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INTERNATIONAL NEWS

High inventories core problem of global textile supply chain: ITMF

High inflation and rising interest rates are the main current drivers of the global economy, but the core problem of the textile supply chain in 2023 are high inventories at the brand and retail levels, according to a survey by the International Textile Manufacturers Federation (ITMF).

With the opening of economies around the world after the COVID crisis, consumers had the opportunity to spend the money they could not during 2020 and in the first half of 2021. Consequently, demand soared, and brands and retailers increased orders to meet this pent-up demand. With inflation rising, especially after the Russian invasion of Ukraine in February 2022, demand for consumer goods slowed while inventories remained very high, as per ITMF's Global Textile Industry Survey (GTIS) in 2021.

Survey respondents confirmed that order intake has continuously decreased since November 2021. In January 2023, the indicator was negative in all regions and segments except for North and Central America, and fibre producers. The latter saw orders rise for the first time since last summer.

The previously high global order backlogs also steadily decreased from 3.1 months in March 2022 to 2.4 months in January 2023, mainly due to brands and retailers' restraint to place orders. The dampening effects of the earlier supply chain disruption further helped reducing order backlogs by improving global trade flows which led to a slight rise of the capacity utilisation rate worldwide (mostly driven by fibre producers and spinners).

Expectations in six months' time have soared and respondents are globally positive about business in June 2023. Textile manufacturers expect a better situation due to two important factors. First, the world is now in a much better energy situation with a relative mild winter in Europe and energy prices in Europe and Asia (especially for gas) dropping back to levels seen before Russia's invasion of Ukraine.

Second, the sudden end of the Zero-COVID policy in China with a swift opening of the borders is promising to strengthen demand in China as well as abroad (more tourists and imports of goods). Everything else being equal, the global economy will see a higher growth level than expected and this will benefit the global textile industry.

Source: fibre2fashion.com - Feb 07, 2023

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US investment to escalate bilateral apparel trade with Central America

The National Council of Textile Organizations (NCTO), representing the full spectrum of the US textile industry from fibres through finished sewn products, and its president and CEO Kimberly Glas, welcomed the announcement, highlighting that the US$585m of investments and sourcing commitments, announced yesterday (6 February), will continue to build on the strong momentum of growth of nearshoring and onshoring these critical supply chains.

Over the last year, substantial investments have been flowing into Central America, predicated on the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) and the co-production chain that facilitates US$15.1bn in two-way textile and apparel trade in the sector and supports more than one million workers in the US and the region.

"The investments and sourcing commitments announced today continue to build on the robust textile and apparel co-production chain between the US and Central America," said Glas.

"We sincerely appreciate the administration's commitment to this critical manufacturing sector that has contributed to the backbone of economic development in Central America and the United States. And we look forward to working with our retail and brand partners to continue to expand our vital manufacturing sector."

She added that apparel imports largely containing US textile inputs from the CAFTA-DR region jumped 24% according to the latest government trade data, emphasising how the region has seen investments of over US$1bn over time.

Several NCTO members previously joined the Vice President last year to announce their investments and sourcing commitments, including Parkdale Mills, Unifi, and SanMar.

"These are just a few of the key investments in the region, which illustrates how this co-production chain is continuing to make sustainable investments that strengthen supply chain resilience, create job opportunities and investment in the US and the region, and ensure transparency in our supply chains, as momentum grows for onshoring and nearshoring textile and apparel production," Glas concluded. "That is a win-win for our industry and the region."

Source: just-style.com - Feb 07, 2023

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Large Earthquake's impact on Turkey's textile industry

A powerful 7.8-magnitude earthquake struck in southeastern Turkey early Monday morning, and 33 large and medium-sized cities were located within 300 kilometers of the epicenter. The nearest was Gaziantep, 40 kilometers away from the epicenter. The death toll in Turkey and Syria exceeded 7,000 as of early Wednesday morning.

The earthquake has a significant impact on Turkey's economy and people's lives. As one of Turkey's most important industries, the textile industry is also affected. Turkey's textile industry accounts for nearly one-tenth of its GDP, and it contributes 20% of total employment and 40% of the country's total industrial output, thus its importance is evident. Then is Turkey's textile industry concentrates in the area of the earthquake? In which regions are Turkey's textile companies mainly located?

Denizli, Bursa, Tekirdag, Istanbul and Gaziantep (the red circle) are the top five textile production regions in Turkey, most of which are concentrated in the west and northwest Turkey. Gaziantep, the closest to the epicenter of Kahramanmara? (green circle), is the home to nearly 7% of the total textile companies and employment in Turkey.

