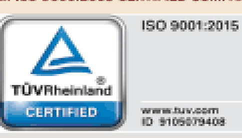

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IBTEX No. 25 of 2023 February 04, 2023

NEWS CLIPPINGS

Currency Watch	
USD	82.49
EUR	89.33
GBP	99.42
JPY	0.63

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INTERNATIONAL NEWS

Why a China-GCC free trade agreement might be a game changer

Trade and investment relations between China and the six-member GCC economic bloc could soon receive a major boost, especially in the new energy sector, as the two sides edge closer to signing a free trade agreement, according to analysts.

While a Gulf-China FTA has been on the table for nearly two decades, the deal received fresh impetus after China's new Foreign Minister Qin Gang this week called for it to be finalised "as soon as possible" during a telephone conversation with Saudi Arabia's Foreign Minister Prince Faisal bin Farhan.

"It is important that the two sides further expand co-operation in such areas as economy and trade, energy, infrastructure, investment, finance and high-tech … strengthen the China-GCC strategic partnership, and build a China-GCC free trade zone as soon as possible," he said.

Nasser Saidi, president of Nasser Saidi & Associates and former chief economist of the Dubai International Financial Centre, says an FTA could be signed as early as this year.

"The China-GCC FTA negotiations have been ongoing since 2004. While it has taken a long time, agreements have been reached on most trade-related issues," says Mr Saidi, who also previously served as Lebanon's minister of economy and industry and deputy governor of the country's central bank.

"This is the last mile for negotiations, and considering [the] GCC's plans to increase economic diversification, the agreement is likely to focus beyond just oil, [and] into trade [and] services (including digital), tech sectors and both portfolio and direct investments."

Chinese President Xi Jingping's historic visit to Saudi Arabia in December heralds a "major shift" in the strategic relationship between China and the GCC.

"President Xi's visit will give a strong impetus and I anticipate an initial FTA could be signed in 2023," says Mr Saidi.

Lombard Odier macro strategist Homin Lee says the deal could be signed soon.

"We can expect a quick wrap-up of the negotiations as soon as both sides have the resolve to move forward on key issues that have been holding them back," he says.
Strong ties

Mr Saidi says trade between the GCC and China has been steadily rising and doubled between 2010 and 2021, with China accounting for about 16.7 per cent of the Gulf region's total trade in 2021.

China, the world's second-largest economy, is already the top trading partner of Saudi Arabia, with bilateral trade volumes hitting 295.6 billion Saudi riyals ($78.8 billion) in the first nine months of 2022, according to data from the General Authority for Statistics (Gastat).

Exports to China from the kingdom reached 189.5 billion riyals, accounting for 16 per cent of total exports during the period.

Meanwhile, imports from the Asian nation represented about 21 per cent of Saudi Arabia's total imports at 106.1 billion riyals.

Trade between China and the Emirates is also growing rapidly.

Volumes reached a record high of $99.27 billion last year, marking an annual increase of 37.4 per cent, Zhang Yiming, China's Ambassador to the UAE, tweeted on Friday.

China's imports from the UAE stood at $45.41 billion, up about 59 per cent, while its exports to the Emirates also grew more than 23 per cent to $53.86 billion, he said.

The Asian nation has become the UAE's largest non-oil trading partner, while the Emirates is China's second-largest trading partner and the largest export market in the Arab region, Mr Yiming told state news agency Wam in November.

“An FTA will definitely boost trade connections. This was very much visible with the comprehensive economic agreement signed with India [by the UAE] and it should help in deepening trade ties further between the GCC and China,” says Abu Dhabi Commercial Bank's chief economist Monica Malik.

Mr Lee from Lombard Odier says China would have a chance to compete better on the supply of intermediate goods to the GCC if the FTA comes into effect.

“The region is ramping up its infrastructure investments amid a boom in energy markets, and China is in a good position to help with such efforts with its large industries capable of supplying capital goods and related commercial services for projects abroad.”

But the FTA will have a major impact on more than just trade.

“Generally, tariffs on good are fairly low, so while a FTA will benefit trade, it is probably investment linkages that will generate the greater returns,” says Scott Livermore, chief economist at Oxford Economics Middle East.

Focus areas

While oil is a major focus for trade between China and the GCC, the FTA will open up several opportunities outside that sector.

“The broader energy sector beyond crude oil is likely to be an important focus, especially natural gas and renewables,” says Robert Mogielnicki, senior resident scholar at the Arab Gulf States Institute in Washington.

The non-oil goods and services trade is also an important component of any FTA negotiations, he says.

Mr Saidi says an FTA would open new sectors such as services, technology, artificial intelligence and robotics, and strengthen linkages in infrastructure, transport and logistics, leading to a “potential doubling of non-oil trade in three years”.

Opportunities also exist in construction, manufacturing, tourism and space exploration, as well as the linking of financial markets, he says.

ADCB's Ms Malik says GCC sectors linked to petrochemicals will also be key areas since China is expected to be a main driver for petrochemicals demand globally going forward.

“In the longer term, as diversification programmes in the region deepen, we will see a broader range of exports going to China. In the near term, we expect much of the benefit of the non-oil trade will be cheaper imports from China,” she says.

Mr Lee says the Gulf region could look at adding “competitively priced” imports of machinery, transport equipment and manufacture products from China.

“China’s green sectors might also get a boost from the deal since the GCC region is trying to diversify its energy infrastructure and China has leading positions in many sub-sectors that are key to electrification and electric vehicles.”

Changing flows

Globally, geopolitical factors have shifted the nature of trade significantly. Last year's overall trade growth is projected at 3.5 per cent owing to a deceleration in the world economy, according to World Trade Organisation estimates.

The WTO has trimmed its forecast for trade growth to 1 per cent in 2023, citing increasing downside risks from high inflation, declining consumer spending and the continuing energy crisis.

However, countries such as the UAE significantly outpaced the global trade growth last year — at an estimated 15 per cent — and continue to seek new opportunities across continents.

“We expect the GCC countries to maintain a degree of strategic flexibility for the foreseeable future when it comes to trade, as they are fundamentally incentivised to get the best value for the commodities they export to other countries,” Mr Lee says.

According to Mr Livermore, while the Gulf states are looking to the East for growth opportunities, the bloc is seeking to broaden its economic

sphere and the “West will remain important economically, as well as politically”.

Mr Mogielnicki from the Arab Gulf States Institute believes Asian economies clearly present a longer-term priority for GCC countries’ global economic engagement.

“Growth across the strongest Asian countries is likely to outplace global averages over the short and medium terms,” he says.
Combining strengths

Looking ahead, China-GCC relations are set to grow significantly in the longer term.

“China will remain one of the GCC’s main energy importers and the GCC will have the option to use China’s competitive cyclical industries for its efforts to expand and diversify domestic capacity, and prepare for the global climate transition,” says Mr Lee.

Ms Malik says China and GCC trade relations are already on a strong footing, but going forward, “broadening and strengthening trade will be key, it will be prioritised and it will be an area of mutual growth”.

While China is a big export market, Mr Saidi sees many opportunities beyond trade and investment.

“First and foremost, there could be significant benefits from the adoption of the PetroYuan,” he says.

“Oil could continue to be priced in USD, but payment and settlement would be in Yuan. The Yuan could be used for all bilateral trade with only the net balance settled in euro or USD.”

At the moment, the greenback still accounts for 60 per cent of the global reserve currency and the pricing and selling of crude is in US dollars.

Deeper economic ties mean that China and the Gulf region can benefit from increased co-operation on numerous fronts such as the integration of banking and payment systems, the expansion of central bank swap agreements, collaboration between special economic zones and state-

owned enterprises becoming an instrument of economic and industrial policy.

