian states need to engage more in FTA with Australia, says AIBC Chair McKay

The Indian government led by the Prime Minister Narendra Modi has been promoting the business relationship with Australia and the state governments need to build this further to take advantage of the Free Trade Agreement (FTA), said Jodi McKay, National Chair, the Australia India Business Council (AIBC).

The Economic Cooperation and Trade Agreement (ECTA) is the first FTA between India and a developed country in a decade. It was signed by the Minister of Commerce & Industry Piyush Goyal in April 2022 and has come into force from December 29.

The agreement is expected to increase bilateral trade between India and Australia to around $45-50 billion in the next five years from $27.5 billion in 2021.

“The Indian federal government has already done the job; the policy framework is already in place. The Modi government has been pushing and it will continue to do so, we cannot ask more from him, but we need Indian states to engage more to ensure that the numbers are achieved for both sides,” McKay told ET in an exclusive interaction.

Among Indian states, according to her, Tamil Nadu and Uttar Pradesh have already taken lead in terms of their engagements to take advantage of this FTA and other states can take a cue from them.

“When Minister Goyal was in Australia in April, he increased the bilateral trade target to a very ambitious level of $100 billion by 2030. So, if we are to meet those ambitions, then there is a lot of work that the government but also business needs to do,” McKay said.

She is of the view that the free trade agreement has set the framework and a conducive environment for businesses to operate in. But the businesses from both sides now need to step up and be willing to look at commercial activity on a scale not seen before.

In 2021, India’s exports to Australia stood at $10.5 billion and India’s imports from Australia were $17 billion, an effective deficit of $6.5 billion for India.

Australia is the 17th largest trading partner to India and India is Australia's 9th largest trading partner.

India's goods exports to Australia grew 135% between 2019 and 2021 and primarily comprised finished products such as textiles and apparels, engineering products, leather, footwear, gems & jewellery, and sportswear.

India's goods imports from Australia consist largely of raw materials, minerals, and intermediate goods. Around 3/4th of India's imports from Australia consisted of coal, with 70% of coal being coking coal.

Following the implementation of ECTA, according to McKay, a significant growth is expected in finished products from India's labour-intensive sectors such as textiles and apparel, gems and jewellery, leather and footwear, furniture, and engineering goods. These items had a 4-5% tariff in Australia pre-ECTA, as against other countries with which Australia has FTAs in South East Asia.

The FTA will also help Indian entrepreneurs access cheaper raw materials such as critical minerals for sectors such as steel, renewable, electric vehicles manufacturing, aluminium, fabric and garments, making these more competitive, added McKay who is a passionate advocate of India in Australia, a former member of parliament. Her love of the sari is well-known and she was the first woman to wear a sari to an Australian Parliament.

Along with the ECTA, Australia has agreed to amend Australian domestic taxation law to stop the taxation of offshore income of Indian firms providing technical services to Australia. This resolves a long-pending request made by India. As per industry estimates,

Indian IT firms can potentially save more than $1 bn in taxes over the next few years as a result of the above amendment, enhancing their competitiveness.

Source: economictimes.indiatimes.com- Jan 21, 2023

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Budget may provide import duty exemption on more input items for exporters

The Finance Ministry may provide some relief to exporters in Budget 2023–24 by allowing import duty exemptions on a larger number of trimmings, embellishment items, and input materials, mainly used by the apparel and textiles, handicraft, and leather industries.

"Exemption from import duties on a whole range of inputs, embellishments, and trimmings such as velcro tape, sewing thread, wadding materials, and textile flowers would ease cash flow for exporters and is being considered by the Finance Ministry," an official tracking the matter told businessline.

Import duty relief

In last year's budget, Finance Minister Nirmala Sitharaman announced import duty exemptions for some embellishments and input materials, but those were very few in number. "The FM provided import duty relief for just 8–9 items in last year's Budget. That is not enough. Foreign buyers insist on a variety of specific inputs and embellishments to be used in the exported item that have to be necessarily imported. Exporters want relief on all such items," the official said.