While the number of textile companies and employment in the southeast Turkey accounts for 5% and 10% respectively of the total country. The earthquake will therefore have an impact on the textile industry in Turkey, especially in transportation and production of surrounding enterprises.

However, its influence on textile clusters in the west and northwest Turkey is limited.

In addition, the quake region also contains cotton planting area. Fortunately, cotton harvest has already completed and the planting for the new year has not started yet, thus it has little impact on cotton supply. In 2022/23, Turkey's cotton output is about 1.06 million tons, ranking fifth in the world. However, the cotton spinning capacity is huge in Turkey, with an annual output of 1.5 million tons of cotton yarn (in 2019). Turkish cotton textile products are competitive in the international market, especially in the European market, thus a large amount of imported cotton is needed for Turkey's textile production.

Besides, Turkey is the world's major textile and apparel production and export region, and the second largest source of textile and apparel import of Europe. Turkey's textile and apparel exports in 2022 reached 34.4 billion US dollars, and its cotton woven fabrics, knitted or crocheted fabrics, floor covering fabrics, tapestries and tablecloths, and home textiles have a strong competitiveness on the global market. Thus, the earthquake will certainly have some influences on Turkey's domestic textile industry, and other impacts will be followed continuously.

Source: ccfgroup.com- Feb 08, 2023

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Cambodia's exports to ASEAN nations rise by 13% YoY in 2022

Cambodia's trade with the nine members of the Association of Southeast Asian Nations (ASEAN) was worth $16.053 billion last year—up by 1.4 per cent from $15.838 million in 2021. Its exports to the nine ASEAN members rose by 13 per cent from $2.914 billion in 2021 to $3.297 billion last year, making up 14.7 per cent of the $22.483 billion in total exports.

The trade figure with ASEAN nations was 30.62 per cent of the country's $52.425 billion in foreign trade for the year—down from a 32.99 per cent share in 2021, a ministry of commerce report said.

On the other hand, the country's imports from ASEAN markets slid by 1.3 per cent from $12.924 billion in 2021 to $12.756 billion last year, and comprised 42.60 per cent of the $29.942 billion in total imports.

Vietnam and Thailand alone represented 67.28 per cent of Cambodia's trade with the nine other ASEAN countries in 2022, at $6.136 billion and $4.664 billion respectively, rising by 19.64 per cent and 14.22 per cent on a yearly basis, according to Cambodian media reports.

Source: fibre2fashion.com- Feb 08, 2023

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3rd round talks for Cambodia-UAE CEPA to be held in Dubai

The third round of talks for the Cambodia-United Arab Emirates Comprehensive Economic Partnership Agreement (CAM-UAE CEPA) is set to be held from February 20 to 22 in Dubai, instead of Abu Dhabi, according to Cambodia's ministry of commerce. Cambodian officials expect the agreement to be signed later this year, at the fourth round of talks.

The first and second rounds of talks were respectively held on October 24-25 in Abu Dhabi and December 19-21 in Phnom Penh.

The ministry organised an inter-ministerial working group meeting recently to discuss the upcoming third round of negotiations and consider potential items to place on the agenda, Cambodian media reported.

The meeting discussed trade in goods and services; investment; e-commerce; rules of origin; trade facilitation; technical barriers to trade; sanitary and phytosanitary measures; intellectual property; trade remedies; economic and technical cooperation; small- and medium-sized enterprises; and legal and institutional provisions.

Cambodia-UAE trade totalled $105 million in 2022, down by 28.57 per cent from $147 million. Cambodian exports to and imports from the UAE were to the tune of $70 million and $35 million, respectively, up by 34 per cent and down by 63 per cent on a yearly basis.

Source: fibre2fashion.com- Feb 07, 2023

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Rupee-rouble mechanism for India-Russia trade set up: Russian envoy

Russian ambassador to India Denis Alipov recently said an alternative rupee-rouble mechanism for bilateral trade has been set up to avoid Western sanctions on Russia that were imposed for its invasion of Ukraine. Indian banks are adopting a cautious approach to use the payment system, possibly because of some apprehensions, Alipov observed.

The envoy was addressing a conference on 'Next Steps in India-Russia Strategic Partnership; Old Friends New Horizons' organised by the India Writes Network and the Centre for Global India Insights.

The rupee-rouble payment system for trade was rolled out to settle dues in rupees instead of US dollars or euros. Vostro accounts are used to make payments in domestic currency.

“The banks would like to be on the safe side. It will take some more time for the knowledge that it is not at all detrimental for the Indian banking system,” Alipov was quoted as saying by a news agency.

The US dollar and euro can be used with non-sanctioned Russian banks for bilateral trade, he said.