“Sovereign wealth funds can also be used as an instrument for co-operation — for example GCC SWFs can focus more of their portfolios on Asian economies, especially China, and vice versa,” says Mr Saidi.

“In parallel, China will emerge as a geostrategic partner of the GCC in defence and security, given alignment on most political issues.”

Source: thenationalnews.com- Feb 03, 2023

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Reusing textiles has 70x less environmental impact: European study

Reuse of textiles has 70 times lower impact on environment as compared to producing new clothing, a new life-cycle assessment (LCA) commissioned by the European textile reuse and recycling industry has confirmed. The study revealed that a substantial 3 kg of carbon dioxide (CO_2) is saved for each high or medium-quality clothing that is reused.

Only a mere 0.01 per cent of the water used to produce new clothing is required for reuse, the study further stated. These results come on the back of the European Union (EU) launching its strategy for sustainable textiles just a few months ago and requirements for member states to start collecting textiles separately by 2025, European Recycling Industries' Confederation (EuRIC) said in a press release. While the study confirms waste hierarchy assumptions on the environmental benefits of reuse over recycling, in the case of low-quality clothing, typically entirely composed of polyester, recycling also has comparative environmental benefits when consumers are less likely to purchase second-hand clothing.

The study also emphasised recommendations to policymakers, calling for initiatives that accelerate investments in state-of-the-art textile recycling facilities globally. In particular, innovation in fibre-to-fibre recycling will be key to keep textile fibres in the loop as volumes of non-reusable clothing are set to dramatically increase. The study also notes the importance of eco-design criteria that enhance the lifespan of clothing before there is a need for recycling as well as rules that mandate detailed sorting of high or medium-quality and low-quality textiles.

"Regrettably, around 62 per cent of used clothing and textiles end up in household waste meaning valuable textiles are likely to be incinerated or landfilled. The European textile reuse and recycling industry envisages a circular textile value chain where every piece of clothing is reused in an optimal way and/or recycled," said Mariska Boer, president of EuRIC Textiles. "This study endorses the environmental benefits of a global market for textile reuse and recycling's potential to tackle the rising amounts of low-quality and non-reusable clothing."

Source: fibre2fashion.com- Feb 03, 2023

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Brazil's cotton sales resume gradually in January 2023

Brazilian cotton sales resumed in January 2023 and noted a gradual rise. As observed in 2022, agents reported difficulties in matching the prices and quality of the product, which affected liquidity in the spot market. In this scenario, the CEPEA/ESALQ Index for cotton stayed at around BRL 5.3/pound for the month of January.

As for demand, traders continued to prioritise the accomplishment of contracts. Some buyers were searching for higher-quality cotton, and some of were willing to pay higher prices to meet the specific requirements. It is important to highlight that agents from processors reported low demand along the entire textile chain, claiming difficulties to pass on the higher cotton prices to finished products, thus reducing purchases, the Sao Paulo-based Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report on the Brazilian cotton market.

Cotton farmers were unwilling to lower asking prices, majorly those who had made cash flow. Sellers were willing to reduce quotations only for lower-quality cotton. Some of them decided to wait for better deal opportunities with higher-quality cotton.

Between December 29 and January 31, the CEPEA/ESALQ Index for cotton increased by 0.14 per cent, to BRL 5.2561/pound. The average of the Index in January (BRL 5.3362/pound) was 0.3 per cent higher than that from Dec 2022 but 23.9 per cent lower than that in Jan 2022, in real terms (values were deflated by the IGP-DI from Dec 2022). Still, domestic prices were 17.7 per cent higher than the export parity value, on average, in January.

Early deals for the 2021-22 crop—for delivery in the coming months—were closed in late January. For exports, agents took advantage of the valuations of contracts at ICE Futures to fix prices. Sales of the current and the two coming crops were registered.

According to data from ABRAPA, the Brazilian Cotton Growers Association, 57.31 per cent of the 2022-23 cotton crop had been sown in Brazil by January 26.

Data released on January 27 by Cotton Outlook shows a decrease of 0.14 per cent in the world cotton production in the 2022-23 season to 24.862 million tons, 0.7 per cent down from that last crop.

For Brazil, the 2022-23 output is estimated to be 13.5 per cent higher than that in the previous season, but data have been revised down by 0.9 per cent from that forecast in Dec 2022.

Source: fibre2fashion.com- Feb 03, 2023

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Australian economy on narrow path to soft landing, growth to slow: IMF

Australia's economy is on a narrow path to a soft landing, with downside risks, and growth is expected to slow to 1.6 per cent this year from about 3.6 per cent in 2022, as higher interest rates and weaker global growth cut into domestic demand and net exports, according to the International Monetary Fund (IMF), whose executive board concluded the Article IV consultation with Australia last month.

Inflation is projected to decelerate gradually toward the 2-3 per cent target by end-2024. Downside risks to the economic outlook dominate, with significant uncertainty regarding global growth, commodity prices and domestic developments surrounding wages, housing prices, and the effect of tighter monetary conditions, the executive committee noted.

Tighter financial conditions, erosion of real incomes amid high inflation, declining housing prices, and soft global growth point to a significant deceleration in Australia. Inflation is projected to decline gradually but remains above target until 2024, subject to significant uncertainty.

Downside risks to growth stem from a stronger global downturn, persistently high inflation expectations, and rising geo-economic fragmentation, the IMF added.

Source: fibre2fashion.com - Feb 04, 2023

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Turkiye's apparel exports up 6.46% in 2022, down in December

Apparel exports from Turkiye increased by 6.46 per cent year-on-year (YoY) in January-December 2022, as per the data from the Turkish Statistical Institute and the country's ministry of trade. During the year, Turkiye exported apparel worth $19.475 billion, compared to the exports of $18.294 billion during 2021. The exports decreased by 9.2 per cent YoY to $0.890 billion in December 2022.

Category-wise, exports of knitted and crocheted clothing and accessories (HS chapter 61) earned $11.011 billion in January-December 2022, registering a growth of 2.1 per cent over $10.780 billion earned during the same months of the previous year. Exports of non-knitted apparel and accessories (HS chapter 62) were valued at $8.464 billion, showing an increase of 12.7 per cent compared to $7.513 billion exports in January-December 2021.

Meanwhile, Turkiye's imports of cotton, cotton yarn and cotton textiles (HS chapter 52) increased by a sharp 30.3 per cent to $4.842 billion over $3.714 billion in 2021.

In December 2022, the latest month for which the data is available, Turkiye's exports of knitted and crocheted clothing and accessories (HS chapter 61) were affected by the global economic slowdown and low demand. The shipment of non-knitted apparel and accessories (HS chapter 62) also noticed a negative growth of 4 per cent in the same month.

During 2021, Turkiye's total exports of knitted and crocheted clothing and accessories (HS chapter 61) and non-knitted apparel and accessories (HS chapter 62) were valued at $18.294 billion.

Source: fibre2fashion.com- Feb 03, 2023

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Levi Strauss Partners With Artistic Milliners on Organic Cotton

Though Milliner Organic cotton will comprise “a small portion” of the denim giant’s overall material volume, the company said the partnership—coordinated via the Organic Cotton Accelerator (OCA)—will help its teams “learn firsthand about sourcing organic cotton through a more direct method.” These lessons could “help inform future efforts,” it added.