The list of embellishments and trimming items for import duty exemption submitted by exporters to the government also includes shoulder pads, sliders / pullers, various tapes, elastic cloth & band, beads for embroidery, bobbin elastic, water-soluble lining, stamping foils, insoles, glove liner, shanks, toe caps, adhesive, ribs, heals, leather board, shoe laces, and fashion taps; electric parts for fitting on electric lamps; and CFL and bulb.

"The items under consideration attract import duties ranging between 5 and 12.5 per cent. Although the import duties get reimbursed as an Input Tax Credit under GST, but there is a time lag, and exporters' cash gets stuck. Exempting them would ease cash flow," the official said.

As the demand would not result in an additional burden for the exchequer, the commerce department is hopeful that it would not be difficult for the finance Ministry to fulfill.

Source: thehindubusinessline.com- Jan 20, 2023

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India's foreign exchange reserves surge $10 billion to five-month high

The Reserve Bank of India's (RBI's) foreign exchange reserves surged by $10.42 billion to a five-month high of $572 billion in the week ended January 13, latest data showed.

The reserves were at $572.98 billion in the week ended August 5, 2022.

The rise in the RBI's reserves is the sharpest since the week ended December 2, 2022. According to analysts the increase in the reserves was owing to a positive valuation impact in the face of a weaker US dollar as well as likely purchases of the American currency by the RBI.

For the week ended January 13, the RBI's foreign currency assets jumped $9.1 billion to $505.52 billion, the data showed.

In the previous week, the US dollar index weakened sharply as data showed slowing inflation in the country, strengthening the case for the Federal Reserve to reduce the pace of its monetary tightening. The rupee gained 1.7 per cent versus the US dollar in the previous week, strengthening past the 82 per dollar mark.

"The overall balance of payments has improved and so have valuations. There were likely some dollar purchases by the RBI. That can be seen from the improvement in the liquidity situation in the banking system," Soumyajit Niyogi, director, India Ratings & Research said.

"Moreover, the fourth quarter is typically favourable for flows, whether through export of software services or for debt-equity flows," he said.

Following a decline of $100 billion in its reserves from February to September of 2022, the RBI has over the past couple of months been replenishing its foreign exchange reserves.

"The RBI has aggressively bought the dollar to support the local currency from sharp appreciation. It has absorbed the dollar inflows (Start-up funding inflows). The appreciation in gold and non-dollar assets also reflected the forex reserves gains," HDFC Securities research analyst Dilip Parmar said.

The foreign exchange reserves increased by $28.9 billion since September-end and stood at $561.6 billion as on January 6, covering more than nine months of imports projected for 2022-23," RBI staff said earlier this week. In November 2022, the central bank net purchased US dollars for the first time since May 2022.

From June to October of 2022, the RBI was a net seller of US dollars in the currency market as the central bank sought to rein in excessive volatility in the rupee's exchange rate amid aggressive rate hikes by the Federal Reserve.

Source: business-standard.com- Jan 20, 2023

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2023 to be tough on trade as global economies will slow down: GTRI to Govt

Announcement of measures such as quick refund of duties, resolving inverted duty issues and bringing exports through post and courier at par with standard customs clearances in the forthcoming Budget would significantly help boost the country's outbound shipments, economic think tank GTRI said on Friday.

Most forecasts say that 2023 will be tough on trade as large global economies are slowing down for many reasons and in this backdrop some extra push would help the exporting community of India, the Global Trade Research Initiative (GTRI) said.

Budget 2023 is scheduled to be presented by Finance Minister Nirmala Sitharaman on February 1.

The think tank suggested five measures - credit all duty refunds into exporters account as soon as goods leave; reduce incidences of inverted duties as they weaken Make in India; use simple language in customs notifications; bringing exports through post and courier at par with standard customs clearances; and not allowing machinery import at zero duty for making products for the domestic market.