Source: fibre2fashion.com- Feb 07, 2023

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Why Textile Exchange Changed Its Definition of 'Preferred' Fiber

As promised, Textile Exchange has updated its definition of what qualifies as a "preferred" fiber or material.

Instead of a fiber or material that "results in improved environmental and/or social sustainability outcomes and impacts compared to conventional production," the sustainability nonprofit will now use the term to refer to a fiber or material that "delivers consistently reduced impacts and increased benefits for climate, nature and people against the conventional equivalent, through a holistic approach to transforming production systems."

The change is an important one, said Textile Exchange, whose members cut across a swath of fashion brands and textile manufacturers. It first used "preferred" in 2010 to single out fibers and materials pegged to improved environmental or social outcomes and "address the ambiguity" of what counts as a sustainable or responsible material. More than a decade later, the time has come for the designation to catch up with not only the industry's growing climate ambitions but also the urgent need to pivot from "less bad" to "more good" to achieve them.

"It is imperative that we do everything we can to help limit global warming to 1.5 degrees Celsius, and the time is now to update the definition of preferred to align with that pathway," Megan Stoneburner, fibers and materials director at Textile Exchange, told Sourcing Journal. This includes slashing fiber and material production emissions by 45 percent by 2030.

In other words, incremental shifts are no longer enough, Textile Exchange said. Instead, the industry needs to start producing materials in a way that "holistically" repairs climate change while "actively benefitting" nature, people and animals.

"There are multiple pathways to lowering environmental impact, but they all must consider the interconnectivity of nature and climate," Stoneburner said. As such, Textile Exchange's definition is "evolving" to include key criteria that go beyond greenhouse gas emissions by considering how production processes impact areas such as soil health, water, biodiversity and communities.

Removing the “and/or” approach is part of this. The focus going forward must be a holistic one. Reducing emissions while ignoring human rights or failing to protect biodiversity, Textile Exchange said, means solving one problem but “creating others along the way.”

The group has listed more than a dozen principles that underpin a framework for the long-term transformation of fiber and raw material production systems. Outcomes such as the protection and restoration of natural ecosystems and species, the regeneration of agricultural systems and soils, and the empowerment of farmers, producers and processors to build more equitable fiber systems may appear aspirational today, it said, but they’re important as a “direction of travel” to get the industry where it needs to go.

With regulatory scrutiny bearing down on green claims, verifiable criteria are also important when describing a “preferred” fiber, noted the organization, which creates and manages certifications such as the Recycled Claims Standard and the Responsible Down Standard.

This means that a “preferred” fiber or material must be derived from a renewable or reclaimed material produced according to at least one recognized industry sustainability standard. It must be identified and preserved using a chain-of-custody scheme, allowing it to be potentially traced through the supply chain back to its origin. If the fiber or material is managed through a mass-balance system, the country of origin must, at minimum, be identified. Equally important, its sustainability outcomes, impacts or benefits have to be scientifically proven and peer-reviewed, for instance through a life-cycle assessment.

Also under consideration for a future update is whether a fiber or material has “good” potential for circularity, including its durability, disassembly, resource use and technical and/or biological recyclability.

One thing’s clear: this isn’t the last time the interpretation of “preferred” will change. “This definition will continue to evolve in line with the best available climate science and modeling,” Stoneburner said.

Source: sourcingjournal.com- Feb 07, 2023

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Australian central bank raises cash rate target by 25 bps to 3.35%

The Reserve Bank of Australia's monetary policy board recently raised the cash rate target by 25 basis points to 3.35 per cent. It also increased the interest rate on exchange settlement balances by 25 basis points to 3.25 per cent, central bank governor Philip Lowe announced. Inflation was 6.9 per cent in underlying terms—higher than expected, he said.

Consumer price index-based (CPI) inflation over the year to the December quarter was 7.8 per cent, the highest since 1990. Global factors explain much of this high inflation, but strong domestic demand is adding to the inflationary pressures in a number of areas of the economy, Lowe said in a statement.

Inflation is expected to decline this year due to both global factors and slower growth in domestic demand. The central forecast is for CPI inflation to decline to 4.75 per cent this year and to around 3 per cent by mid-2025. Medium-term inflation expectations remain well anchored, and it is important that this remains the case.

The Australian economy grew strongly over 2022. The central forecast is little changed from three months ago, with GDP growth expected to slow to around 1.5 per cent over 2023 and 2024.

The recovery in spending on services following the lifting of COVID restrictions has largely run its course and the tighter financial conditions will constrain spending more broadly, he said.