According to LS&Co., 95 percent of the cotton it sourced in fiscal 2021—the 12-month period ended Nov. 28, 2021—was organic, recycled or Better Cotton. It intends to reach 100 percent certified or “preferred more sustainable cotton” in 2025, while at the same time diversifying its portfolio to include “more sustainable and less resource-intensive alternatives to conventional virgin cotton.”

“Our strategy to reach this goal includes supporting organic cotton agriculture, using more post-consumer recycled cotton when available and sourcing pre-consumer recycled cotton,” LS&Co. told Sourcing Journal.

LS&Co. joined the Organic Cotton Accelerator in April, just two months before Artistic Milliners’ Milliner Organic project harvested its first certified in-transition organic cotton crop. At the time, Artistic Milliners managing director Omer Ahmed dubbed it “the first of many to come.” Bestseller’s Jack & Jones label became the first to debut Milliner Organic denim in December. Artistic Milliners will supply organic cotton to H&M as well.

The Pakistani denim supplier launched the Milliner Organic project in 2020 in Pakistan’s Balochistan province. After beginning with 1,000 farmers in the 2021 season, the initiative expanded to 1,600 a year later and 2,000 for the 2023 season. Partners receive non-genetically modified, organic cotton seed, as well as training and support to transition their farmland.

Artistic Milliners plans to “sustainably grow” the farming area and make it economically viable for farmers to grow organic cotton without outside financial support, it said. It also intends to bring in regenerative certification through the Regenagri standard.

“This project is special to us, as not only do we support farmers as they switch to organic cotton farming methods, but we also get to bring innovation and ingenuity to the farming communities,” Ahmed said in a statement. “We connect all players of the supply chain to map our product’s journey from

farm to fashion with blockchain-enabled traceability. This level of transparency is vital to raising the bar in collaboration and fostering strong partnerships."

The supplier developed the Milliner Organic initiative in partnership with WWF Pakistan and the Government of Baluchistan. The former has provided insights into the community, while the latter used its organic farming expertise to get farmers up to speed and certified, Artistic Milliners said.

WWF Pakistan, it noted, also helped the company support farmers in the aftermath of last year's devastating monsoon season. The flash foods left the farming communities' homes "extensively damaged," washed away cattle and flooded many crops for days, Artistic Milliners said.

When the rains subsided, the final damage to the crops came to around 15 to 20 percent, it estimated, "far better than previous estimates, but still a lot for the farmers, who would not be able to make profits with this crop." In addition to providing food packages to the farming community, Artistic Milliners worked in partnership with WWF Pakistan to raise funds for the "rehabilitation of the community."

"Working with the Milliner Organic project, Levi Strauss & Co. is able to secure organic cotton directly from participating farmers who have the support they need to increase yields and provide for their families and communities," Jeffrey Hogue, LS&Co.'s chief sustainability officer, said in a statement. "It is through partnerships made available to us through OCA that we can work together to not only support the longevity of cotton, but also make sure the way we do it best supports the communities where the cotton is being grown."

According to the OCA's most recent annual report, the multi-stakeholder organization worked with 22,146 farmers during the 2020-2021 farming season. Together, they farmed 22,388 hectares of organic cotton, with an average organic cotton net income of 635 euros, or $693, per hectare. It estimated these farmers earned a net income 21 percent higher than their conventional peers.

Source: sourcingjournal.com- Feb 03, 2023

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Pressure on carriers drives cut-throat freight market for China's exports

A parallel freight market is emerging for exports from China that undercuts the lowest container spot rates.

Asia-North Europe ocean carriers are proactively quoting small- and medium-volume shippers 'special' FAK rates below $1,000 per 40ft from China to the UK, as they scramble to fill their ships in the dismal market that has followed the Chinese New Year holiday.

Indeed, The Loadstar has sighted an e-mailed quote this week from a major carrier for $998 per 40ft from a range of Chinese ports to the UK port of Felixstowe, valid until 14 February.

Moreover, The Loadstar also received a no-volume commitment offer from a China-based forwarding agent down to $1,400 per 40ft from Shanghai and Ningbo to Felixstowe, and $1,450 for Hamburg and Rotterdam, valid until the middle of the month.

The forwarder claims the rates are valid with all the main Asia-North Europe carriers and they can offer prompt shipment.

A UK-based NVOCC contact told The Loadstar the forwarder would most likely enjoy a "sizeable markup" on the rates, so the base rate with the carrier would "probably be around $1,000".

He added: "The way things are going, they might even be able to achieve lower rates than that soon, as the carriers are desperate."

Nevertheless, the container spot market indices appear to have paused their decline with, for example, Xeneta's XSI North Europe component almost unchanged this week, at $1,787 per 40ft.

"These indices are only as accurate as the information they are given, and some of this data is obviously being held back," said the NVOCC contact. "And don't forget also, that spot rate indicators are an average and therefore do not necessarily reflect the lowest rates."

Meanwhile, on the transpacific, Drewry's WCI Asia to US west coast reading was down 1% on the week, to $2,056 per 40ft, whereas the XSI saw a drop of 3%, to $1,529.

However, on the US east coast, the Freightos Baltic Exchange FBX reading held steady this week at $2,660 per 40ft.

And transatlantic shippers are starting to see the impact of the significant injection of extra capacity on the route, with another 5% fall in the FBX North Europe to the US east coast spot, to $4,956 per 40ft.

According to Vespucci Maritime CEO Lars Jensen, the immediate outlook for carriers is more of the same, with new rate wars looming across tradelanes.

He noted that volumes on the major deepsea trades were "either at, or below, pre-pandemic levels following the collapse which began in September".

"This is driven by importers, especially in Europe and North America, undergoing an inventory correction," said Mr Jensen. "All elements in the container shipping markets point to a challenging period for container carriers in 2023."

And the analyst warned: "Not only are the fundamental elements pointing to a cyclical downturn, but competitive pressure between carriers is also poised for a temporary increase."

Source: theloadstar.com- Feb 03, 2023

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Cotton's Great Expectations and Its Sobering Reality

Cotton's week was filled with expectations of great sales to China, a breakout to higher prices, and the industry patting itself on the back as demand shot higher. The reality: Cotton prices moved lower on very average export sales and shipments, while economic reports point to potentially higher inflation and a further reduction in consumer spending.

The market (various contracts) was down 100 points in Friday's (Feb. 3) trading, leaving prices some 150 points lower on the week. The spot March futures contract settled at 85.43 cents, and the new crop December settled at 85.15 cents. While export sales and shipments were good, shipments were again lower than the weekly average level needed to meet USDA's export estimate of 12.0 million bales.

U.S. economic reports brought another 25 basis points increase in interest rates by the Fed and employment numbers suggesting that the U.S. economy is still growing too fast. Further, increased rates will be necessary, probably as many as four. All the talk of increased demand and strong export sales is just that, talk. Market fundamentals have failed to exhibit any indication that suggests improvement in demand. To the contrary, consumer spending is slowing as credit card debt has climbed to a record level. Remember, the consumer is the big engine that drives the U.S. economy, and consumer spending is slowing.

These factors suggest that cotton's 81-88 cent trading range will continue, into the April-May period, and probably longer. The new crop December contract remains locked in the 79-87 cent range. That range could remain in place into the March 30 Plantings Intentions report. The fact that March and December futures have converged adds additional strength to the 81-82 cent price support level.

Net sales of upland for the week ending Jan. 26 totaled 171,200 bales, with sales to China and Turkey accounting for essentially all the sales. Export sales were made to 10 countries, but cancellations were made by 11. All but two of the 10 countries purchasing U.S. cotton also cancelled some of their prior purchases.