An inverted duty condition happens when duties on inputs are high, and on corresponding output is low. Expensive inputs make costly products that cannot compete in the export market. In the domestic market, such products are prone to cheaper imports.

These measures would help competitiveness of domestic exporters and that in turn would help increase the shipments, it said adding India's merchandise trade exceeded USD 1.1 trillion in 2022.

It suggested a merger of the duty drawback and RoDTEP (Remission of Duties and Taxes on Exported Products) schemes into one and notification of product category wise rates as a percentage of export values.

"Both schemes have independent rule books and rate lists even though they apply for the same export consignment. Also, if an exporter forgets to tick the relevant column in the shipping bill, he gets no money even if he has exported and met all other conditions," it added.

The government refunds the taxes paid on inputs used in making of export products and this money is coming down gradually. The average rate of refund as a percentage of export value used to be over 20 per cent two decades back and the average rate came down to about 10 per cent five years back.

Now the average rate is less than 4 per cent from both Drawback and RODTEP schemes, it said.

Talking about the language of customs notifications, the GTRI said their language is difficult to understand and companies have to hire experts to understand meaning and implications of those notifications.

For example, it said, finding the correct customs duty for a product is a pain and a firm needs an expert to wade through the maze of hundreds of customs notifications issued every year.

On bringing exports through post and courier at par with standard customs clearances, it said that with the challenging global economic situation, buyers insist upon quick deliveries and exports must be free to use the mode of shipment.

"Current rules require that shipments above the value of Rs 5 lakh cannot use India post and courier. Also, a product exported through a normal customs process gets benefits like Drawback and RODTEP, but no such benefit for the same product shipped from post or courier mode, it said.

Former Indian Trade Service officer Ajay Srivastava is the co-founder of GTRI. He took voluntary retirement from Government of India in March 2022. He has a rich experience in trade policy making, and issues related to WTO and FTAs.

Source: business-standard.com- Jan 20, 2023

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Govt eases norms for certain sectors under Export Promotion Capital Goods scheme

In a relief to exporters from hotel, healthcare, and educational sectors, the government on Friday announced a one-time relaxation for them with respect to maintaining the average export obligation under the Export Promotion Capital Goods (EPCG) scheme. Under the scheme, imports of capital goods are allowed duty free, subject to an export obligation.

The latest relaxation will be available for hotel, healthcare, and educational sectors, the commerce ministry said in a statement. "This relaxation has been provided in light of the economic slowdown caused by the COVID-19 pandemic. This relief will help the hotel, healthcare and educational sectors to cope with the negative impact of the pandemic on their export activities," the statement said. For 2020-21 and 2021-22, these sectors will not be required to maintain the average export obligation for EPCG authorisations issued to them.

"The government has announced a one-time relaxation from maintaining the average export obligation and an option to extend the export obligation period for certain sectors under the EPCG scheme," it said.

These sectors will also have the option to extend the export obligation period for a longer duration without having to pay any additional fees. "This extension will be granted without payment of composition fees. However, for EPCG authorisations issued for sectors other than hotel, healthcare and educational, the export obligation period may be extended for the number of days the existing export obligation period falls within February 1, 2020 and July 31, 2021," it added.

In such cases, the extension will be granted without payment of composition fees, but with a 5 per cent additional export obligation in value terms on the balance export obligation as on March 31, 2022. The scheme aims to encourage the production of goods for export by providing import duty concessions on capital goods. It is administered by the Directorate General of Foreign Trade (DGFT) and is governed by the Foreign Trade Policy of India.

Source: economictimes.com- Jan 20, 2023

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Trade winds: On falling Indian exports

December 2022 marked the steepest fall in two years for India's goods exports, with products worth $34.5 billion shipped out — 12.2% lower than a year ago. This was the second time in three months that shipments dropped year-on-year and top Commerce Ministry officials sought to calm nerves by citing the global headwinds that were posing challenges for Indian merchandise. These include the clouds of recession blowing through Europe and the U.S., the COVID-19 situation in China and a reversion towards protectionism in some markets.