The labour market remains very tight. The unemployment rate has been steady at around 3.5 per cent over recent months, the lowest rate since 1974. Job vacancies and job advertisements are both at very high levels, but have declined a little recently.

Many firms continue to experience difficulty hiring workers, although some report a recent easing in labour shortages. As economic growth slows, unemployment is expected to increase. The central forecast is for the unemployment rate to increase to 3.75 per cent by the end of this year and 4.5 per cent by mid-2025, Lowe said.

The board's priority is to return inflation to target. It wants to return inflation to the 2-3 per cent range while keeping the economy on an even keel, but the path to achieving a soft landing remains a narrow one, he said.

The board expects that further increases in interest rates will be needed over the months ahead to ensure that inflation returns to target and that this period of high inflation is only temporary, he added.

Source: fibre2fashion.com- Feb 07, 2023

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Sri Lanka ends 2022 with a rise in apparel exports despite economic crisis

In the eye of an economic debacle that saw the implosion of the country's stability, the apparel sector in Sri Lanka held its ground, closing the year 2022 with a 22 per cent growth in exports compared to the disastrous scenario in 2021. However, as expected, local sales have been low and retailers and manufacturers are seeing inventory stock piling. As per the country's Joint Apparel Association Forum (JAAF), the first half of 2023 will be subdued as a controversy over the government's plans of withdrawal of Gazette No 2041/10 of Licensing of Shipping Agents Act that protects importers and exporters from anti-competitive practices.

JAAF is against this withdrawal and dissuading the government from going forward with the plan. Meanwhile the apparel segment revenue is projected to reach $424.50 million in 2023 and with an annual growth 15.30 per cent between 2023 and 2027. This will result in a projected market volume of $750.20 million by 2027.

Need to protect the sector

The government should not be influenced by a select few service providers who enjoy good relationship with the present authorities and not withdraw any market-friendly legislation that protects the apparel exporters' interests in these fragile economic times, opine experts. In the long run, such random decisions would cause severe damage to the apparel sector.

The withdrawal of Gazette Notification No 2041/10 dated 17th October 2017 will result in the Minister of Ports abandoning his regulatory duties, such as protecting free-market competition and axing the cardinal principles of shipping where no price fixing is permitted; leading to increased costs of imports and adding to inflationary pressures. Additionally, Ministers should not have the power to punitively fix charges on transactions between private parties.

The Minister must be an impartial regulator to protect the weaker party in the absence of equal bargaining power. Instead, the government has been advised to seek out as many FTAs as possible in the quickest manner.

Experts feel the only way to stay afloat is to ensure penetrating high-value markets with FTAs. The government has also been advised to help keep manufacturing costs down through incentives so Sri Lanka can continue to be competitive. For this reason, experts have advised the removal of bureaucratic red-tapeism and ease methods of doing business.

JAAF is rightfully concerned about the withdrawal of legislations that were a safety net for apparel exporters. They have raised concerns over apparent plans to end a regulation on shipping fees which they say protected them from wrongful charges from service providers.

The original regulation was issued on the basis that the cost of carriage of containers from origin to destination must be identified as all-inclusive freight without dividing them into land costs and freight components, the service provider can only recover costs incurred from the use of the service to whom the service was provided, and not from a third party, with no such contractual liability and goods that landed at port could only indicate 'Freight Pre-Paid' or 'Freight Collect'.

An increase in fabric imports from India

Meanwhile, the island nation saw an increase in fabric imports from India. While it may be attributed to the nation being grateful to India for its timely support during the worst days of the economic crisis, import of Indian fabrics increased almost 50 per cent. Sri Lanka's fabric imports from India increased to $565.848 million in 2021 from $374.214 million in 2017, reveals a market study.

Fabric imports from China to Sri Lanka were at $888.772 million in 2017 which increased to $897.101 million in 2021. In the first 11 months of 2022, Sri Lanka's fabric imports stood at $2 .141 billion. China and India were the top suppliers with total contribution of more than 64 per cent. China's import share was 38.73 per cent, while India's share was 26.01 per cent of the total.

Source: fashionatingworld.com - Feb 07, 2023

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Nigeria rebrands cotton farming

Nigeria is rebranding cotton farming.

The aim is to make cotton farming attractive to the younger population.Nigeria is revamping the cotton value chain.The golden age of cotton and textile was truncated after Nigeria discovered oil, which led to the closure of the popular Kaduna textile and other textile factories across the country.

Subsequently due to interventions in the cotton and textile value chain production increased from 80,000 metric tons to 133,000 metric tons. The number of factories in operation rose from seven to 23. The value of Nigeria's cotton lint exports reached $64 million as of November 2022.