Net sales to China were 119,700 bales, as China strengthened its hold as the primary U.S. buyer. Pakistan continues its position as the second biggest buyer of U.S. cotton. The usual group of big buyers – Pakistan, Vietnam, and Bangladesh – were all on the sidelines.

Additionally, shipments to three of the biggest buyers of U.S. cotton – Pakistan, Turkey, and Bangladesh – have been extremely limited due to a variety of financial difficulties faced by various mills in those countries. This begets the question as to how much will be shipped to the respective countries. Only one third of Pakistani sales have been shipped.

The market is suggesting that next weekend's (Feb. 12) release of the National Cotton Council's 2023 plantings intentions will be in the range of 10.4 million acres. Many growers suggest that their indifference curve between cotton and grains (oilseeds and corn/sorghum) indicates they need 95 cent futures, basis December, to plant cotton. If 2023 plantings are based on those calculations, then 2023 planted acreage would fall to about 10.2 million acres. Acreage that low could be bullish enough to pull December futures above 90 cents.

Again, old crop is destined to run out of steam in the 87-89 cent range – something to consider before incurring another month of storage.

Source: cottongrower.com- Feb 03, 2023

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Textile waste project launched in the US

Fashion for Good has launched a recycling project in the US.

The initiative is expected to provide a snapshot of textile waste composition generated in the United States.This effort is crucial to understanding and evaluating the business case for textile-to-textile recycling, ensuring that used textiles move to their best and highest end use.

The results of this 18-month project will inform decisions to unlock the necessary investments and actions to scale collection, sorting and recycling innovations. An extensive consumer survey will be conducted to map the journey a garment takes from closet to end of use including an analysis of post-consumer textiles using innovative, near-infrared spectroscopy to understand their composition.

Currently the demand for recycled fibers is growing, but access to the waste supply is limited. Key elements to supporting the growth of textile-to-textile recycling include understanding material composition, volume and location of used textiles as well as expanding access to textile recycling. With a scaled textile collection and sorting infrastructure, the industry could capture used textiles, sort them for the best and highest quality end use, and fulfill the increasing demand for both secondhand and recycled commodity feedstock.

Fashion for Good, a global platform for innovation, supports disruptive innovators on their journey to scale, providing hands-on project management, access to funding and expertise, and collaborations with brands and manufacturers to accelerate supply chain implementation.

Source: fashionatingworld.com- Feb 02, 2023

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Bangladesh's commerce minister seeks more Chinese investment

Bangladesh commerce minister Tipu Munshi recently sought more Chinese investment, especially in the special economic zones and in agro-based industries in the northern region. He made the request while the newly appointed Chinese ambassador to Bangladesh Yao Wen met him at his office. Efforts would be made to simplify further the investment procedure, he assured.

China is supporting Bangladesh a lot in development projects, especially the mega ones, said a ministry press release.

He also suggested Chinese investors to visit the northern part of Bangladesh, according to Bangladeshi media reports.

Bangladesh imported goods worth $26,253.05 million from China in fiscal 2021-22 against exports worth $683.43 million, according to official data.

Source: fibre2fashion.com- Feb 04, 2023

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Bangladesh's garment exports up 14.31% in July-Jan FY23

Readymade garment (RMG) (Chapter 61 & 62) exports from Bangladesh increased by 14.31 per cent to $27.418 billion in the first seven months of fiscal 2022-23 (July-June FY23) compared to exports of $23.985 billion in July-January FY22, as per provisional data released by the Export Promotion Bureau (EPB). Woven RMG exports grew at a faster pace than knitwear.

RMG exports from Bangladesh were 4.76 per cent higher than the target of $26.173 billion for July-January FY23, as per EPB data.

Exports of knitwear (Chapter 61) increased by 12.70 per cent to $14.960 billion in July-January FY23, as against exports of $13.274 billion during the same months of the previous fiscal.

Exports of woven apparel (Chapter 62) increased by 16.30 per cent to $12.457 billion during the period under review, compared to exports of $10.711 billion during July-January FY22, as per the data.

Home textile exports (Chapter 63, excluding 630510) decreased by 16.65 per cent to $692.86 million during the period under review, compared to exports of $831.31 million during July-January FY22.

Woven and knitted apparel, clothing accessories and home textile exports together accounted for 84.37 per cent of Bangladesh's total exports of $32.447 billion during July- January FY23.

Bangladesh had achieved an all-time high in terms of value of RMG exports in 2021-22, at $42.613 billion, registering an increase of 35.47 per cent compared to exports of $31.456 billion in fiscal 2020-21.

However, the growth in RMG exports has slowed down during the recent months due to global economic challenges.

Source: fibre2fashion.com- Feb 03, 2023

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Bangladesh in efforts to promote trade with Southern Africa

The exhibition featured jute, ceramic, textiles, leather, food products and handicrafts from Bangladesh.Leading South African business federations, including Business Unity South Africa BUSA and the Black Business Council of South Africa joined South African government officials and some local captains of industry at the event.Alam, who is on a week-long visit, detailed some of the emergent industrial sectors in Bangladesh which offered opportunities for South African businesses and investors.Bangladesh has been identified by South Africa as a country with enormous potential for the expansion of trade and economic relations.

Bangladeshi State Minister for Foreign Affairs Shahriar Alam is leading a delegation to South Africa to improve trade and other relations between the two countries and its neighbouring states of Eswatini and Botswana.

On Friday, Alam inaugurated an exhibition titled 'Made in Bangladesh' in Pretoria. The exhibition featured jute, ceramic, textiles, leather, food products and handicrafts from Bangladesh.

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Alam, who is on a week-long visit, detailed some of the emergent industrial sectors in Bangladesh which offered opportunities for South African businesses and investors.

Bangladesh has been identified by South Africa as a country with enormous potential for the expansion of trade and economic relations. Since 1994, bilateral trade between the two countries grew significantly from just Rand 28 million to approximately Rand 5.2 billion by 2021 before the advent of the Covid pandemic brought this down.

South African exports amount to Bangladesh are more than Rand 3.4 billion and South Africa enjoys a trade surplus of Rand 1.6 billion.

South Africa's main export items to Bangladesh include citrus fruit, mineral products, chemicals, iron and steel products and pharmaceuticals. The primary imports from Bangladesh include clothing, textiles, leather and leather products, footwear, chemicals and machinery.

The Black Business Council suggested that Bangladesh import various goods from South Africa given the large and growing consumer market of Bangladesh, but that there were also opportunities for Bangladesh to export to the other countries of the southern African region through South Africa.

Before the exhibition, Alam held a meeting with BUSA at their office in Johannesburg, where he called for joint efforts to realise the trade and business opportunities between Bangladesh and South Africa. He mentioned the economic strength of both countries, especially in the export sectors.

The BUSA delegation suggested holding mutual discussions to identify potential sectors of trade and Investment.

The state minister invited the South African dignitaries and chambers to join the 50th-anniversary programmes of the Federation of Bangladesh Chambers of Commerce and Industry in March 2023 in Dhaka.

At a meeting with South African Deputy Minister of International Relations Candith Mashego Dlamini, Alam discussed ways to pursue bilateral cooperation in defence, agriculture, law enforcement, transport and higher education and to expand private sector business-to-business engagements in support of trade and investment promotion.

South Africa established diplomatic relations with Bangladesh in September 1994, after Nelson Mandela became the country's first democratically-elected President following decades of white minority apartheid rule. The opening of the High Commission of Bangladesh in Pretoria followed soon after.

South Africa is non-residentially accredited to Bangladesh through the South African High Commission in New Delhi, India.

Foreign Ministry spokesman Clayson Monyela said Bangladesh and South Africa share common views on a range of global issues, and South Africa regards Bangladesh as an important partner in the advancement of the development agenda of countries of the South.