To be clear, a high base effect also played a role in exaggerating the year-on-year export dip in December. December 2021 had clocked the second highest exports (worth $39.3 billion) in 2021-22, when India's goods shipments crossed a record $422 billion.

The world's trade dynamics have been altered since then, as the momentum swung from a strong post-pandemic pent-up rebound to a stuttering growth trajectory amid soaring inflation and geopolitical muddling, with the Ukraine-Russia conflict counting as only one of the many shocks to the global economy through 2022.

Amid these tumultuous times, a month-on-month reading of export trends is perhaps a better way to gauge the situation. For now, December's export numbers, even if lifted by the last batches of pre-holiday festive shipments reaching their destined shores, hold up well on this front vis-à-vis October and November's initial trade estimates.

The other silver lining is that imports also contracted 3.5% in December, the first such instance since November 2020, although they remained flat sequentially at around $58.2 billion. For the first nine months of 2022-23, India's goods exports are still 9.1% higher than a year ago, slightly lower than the 11.1% rise recorded till November 2022.

Some agencies expect the global recession to hit demand for Indian goods far harder in the current quarter so much so that the full year could still end up with a shrinkage in exports. In December itself, new export orders grew at the slowest pace in five months as firms struggled in key export markets, as per the S&P Global India Manufacturing Purchasing Managers Index.

The latest data on U.S. retail sales signal the sharpest slump in 12 months even as industrial output has tanked, signalling that demand for finished goods or inputs is set to slacken further in India's top export destination. With China reopening, competition is expected to intensify even as demand shrinks.

Some recent government moves such as fixing glitches in a duty remission scheme for exports and lifting curbs on iron ore shipments have helped, but more macro- and swifter micro-policy actions are warranted to keep the export engine chugging.

Source: thehindu.com- Jan 21, 2023

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Cotton yarn demand poor in south India; coarse count down in Mumbai

Bearish trend persisted in south India's cotton yarn market today. Poor buying of coarse count yarn pulled its prices down in Mumbai. Cotton yarn of 40 and 44 counts were down by ₹2-10 per kg, while fine counts yarn remained stable. Tiruppur opened after Pongal, but demand remained weak as garment units are facing sluggish buying from retailers. Prices of cotton yarn of 40/41 and 44/46 counts witnessed a drop in Mumbai. A trader from this market told Fibre2Fashion, "Mills are once again under pressure to clear their stocks. They are not getting sufficient orders from the weaving industry."

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,540-1,570 and ₹1,440-1,490 per 5 kg (GST extra) respectively. 60 combed warp was priced at ₹345-350 per kg. 80 carded (weft) cotton yarn was sold at ₹1,470-1,490 per 4.5 kg. 44/46 count carded cotton yarn (warp) was priced at ₹275-280 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹262-268 per kg and 40/41 count combed yarn (warp) was priced at ₹290-293 per kg, according to Fibre2Fashion's market insight tool TexPro. Prices remained steady in Tiruppur as buyers continued to be absent from the market. Production activities at garment units were not encouraging. Traders said that the demand did not improve after the festival and stockists and millers will have to wait more. Domestic demand can be expected to improve from the festival of Eid, which will fall in April.

In Tiruppur, 30 count combed cotton yarn was traded at ₹285-290 per kg (GST extra), 34 count combed at ₹300-305 per kg and 40 count combed at ₹310-315 per kg. Cotton yarn of 30 count carded was sold at ₹255-260 per kg, 34 count carded at ₹265-270 per kg and 40 count carded at ₹270-275 per kg, as per TexPro.

In Gujarat, cotton was traded at ₹62,300-62,800 per candy of 356 kg. The prices have improved since the last couple of days. According to the traders, demand reduced due to higher prices. The prices had increased to ₹63,500 per candy but could not sustain.

Source: fibre2fashion.com- Jan 20, 2023

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