An executive order mandating the military to patronise local textiles in producing their uniforms has also been a contributing factor to the growth of the cotton and textile sector. Some 24 states currently produce cotton in Nigeria. The country has developed two varieties of transgenic cotton. These are aimed at addressing the issues of low yields, high production costs and insect attacks on cotton farms.

However the revamp of the cotton, textile and garment sector significantly hinges on reducing smuggling at the country's borders. Finished cotton products are being smuggled into the country. So the National Cotton Association of Nigeria (NACOTAN) has urged for more aggressive control at the country's borders by setting up an anti-smuggling task force.

Source: fashionatingworld.com- Feb 07, 2023

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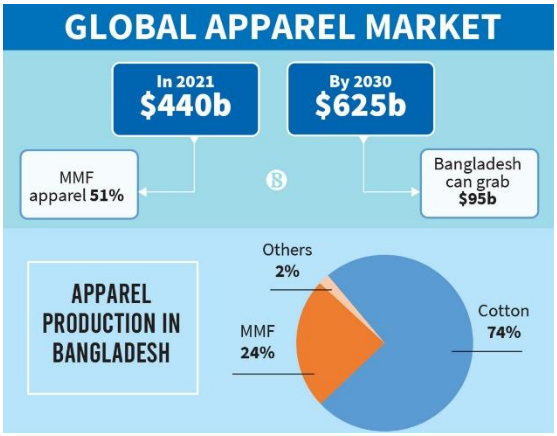
Bangladesh: RMG turns to India from China to get cheaper man-made yarn

Bangladesh has shifted its focus towards India from China for importing man-made fibre yarn and fabric due to competitive pricing, improved lead time with the opening of two new land ports and growing demand of the key apparel raw material globally.

Industry stakeholders say the United States' anti-China position may have also played a role in Bangladesh's shift towards India for man-made fibre, the import volume of which is likely to double in the next five years from the neighbouring ally.



Businesses said the move towards alternative sources for raw materials will help support the growth of the man-made fibre industry in Bangladesh and reduce dependence on China.

Last December, the Bangladesh government allowed the import of man-made yarn and fabric through Benapole and two other new land ports – Bhomra in Satkhira and Sonamasjid in Chapainawabganj.

Last month, 60 firms of Gujarat yarn and fabric producers, most of whom are involved in the man-made fibre trade, participated in an expo in Dhaka to explore the possibility of exporting the product at a higher rate to Bangladesh.

A delegation of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), led by its President Faruque Hassan, is visiting India on Wednesday to explore the possibility of sourcing man-made yarn from the neighbour.

"Gujarat has a special reputation for man-made fibre yarns and fabrics. Bangladesh has also increased its focus on the export of such products. As a result, we have increased attention there for raw materials, which will help us reduce our dependence on China," the BGMEA president said.

"Opening of the new land ports will help reduce lead time in the import of yarn and fabric. We want to import this type of yarn and fabric from India, develop designs and export clothes to western countries. There is an opportunity to increase exports to India as well," he said.

The global market for man-made fibre clothing is steadily increasing while demand for cotton made clothing is decreasing. However, for Bangladesh it is the other way around. – man-made fibre clothes cost more than cotton.

Sparrow Group, one of the largest RMG exporters in Bangladesh, mostly manufactures high value-added apparel, has been increasing their raw material import from India.

"Previously, I used to import almost all of my requirements from China. Last year we imported 20% of the raw materials from India. In particular, we have increased the import of raw materials for export to the US market from there. In addition to lead time, quality and price are also competitive," Shovon Islam, managing director of the company that makes more than $200 million annual exports, told The Business Standard.

He expressed hope that import will increase with the opening of new ports for the import of these raw materials and the approval of partial shipment (the delivery of consignment in more than one shipment) for yarn.

Fazlee Shamim Ehsan, chief executive officer of Narayanganj-based Fatullah Fashion Limited, said his company has imported polyester fabric from India for its sportswear, which was earlier imported from China.

"It is not always the price that benefits are available. There will be benefits in the lead time. Besides, a new window has opened and made imports easier," he said.

The global apparel market was $440 billion in 2021, of which man-made fibre apparel accounted for more than 50%. On the other hand, Bangladesh's cotton based apparel export accounted for 72%, man-made fibre apparel 24% and the rest were silk, wool and others.

According to the research report of Research and Policy Integration for Development (RAPID), the apparel market of man-made fibre will continue to grow larger than that of cotton in the coming years.

According to the report, local textile mills contributed only 15% of Bangladesh's total man-made fibre garment exports in 2021. About 70% of the remaining imported raw materials come from China while 10% is imported from India.