South Africa and Bangladesh share membership of the G77+China, the Commonwealth, the Non-Aligned Movement and the Indian Ocean Rim Association (IORA). Bangladesh is the current Chair of IORA.

Alam will also be having official meetings with senior government officials as well as chambers of commerce and business entities in Eswatini and Botswana.

Source: devdiscourse.com- Feb 03, 2023

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NATIONAL NEWS

Centre working on implementing new Foreign Trade Policy from April 1

The Commerce and Industry Ministry is working on implementing the new Foreign Trade Policy (FTP) on April 1, with officials giving the draft a final go-through, but a decision on its duration is yet to be taken, a source close to the development said.

“As decided earlier, there would be no big bang announcement on incentives as export sops are not compatible with WTO rules. The policy, however, will have a vision statement for future growth and various facilitating provisions in areas such as automation, IT enablement, trade facilitation, cost reduction, support for MSMEs, promotion of e-commerce, R&D, and district export hubs,” the source said.

‘Focus on policy’

Earlier this week, Commerce and Industry Minister Piyush Goyal also indicated that the new FTP could be announced soon and said officers were now focussed on it. “I have instructed my officials to start concentrating on the FTP as we are now free from the parliamentary (budget process),” he said in a post-budget interaction.

The new FTP, which was initially scheduled to be announced in 2020, has been postponed several times for various time durations, mainly to tide over the uncertainties created by the Covid-19 pandemic. The government had been extending the previous FTP (2015–20) on a piecemeal basis. The last extension was on October 1, 2022, until March 31, 2023.

While FTPs are usually for a five-year period, it is not yet certain whether the new policy will be for a full five-year period or of a different duration given the fact that it could not be executed on schedule in April 2020. The general elections scheduled in 2024 may also have some bearing on the duration of the new FTP, another source said.

“We are not sure whether the government will finally come up with a new FTP on April 1 as the uncertainty in the global economy is continuing. “Given the fact that there are elections next year, it might be more logical

to come up with a new policy after the process is over and the new government is sworn in," a Delhi-based exporter told businessline.

Tough time

India's goods exports, at the moment, are going through a difficult period due to a slowdown in global demand. High global inflation, rising interest rates, and key economies moving towards recession have all contributed in making the future uncertain.

After reaching an all-time high of $422 billion in goods exports in 2022–23, the country's exports started slowing down in July 2022. It declined in October 2022, for the first time in the on-going fiscal year, falling 16.6 per cent (year-on-year) to $29.78 billion.

It rose marginally by 0.6 per cent to $32 billion in November 2022 before declining again in December 2022 by 12.2 per cent (year-on-year) to $34.48 billion.

Source: thehindubusinessline.com - Feb 03, 2023

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Chairman, TEXPROCIL welcomes Union Budget 2023-24

"Union Budget 2023-24 is a growth-oriented and an employment intensive Budget that will enhance the economy of India. The reforms announced in the Union Budget 2023-24 will bring major relief for MSMEs in the Textile Sector, helping them to steadily compete in the global markets," said Sunil Patwari, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL).

The Chairman appreciated the Government for proposing the creation of new tariff lines for several products including Cotton, as it will facilitate trade. Similarly, the productivity of Extra Long Staple Cotton (ELSC) shall be enhanced through a cluster-based and value chain approach adopted by the Government through Public Private Partnerships (PPP). This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages, which is a welcome step, he added.

Reacting to the Budget 2023, Chairman, Texprocil said "The Union Budget has given a push to job creation through proposals such as Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 4.0 and setting up of 30 Skill India international centres that would encourage expansion in businesses and industry, thus leading to more jobs."

The Chairman hailed the Government for taking step towards minimization of the regulatory compliance burden to improve Ease of Doing Business for industry.

On the Interest Equalization Scheme, the Chairman, TEXPROCIL, said, "the increase in the allocation from Rs 2376 crore in 2022-23 to Rs.2932 crore in 2023-24, up by 23%, will help in supporting exports particularly by MSMEs and other exporters in view of the rising interest rates." He appealed for the inclusion of Cotton Yarn amongst the list of 410 items which are eligible for interest subvention.

Chairman, Texprocil said that the increase in allocation for the MAI Scheme from Rs.160 crore in 2022-23 to Rs.200 crore in 2023-24 is a welcome step towards showcasing Indian Textiles in global markets.

Source: business-standard..com - Feb 03, 2023

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Carbon Border Tax – Why it may have adverse impact on India's exports to the EU

Launched in 2005, European Union Emissions Trading System ('EU ETS'), a long-standing greenhouse gas emissions trading scheme, is a cornerstone of the EU energy policy to battle global warming. The European Commission, in 2020, had approved a set of revitalised policies, collectively named "The European Green Deal", with a primary objective to curb climate change by dipping carbon emissions by EU nations in a phased manner, striving to become a net-zero emitter of greenhouse gases, by the year 2050. The blueprint of the deal includes review and revamping of various climate-related instruments, including the EU ETS.

Currently, ETS forms the core of the carbon market that works on a "cap and trade" principle. As per the scheme, a specified limit is set for emission of greenhouse gases and the same is issued to manufacturers as certificates/ permits. Accordingly, any emission beyond the limit is penalised. Within said limit, industries are also allowed to receive or acquire emission allowances that can be traded with other companies, on a need basis. Instance, each allowance being a tradeable instrument is equivalent to one tonne of carbon dioxide (CO2).

The price per tonne of CO2 is nomenclated as carbon price and the same is to be determined via market trends. Manufacturers that require permits to emit beyond the cap can also buy allowances from others having surplus cap, albeit the trade could be at a higher rate. Accordingly, a rise in the carbon price would put EU producers at the risk of carbon leakage, i.e. losing out to low-cost imports from territories with less stringent climate regulations.

To combat carbon leakage, the EU is embarking on an experiment that would expand its climate change policies to imports. The policy is called Carbon Border Adjustment Mechanism ('CBAM') alias Carbon Border Tax which imposes importers and non-EU manufacturers to pay for the carbon emission linked to the goods they sell within EU limits.

The CBAM will walk on the footprints of ETS, i.e., importers will be required to purchase carbon import certificates/ permits for each metric ton of CO2 brought into the EU through specified goods. The price of certificates could depend on carbon intensity of goods being imported and carbon price per metric ton which will be the same as domestic carbon price being paid by EU producers.

This tax is proposed to be implemented by the EU in 2 stages entering into force on October 1, 2023. Under the 3 years transitional phase, only carbon emission reporting regulations would apply and there would be no requirement to pay Carbon Border Tax. After the transition period, tax would be levied on varied goods in a phased manner from 2026 to 2034. By 2034, all the goods and materials imported in the EU will be encased with the applicability of CBAM.

BASIC countries feeling knocked sideways

At all times, new policies, simulate despair among developing countries due to related adverse implications that it may have. For India, the implementation of Carbon Border Tax by EU on imports could significantly impact the prices of Indian-made goods in the EU markets, thereby upsetting demand. It could heavily bear up the supply chain portion of industrial sectors such as automotives, construction, cements, packaging, and consumer appliances as costs for key inputs such as steel and aluminium may rise by 15-30 percent leading to a change in purchasing behaviour of end customers, forcing companies to take actions to maintain competitiveness.

Ministers of Brazil, South Africa, India and China representing the "BASIC" group released a joint statement on November 15, 2022 and retaliated against the proposed Carbon Border Tax by stating that "Unilateral measures and discriminatory practices, such as carbon border taxes, that could result in market distortion and aggravate the trust deficit amongst parties must be avoided. BASIC countries call for a united solidarity response by developing countries to any unfair shifting of responsibilities from developed to developing countries."

While all the BASIC countries have put in place their strategies to reduce carbon emissions in a phased manner, developing nations require predictable and appropriate support, including climate finance and access to technology and markets from developed nations to ensure and enable their sustainable development. India too aims to become a net-zero emitter by the year 2070 under its "Long-Term Low-Carbon Development Strategy" and has recently announced the domestic carbon credit trading system in a new promulgation in the upper house of the Parliament.

Unilateral taxes have often led to multinationals locking horns. In a similar occurrence related to tax equalisation on domestic products/ services and imports, the USA had opposed imposition of Equalization Levy ('EL')/ Digital taxes on e-commerce transactions, by countries such as India, Italy,

Turkey, UK etc, by contemplating that it diverged from US or international tax norms due to its applicability on non-resident entities.

As a retaliation measure, US had proposed to levy additional tariffs of up to 25 per cent on certain items exported from India to mop-up the EL that could be collected by India from US companies. On a similar tone, BASIC countries have already voiced their concerns and it is anticipated that the EU may face retaliation from other countries as well against the imposition of Carbon Border Tax considering the macro impact it would have on taxation and consequently, pricing, at a global level.

Abiding by World Trade Organization's ('WTO') non-discriminatory policies

Carbon Border Tax would need to pass the litmus test of WTO's non-discrimination and trade law principles. In a similar context, a dispute settlement panel of the Geneva-based WTO had ruled that India's export-related schemes (including Special Economic Zone Scheme) are in the nature of prohibited subsidies under the Agreement on subsidies and countervailing measures and are hence inconsistent with WTO norms. Consequently, the "Development of Enterprise and Service Hubs Bill" was conceptualised to comply with the global trade rules of the WTO.

Turning over a new leaf

Carbon Border Tax appears to be a climate-based trade barrier and industries may want to keep their fingers crossed on further developments. Meantime, industries should gear up to thrive in the new regulatory environment by analysing the possible exposure, determining the carbon footprint of products dealt by them and exploring the greener technology available for production of goods to mitigate risks and minimise cost impact.

Companies at the forefront of tackling carbon emissions would surely have a powerful strategic advantage in the new regulatory environment and will have a head start as nations adopt carbon-pricing instruments in the fight to mitigate climate change.

Source: economictimes.com - Feb 03, 2023

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Centre under project 'Enhancing Circularity and Sustainability' is promoting sustainable practices in the Textile and Apparel sectors

The Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply to a question in Rajya Sabha today, informed that, the recycling and reusing Textile waste material is an effective method to build sustainability in the Textile Industry.

Government in collaboration with United Nations Environmental Programme (UNEP) is implementing a project called 'Enhancing Circularity and Sustainability' in India.

The main objective of the project is to minimize the negative environmental impacts of Indian Textile by promoting sustainable practices and mainstreaming knowledge on circular production based practices in the Textiles and Apparel sectors.

Government has also approved 20 strategic research projects in the areas of Specialty fibres and geo textiles and amongst the 20 Research projects, 3 projects in the area of Textile waste recycling have also been approved.

Source: pib.gov.in- Feb 03, 2023

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GST Council to meet on February 18 in Delhi

The next meeting of GST Council will take place on February 18 in the national capital. The meeting is expected to take up three reports by Group of Ministers (GoM), including one on online gaming, casinos and horse racing. The other two reports dealt with Appellate Tribunals and tax evasion by 'pan masala' and 'gutka' making firms.

"The 49th meeting of the GST Council is scheduled to be held at New Delhi on 18th February, 2023," GST Council said in a tweet. The meeting will be chaired by Finance Minister Nirmala Sitharaman. Member Ministers and nominated officials of 28 States and 3 Union Territories will attend the meeting.

Source: thehindubusinessline.com- Feb 03, 2023

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Indian refiners pay traders in dirhams for Russian oil, says report

NEW DELHI (Reuters) - Indian refiners have begun paying for most of their Russian oil purchased via Dubai-based traders in United Arab Emirates dirhams instead of U.S. dollars, four sources with knowledge of the matter said.

While Western sanctions against Moscow are not recognised by India, and purchases of Russian oil may in any case not violate them, banks and financial institutions are cautious about clearing payments so as not to unwittingly fall foul of the many measures imposed against Russia following its invasion of Ukraine.

Indian refiners and traders are concerned they may not be able to continue to settle trades in dollars, especially if the price of Russian crude rises above a cap imposed by the Group of Seven nations and Australia in December.

That has led traders to seek alternative methods of payment, which could also aid Russia's efforts to de-dollarise its economy in response to the Western sanctions.

Previous attempts by Indian refiners to pay traders for Russian crude in dirhams through Dubai banks failed, forcing them to switch back to the U.S. currency.

But India's top bank, the State Bank of India (SBI), is now clearing these dirham payments, the sources told Reuters, providing details of transactions that have not previously been reported.

The SBI, which has overseas branches including in the United States, did not respond to requests for comment.

The G7 price cap prohibits any Western company, such as the insurance and shipping service providers that underpin much of global trade, from involvement in trading Russian crude if the purchase price is above $60 a barrel at the loading point in Russia. That remains the case even if the oil is bound for countries such as China and India which do not recognise the cap.

The shift to dirham payments was also triggered by the SBI asking refiners looking to make dollar payments for Russian crude to provide a breakdown of the costs of the oil, freight and insurance, allowing it to vet trade and avoid violating the cap.

"The SBI is very conservative in its approach," one of the sources said, even though India does not follow the price cap mechanism and Western insurance and shipping are not used for delivery.

Indian refiners typically buy Russian crude from traders at a price that includes delivery to India.

An invoice for such a deal seen by Reuters showed traders asking for an average crude price including freight for Urals crude. The document calculated the price of the cargo in dollars and dirhams.

The four sources said Indian refiners are buying Russian oil on a delivered basis to mitigate any risks arising during shipping, and so far the calculated cost at the point of loading has been below the price cap.
Indian refiners mostly buy Russian crude from Dubai-basedtraders including Everest Energy and Litasco, a unit of Russianoil major Lukoil.

Everest Energy and Litasco did not respond to requests for comment.

India's oil secretary Pankaj Jain last month said Indian companies were not facing any problems in paying for Russian oil as the latest actions by the West do not impact the trade settlement mechanism.

Source: business-standard.com- Feb 04, 2023

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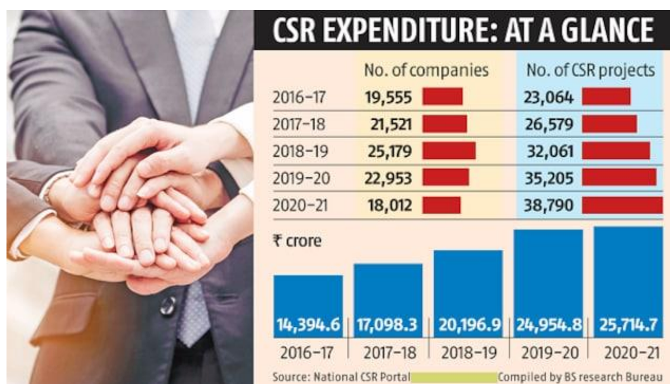
Disallowing input tax credit may increase CSR cost, impact beneficiaries

The corporate social responsibility (CSR) cost of companies is likely to increase with the restriction on availability of goods and services tax (GST) input tax credit proposed by the government.