BGMEA Vice President Shahidullah Azim feels that imports from India are likely to double in five years. However, he emphasised on increasing local capacity.

M A Razzaque, chairman of RAPID, told The Business Standard, "There may be more restrictions on China at any time due to geopolitical reasons. So sourcing from other countries is increasing as part of reducing dependency on China. If Bangladesh benefits from India, imports from there may increase."

However, buyers have a role to play in sourcing raw materials. In this regard, he said, "Many brands do not want to have more than 50% of their sourcing dependency on one country. That's why many people are moving out of China."

However, he advised increased investment in man-made fibre raw material in the country to reduce import dependency.

Local textile mills contribute only 15%

While local textile mills supply about 65% of Bangladesh's cotton-based garments, according to RAPID's calculations, man-made fibres account for 15%. However, BGMEA vice-president Shahidullah Azim feels that this share will be less than that.

In the past, many people did not want to invest in this sector due to low demand from local garment entrepreneurs and buyers and the huge investment involved. However, as the demand is increasing day by day, many have come forward to invest in the last two years and around 50 factories are more or less manufacturing the raw material of these garments.

Noman Group, Envoy Group, DBL Group, Maksons Group, Square Group and Shasha Denim are now setting up new facilities for manufacturing synthetic and blended yarns. Some of these have also gone into production.

Kutubuddin Ahmed, chairman of Envoy Group told The Business Standard "Our factory is going to produce blended yarn (mixture of cotton and manmade fibre yarn) from next month. Production will be around 30 metric tonnes per day."

Pointing out the reasons behind the investment not increasing according to demand, he said that at one time the demand was low. Later, as the price of cotton increased, so did the demand for man-made fibre garments, which started drawing investments.

Indian exporters are gauge potential

Some 60 companies from India's Gujarat showcased their yarns and fabrics at an exhibition titled Indian Textile and Trade Fair (ITTF), which was held in Dhaka in January.

Most of these companies exhibited specialised fabrics including man-made fibres and blended yarns, which are made into various types of women dresses, bridal dresses, gowns, sarees, kids dresses. Garments made of these yarns and fabrics are relatively high priced.

Sanjay Gadiya of Khushi Fabrics, from Gujrat told The Business Standard, "Currently we are exporting to Bangladesh through a third party in Kolkata – amounting to $6 million a year. Hopefully the demand for this product will grow further in Bangladesh."

Several other Indian companies that took part in the exhibition also spoke about the possibility of increasing exports to Bangladesh in the coming days.

Source: tbsnews.net- Feb 07, 2023

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Pak minister urges export-oriented policies to accelerate economic growth

A senior Pakistani official has said that the government is committed to facilitating the country's exports and urged the exporters to adopt export-oriented policies for the public and private sectors to accelerate export-led growth.

Minister for Planning, Development and Special Initiatives Ahsan Iqbal made the remarks here on Tuesday during a roundtable with the country's exporters to review the progress of the exports and issues being faced by them.

"Increasing exports is the only solution to get rid of the economic crisis and every sector should set a target to increase exports," Iqbal said while assuring them that the government would facilitate and remove all bottlenecks in this regard.

He told the exporters that the government will soon organise a conference in which 50 brands of the country would be invited to highlight their work globally, adding that a body would be established for this purpose as well so that Pakistan's work could be showcased internationally, Xinhua news agency reported.

The Minister said that unprecedented floods last year had badly affected Pakistan's economy and the government has been making hard decisions to bring the country to the path of stability.

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

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NATIONAL NEWS

UK, EU seek access to India's public procurement market

New Delhi: Large Indian companies bidding for government tenders will soon be facing foreign competition as India prepares to open up its $500 billion public procurement market as part of free trade agreement negotiations.

Public procurement of contracts worth over ₹200 crore were opened up in the FTA signed with the UAE last year, in a major policy shift by the ruling National Democratic Alliance. And now, every country India is negotiating with, including the European Union, UK and Australia, is gunning for access to the public procurement market.

A government official said, "The UK and EU won't negotiate with us if we keep the public procurement market out of the trade talks. Australia has asked for similar access as given to the UAE. The UAE deal is used as a yardstick by other countries. One has to understand that companies from the UK and EU will be able to come in high-tech areas, where requirements for technical standards are high."

Experts said that domestic small businesses would face little challenge if the current minimum of ₹200 croreis maintained. But if a 'national treatment' clause in the trade agreements is agreed, small businesses could face stiff competition. Under the national treatment clause, foreign small businesses will be treated similar to the domestic ones.