The Budget, on Wednesday, sought to amend a section of the CGST Act to the effect that input tax credit will not be available in respect of goods or services used for CSR activities under Section 135 of the Companies Act, 2013.



The move may bump up the cost of CSR for companies. But more importantly, beneficiaries could be at the receiving end.

R Shankar Raman, whole-time director and chief financial officer (CFO), Larsen & Toubro (L&T), said, "India Inc will have to grin and bear it. Two per cent of a company's profit over the preceding three years has to be spent as CSR, according to the Companies Act, 2013."

He added, "The new budgetary proposal will make the effort more expensive for organisations. The impact of input taxes under GST is anywhere between 15 and 18 per cent for a company. To that extent, it will become more expensive for a company since the concession of input tax credit to meet CSR obligations will not be available now."

The logic, he said, was that CSR activities were not treated as business expenditure.

"So, the expenditure that companies incur on CSR will not be allowed as a deduction under GST provisions. While companies will not like it, they will accept it and move on."

Experts echoed the views. MS Mani, partner, Deloitte India, said that the overall CSR costs for corporates covered by Section 135 would increase now, despite CSR activity remaining the same.

He added, “The denial of input tax credit on CSR activities imposes an additional cost despite the same being both a statutory requirement and a social necessity.”

According to law firm Economic Laws Practice, it’s a significant blow to the industry.

It inflates CSR spend by the rate of tax applicable on relevant procurements (typically in the range of 12-18 per cent), thereby reducing the funds available/allocated for actual CSR spend.

However, Praveer Sinha, chief executive officer (CEO) & managing director (MD), Tata Power, said, “I don’t see it moving the needle much.”

Some experts said that companies spending two per cent may not be impacted by the government move. Also, there were also companies not availing the input tax credit.

Before the Budget, input tax credit for CSR expenses was not specifically disallowed. Companies claiming it relied on favourable Advance Rulings. But there have been contrary rulings as well.

Now, the amendment proposed in the Budget makes CSR expenses specifically ineligible for input tax credit.

While the impact on companies was one aspect, there were concerns about the last-mile impact. The head of a pharma firm said that the amendment would not affect the CSR budget or sectoral allocations. But the beneficiary may be getting less, he said. The company runs several health and education projects in rural parts of a state in Western India.

An executive of a steel company said that so far the cost of input tax credit was not part of the CSR budget. But now, it would have to be factored in.

“So, the outlay for beneficiaries will be less if the CSR budget remains the same.”

Amarnath Halember, executive director and CEO of business consulting firm, NextG Apex India Pvt Ltd, said that the new amendment proposed will become inequitable for companies spending on CSR activities.

"In fact, the government should promote more CSR activities and all companies should voluntarily engage in CSR. Input credit should be eligible with respect to where the money is spent," he said.

The ministry of corporate affairs had made it mandatory for companies covered under Section 135 to spend two per cent of their profits on CSR projects effective 2014-2015.

Data available on the National CSR Portal shows that CSR expenditure by 18,012 companies had stood at Rs 25,714.7 crore in FY21.

Source: business-standard.com- Feb 03, 2023

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No special emphasis given to exports in Budget this year, say industry experts

Industry experts are of the view that there has not been much emphasis on promotion of exports in the Union Budget 2023-2024.

Presenting the budget on Wednesday, Finance Minister Nirmala Sitharaman highlighted customs reforms and duty rate changes that could benefit the exports sector. "Customs' reforms have played a very vital role in domestic capacity creation, providing level playing field to our MSMEs, easing the raw material supply-side constraints, enhancing ease of doing business and being an enabler to other policy initiatives such as PLIs and phased manufacturing plans," she stated.

Talking about how this will aid the objective of Make in India and Atmanirbhar Bharat, the minister said that the removal of exemption on items that can be manufactured in India and offering concessional duties on raw materials that go into manufacturing of intermediate products would be beneficial.

Experts say that such measures will help in building an ecosystem of parts and components that can be manufactured in India. "It will enable a conducive vendor ecosystem to be built in India. Such incentives seem to address the granular aspects of the PLI scheme so that parts are made in India. However, besides that, exports as a segment did not get any special emphasis. Perhaps more specific sector export promotion measures are likely to be addressed by the Foreign Trade Policy," says Atul Gupta, Partner, Deloitte India.

Gupta adds that the global recessionary trends may have acted as a dampener. "There has been no increase in Market Development Assistance. One big demand of industry body FIEO (Federation of Indian Export Organisations) was the creation of an export promotion fund, which also hasn't come by."

Some of the other exemptions in the budget were for items such as embellishments, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings and packaging boxes that may be needed by bonafide exporters of handicrafts, textiles and leather garments, leather footwear and other goods.

Duty, the budget stated, was also being reduced on certain inputs required for shrimp aquaculture so as to promote exports.

Nitin Kunkolienker, President Emeritus of MAIT and Director, Electronics Product Foundation (EPIC), says that the budget should have focussed more on the facilitation of exports. “The government has to touch upon the value chain. There are a lot of issues in the value chain. Ports are located in states and there is a lot of apathy in states. Look at port connectivity and labour issues at play. We may talk of ease of doing business, but when you start importing or exporting via ports, labour does not cooperate if their demands are not met. Such issues are not dealt with and these impact the overall system,” he says.

Echoing similar views, A Sakthivel, President, FIEO, says there is a need to encourage aggressive marketing. While the allocation for the Market Access Initiative (MAI) Scheme has increased from Rs 160 crore in 2022-23 to Rs 200 crore in 2023-24, this may not be adequate. “Global trade shows are increasingly giving opportunities for showcasing goods, and this needs to be exploited. A planned scheme for aggressive overseas marketing may be notified with a sizeable corpus to encourage exporters to showcase globally,” he says.

India has seen a steady rising trajectory in exports. The country achieved an all-time high annual merchandise export of $422 billion in FY22, the Economic Survey had stated on Tuesday. However, it also added that the global economy has started facing formidable headwinds and the ripple effect of the global trade slowdown has started showing in India’s merchandise export growth, where a moderation in pace was observed in 2022.

Talking about the services sector, it noted how India maintained its dominance in global services trade in FY22. “Despite pandemic-induced global restrictions and weak tourism revenues, India’s services exports stood at $254.5 billion in FY22 recording a growth of 23.5% over FY21 and registering a growth of 32.7% in April-September 2022 over the same period of FY22,” it added.

Source: economictimes.com- Feb 02, 2023

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Surat's textile industry disappointed with budget

SURAT: It's only the Lab Grown Diamond (LGD) industry in the Diamond City which is celebrating the Union Budget following the favourable announcements made on Wednesday. However, the textile industry, which is Surat's city's biggest employment generator, is despondent.

Workers from seven states including Gujarat, Uttar Pradesh, Bihar, Odisha, Maharashtra, Rajasthan and West Bengal come to the city to find employment in the textile industry in the city and also south Gujarat. The industry provides employment directly or indirectly to around 20 lakh people. Daily around 4.5 crore metres of grey fabric is produced by weaving units in the city.

"No changes in the GST and import duties on yarn are a good stand, but the government should have continued TUFS. The customs duty on high speed weaving machines (HSWM) will hamper development," Ashok Jirawala, president of Federation Of Gujarat Weaver's Welfare Association (FOGWWA) told TOI.

"From April 8.25 percent customs duty will be collected on HSWM. India does not manufacture all types of HSWM and has to import around 50,000 machines every year," said Ashish Gujarati, past president, Southern Gujarat Chamber of Commerce and Industry (SGCCI).