"They (foreign firms) won't be able to compete with our firms in, say, road projects. They would incur higher costs compared to our companies. Underwater structure, projects involving large-scale medical equipment or Artificial Intelligence (AI) are the areas that they could come in. Here, cost is a major factor. Our major competition in this sector is with ASEAN (South-east Asian) countries or China," the official added.

People aware of the development said that Indian companies, especially those in the IT sector, have also sought access to the public procurement market in the EU and the UK.

“This is a real concern actually. From the time we have been opposing the inclusion of public procurement in a trade deal to now, nothing has actually changed as far as small businesses are concerned. Once you give in a particular area, it is a slippery slope because in principle, you have agreed to give access. Public procurement is a huge market; so, everyone would want access," Biswajit Dhar, professor at Jawaharlal Nehru University said.

Ajay Sahai, director-general and CEO of the Federation of Indian Export Organizations, said that if the ₹200 crore limit is breached, there will be challenges for domestic firms as foreign MSMEs are quite strong. If the limit is maintained, only the large companies may face some pressure. But large companies are competing in global procurement markets, he added. The public procurement policy which mandates all central ministries, departments and public sector units to buy 25% of their total annual purchases value from micro, small and medium enterprises will continue, the official added, which means domestic MSMEs will continue to be prioritized.

“For opening public procurement, there are certain terms and conditions, which vary by country. For uniformity the EU has a directive on this. Contracts below a certain value can be reserved for MSMEs," said Arpita Mukherjee, professor at ICRIER.

“Trade agreements cover transparency and clarity in procurement policy and process. Many measures have been taken by India to ensure transparency and reduce corruption in the procurement process. However, we don't have an overarching government procurement regulation. We also have a quasi-federal structure and states play a key role in procurement," she added.

Queries sent to the commerce ministry, the EU office in New Delhi and the UAE embassy remained unanswered at press time.

Source: livemint.com - Feb 08, 2023

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Second round of IPEF negotiation to start in India on Wednesday

India is hosting the second round of negotiations of the United States-led Indo-Pacific Economic Framework (IPEF) in the national capital starting Wednesday.

There will be negotiations on three of the four pillars under IPEF – supply chain, clean economy, and fair economy. India has decided to stay out of the trade pillar at the moment.

The first negotiating round took place in Australia's Brisbane in December, which focused on the trade pillar that covered issues, such as trade facilitation, agriculture, services, domestic regulation, transparency, and good regulatory practices.

Fourteen countries, including India and the US, are members of the IPEF that was launched on the sidelines of the Quad Summit in Tokyo in May last year. It is seen as an economic initiative to counter China's influence in the South and Southeast Asian nations.

Experts pointed out India needs to tread cautiously before making binding commitments on issues such as the labour standards, environment.

Biswajit Dhar, professor of economics at the Jawaharlal Nehru University, said the US would push for commitments on labour standards and environment through supply chains and clean economy pillars.

"For instance, India has made voluntary commitments as far as global climate-related commitments are concerned. However, the IPEF dynamics are different and may focus on quicker clean economy transitions," Dhar said.

India has opted out of the trade pillar as broad consensus had not emerged on issues pertaining to labour, environment, digital trade, and public procurement.

As of now, 13 of 14 member nations of IPEF have decided to join the three pillars.

Dhar pointed out that unlike any other trade deal, IPEF's focus would be on non-tariff trade barriers, such as standards and regulations. "India will have to carefully assess how much of regulations will be able to comply with. This is because India has not been very active on this front. Adherence to standards requires certain systems, technology, and financial resources in place," he explained.

Apart from India and the US, the 12 other members of the IPEF are Australia, Brunei, Fiji, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam.

Source: business-standard.com - Feb 07, 2023

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RBI hikes repo rate by 25 bps to 6.5%

Reserve Bank of India's Monetary Policy Committee voted by a majority of four out of six members to increase the policy repo rate by a smaller quantum—25 basis points—from 6.25 per cent to 6.50 per cent to keep inflation expectations anchored and break the core inflation persistence.

The committee also voted by a majority of four out of six members to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

With the latest repo rate hike, the MPC has cumulatively upped the key policy rate by 250 basis points since May 2022.

The latest hike comes in the backdrop of retail inflation cooling down to a 12-month low of 5.72 per cent in December 2022, index of industrial production surging to a five-month high of 7.1 per cent, and the US Fed slowing down the pace of hike in benchmark interest rate to only a quarter percentage point.

RBI Governor Shaktikanta Das noted that the economy is holding up, but weak external demand could prove to be a drag on growth.

While inflation is expected to moderate, it could still remain above 4 per cent in FY24, he said.