"The government had announced Rs 250 crore for MITRA parks and Rs 900 for TUFS but the funds are too short to meet the requirements. There are no important incentives but no hike in import duty from 5 percent on yarn is a good decision," said Bharat Gandhi, chairman, Federation Of Indian Art Silk Wever Industry (FIASWI).

"Textile is highest employment providing industry and there are no announcements that can help this industry to grow. Reduction in interest for loan to MSME and smooth KYC for bank account opening will help individuals," said Champalal Bothra, vice-president, Gujarat branch of Confederation of All India Traders (CAIT). Bothra is also the general secretary of Federation Of Surat Textile Traders Association (FOSTTA).

Source: timesofindia.com- Feb 03, 2023

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Launch of Nationwide Awareness Campaign “ODOP-DEH Sampark in collaboration with PIB in Punjab

The ODOP-DEH (One District One Product- Districts as export hubs) Invest India, DPIIT, Ministry of Commerce & Industry, Delhi, in collaboration with the Industries Department, Punjab, organized a nationwide awareness campaign for the initiative and interacted with manufacturers, artisans, state govt. officialsand media personals, in Jalandhar, today. This is the first such event in Punjab to promote district wise local products.

The event, which was chaired by the Additional Director General (North) of the Ministry of Information & Broadcasting, Govt. of India, Sh Rajinder Chaudhry and Additional Deputy Commissioner Maj. (Dr. Amit Mahajan, organised at the DC office conference hall.

This initiative is part of the Government of India's efforts to promote the growth of micro, small and medium enterprises (MSMEs) and to support the development of indigenous products. The nationwide awareness campaign for ODOP-DEH is aimed at improving the economic viability of MSMEs and promoting the consumption of locally made products.

It brought together manufacturers, artisans, traders, and beneficiaries from different sectors under ODOP-DEH. The ODOP-DEH team engaged in discussions with these stakeholders, providing updates on their products and the support and guidance available from the government.

Ishdeep Singh, from the ODOP-DEH team, gave a brief introduction about the initiative. He highlighted the various interventions being undertaken by the Central and state governments to establish a stronger brand for India's unique products. Deepangna Singhi and Prerana Preyasi from ODOP team interacted with the sellers from various districts of Punjab and talked about the benefits of the initiative.

ODOP-DEH lead emphasized that the main objective of the campaign is to create awareness among the public about the unique products available in each district and to encourage their consumption.

Under the ODOP – DEH initiative the products from Punjab reached a global platform where in AR videos of Sports goods from Jalandhar were displayed at World Economic Forum, Davos. The sports goods were sent to Embassy of India in Croatia, Argentina and Uruguay as well.

Furthermore discussion for ODOP – DEH Products, Punjab included:

- Wood inlay from Hoshiarpur is facing acute shortage of skilled labour.
- Phulkari promotion at GI Pavilion, IITF
- Better marketing and branding for promoting ODOP – DEH products from Punjab globally.
- Adding Sports goods to Champions list (Top 15 sectors) and Make In India 2.0 list.
- Training workshops from NID, IIP can help significantly.
- Agriculture products can be further promoted and need for laboratories at more locations in Punjab.

Major Dr. Amit Mahanajan, ADC General Jalandhar commended the ODOP-DEH initiative. He shared how ODOP platform is facilitating and guiding the producers, farmers, artisans and manufacturers to realise their potential.

Mr. Rajinder Chaudhary, Mr Rajinder Chaudhry, Additional Director General (North),Ministry of Information and Broadcasting, GOI suggested sellers to use power of social media to generate the product demands. He also emphasised on the need for artisan training and extensive coverage of artisan story to boost the demand.

This event witnessed representation from Punjab state officials which included Mr Ravinder Garg, Deputy Director Industries and Commerce Punjab, Dr.Deep Singh Gill, General Manager DIC Jalandhar and Mr. Manjit Lally, Astt.Director DIC Jalandhar and Mr. Stephen Seelam, Invest Punjab.

The officials apprised the media about the various efforts taken by state govt in collaboration with central govt.

The event was supported by Sh. Mahesh Khanna, Jt. Director Industries & Commerce, Punjab. Sh. Ankur Goyal, Asst. Director Industries & Commerce, Punjab, PSIEC officials and GM DICs Punjab.

Source: pib.gov.in- Feb 03, 2023

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Rs. 477.25 crore approved to 133 incubators under the Startup India Seed Fund Scheme (SISFS)

The Startup India Seed Fund Scheme (SISFS), a flagship scheme under Startup India initiative has been implemented with effect from 1st April 2021. Under the Scheme, Rs. 477.25 crore has been approved to 133 incubators of which Rs. 211.63 crore has been disbursed as on 31st December 2022, Minister of State for Commerce and Industry, Shri Som Parkash said in his reply to a Parliament Question today.

The flagship schemes under Startup India initiative namely, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS) extend support to startups at various stages of their business cycle. The startups thereafter, are able to raise investments from angel investors or venture capitalists or seek loans from commercial banks or financial institutions.

The Startup India Seed Fund Scheme (SISFS) has been approved with a corpus of Rs. 945 crore for the period of 4 years starting from 2021-22. Under SISFS, as per provisions of the Scheme, the Government has constituted an Experts Advisory Committee (EAC) which is responsible for the overall execution and monitoring of the SISFS. The EAC evaluates and selects incubators for allocation of funds under the Scheme. The selected incubators thereon shortlist the startups based on certain parameters outlined in Scheme guidelines.

The Government with an intent to build a strong ecosystem for nurturing innovation, startups and encouraging private investments in startup ecosystem of the country launched Startup India initiative on 16th January 2016.

The Government also implements flagship annual exercises and programs including States' Startup Ranking, National Startup Awards and Innovation Week which play an important role in holistic development of the startup ecosystem. The Government through stakeholder consultations seeks regulatory and policy related recommendations for enhancing ease of doing business and reducing compliance burden for startup ecosystem. The Government also facilitates participation and engagement of Indian startup ecosystem at international platforms.

The Government has also taken various measures to enhance ease of doing business, raising capital and reducing compliance burden.

The details of the amount allocated and utilized under the Startup India Seed Fund Scheme, State/UT-wise as on 31st December 2022 are as under:

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Source: pib.gov.in- Feb 03, 2023

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South India cotton yarn prices stable; fabric demand rises in Mumbai

Cotton yarn prices continued to remain stable in south India today as the demand from the weaving industry was weak. Traders anticipate the purchasing and prices to remain steady.

However, trade sources from Mumbai said that cotton yarn prices may get support because of improved buying in fabric from the garment industry in the last few days.

Cotton yarn prices in Mumbai were stable and buying of yarn was weak to average. However, higher buying in fabric recently has improved market sentiments.

"Cotton yarn prices were steady because of weak demand. But demand was better in fabrics. If the demand improves further, cotton yarn may get support. Buyers were cautious because of uncertainty in market movements," a trader from Mumbai told Fibre2Fashion.

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.

In Tiruppur, the yarn prices were steady, and demand was weak. Buyers from the weaving segment were not interested in making bigger deals. According to the traders, cotton yarn may remain steady because there was no improvement in buying.

The entire value chain is receiving average demand. In the market, 30 count combed cotton yarn was traded at ₹280-285 per kg (GST extra), 34 count combed at ₹298-302 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 sold at the previous prices of ₹61,800-62,400 per candy of 356 kg. Cotton arrival season may extend to April and May because of the huge stocks pending with the farmers. They are still reluctant to sell their produce. Total arrival was noted at around 1.5 lakh bales of 170 kg in the entire country.

Source: fibre2fashion.com - Feb 03, 2023

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