For FY24, real GDP growth and retail inflation have been projected at 6.4 per cent and 5.3 per cent, respectively.

Source: thehindubusinessline.com - Feb 08, 2023

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MoS Textiles inaugurates 68th India International Garment Fair in Greater Noida

Smt. Darshana Jardosh, Hon'ble Minister of State for Textiles, Govt. of India inaugurated the 68th India International Garment Fair (IIGF) today at India Export Mart, Greater Noida (City of Apparels).

During her inaugural speech, the Minister said that in view of huge potential of employment generation and foreign exchange earning apparel and textile industry is on the priority and Union Government is fully committed to establish a modern, dynamic, integrated and world-class textile sector under the vision of our Hon'ble Prime Minister Shri Narendra Modi Ji.

She further said that the India's annual textile and apparel export stood at US$ 44.4 billion in FY 2022 with an increase of 41% compared to last year and India is second largest textile and clothing exporter in the world. She appealed the apparel manufactures and exporters to emphasis on innovation, quality with matching latest fashion trends and assured all sort of support from the Government for development and expansion of apparel industry.

In his welcome speech, Shri Lalit Thukral, Chairman, International Garment Fair Association (IGFA) and President, Noida Apparel Export Cluster (NAEC) thanked Hon'ble Minister for sparing her valuable time to inaugurate the fair which will motivate the apparel exporters.

Sh. Thukral expressed sincere thanks on behalf apparel fraternity and said that much awaited Production Linked Incentive Scheme, Textile Park and other Schemes of Govt. of India, which are export friendly giving the boost to apparel manufacturing and export.

He also welcomed the vision of UP Chief Minister Hon'ble Shri Yogi Adityanath Ji to make the state apparel and textile hub for which not only textile/export friendly policies /scheme have been formulated but also a conducive industrial atmosphere has also provided in the state with better law and order.

Sh. Thukral said each edition of IIGF attract export business from India to around US$ 200 million and this time we expect around US$ 350 million and this trends is expected to be continued. Sh. Thukral also informed the audience that Noida is an important apparel hub from where the current annual apparel export is around Rs. 40,000 crores which would be approximately Rs. 60,000 crores in coming years. He further welcomed and thanked to all participants, visiting overseas buyers, sourcing consultants of the fair and media person.

The 68th IIGF is being organized by International Garment Fair Association wherein around 250 exhibitors are showcasing their products for Autumn/winter 2023-24 season and more than 1000 buyers from all over the world and around 800 sourcing consultants is expected to visit the fair which will be for three days from 7 to 9 February'2023.

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

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Over 10,000 MSMEs shut down in 2022-23, highest in past four years

A total of 10,655 micro, small and medium enterprises (MSMEs) shut down in 2022-23; the highest in the last four years. There were 6,222 such closures in financial year 2021-22 (FY22); according to data released in Parliament as part of a Rajya Sabha question on Monday. The data for the current year (FY23) is as of February 1, 2023.

The data also revealed that the ratio of closures to new businesses being started has been worsening over the past three years. There were over 11,000 new firms started for every one of the 175 that shut down in 2020-21. This was down to 349 new firms for every shutdown in 2021-22. The current year has seen 167 firms open for every closure. This is a worse ratio than 2019-20, a year where the pandemic impact was largely limited to the last three months of the year. There were 3,000 new businesses opening for every one that closed at the time.

Some of this may be related to the timing that closure was intimated to the authorities. There were fewer closures reported in 2020-21 amid the lockdown and the pandemic, than in 2022-23 after much of the pandemic's economic devastation had already been done.

A Business Standard analysis shows that Maharashtra, Tamil Nadu, Uttar Pradesh, Rajasthan and Gujarat account for over half of all the MSMEs incorporated in the five years between FY19 and FY23. Among these top five states, Maharashtra accounts for a fifth of all the new incorporations. The top states also account for much of the employment generated through MSMEs. The top three states account for nearly a third of MSME employment.

Finance Minister Nirmala Sitharaman revamped the credit guarantee scheme for MSMEs to enable an additional collateral-free guaranteed credit of Rs 2 trillion. Loans outstanding for MSMEs in FY23 (data till November 2022) was over Rs 8 trillion. The MSME segment now accounts for about a fourth of all industry loans (which includes micro, small, medium and large enterprises).

Source: business-standard.com - Feb 07, 2023

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Summit to explore emerging business, exports and investment opportunities

CHENNAI: In a bid to support the manufacturing industry and small and medium enterprises sector from Tamil Nadu to explore business opportunities in India and overseas, SME Chamber of India and Federation of Indian SME Associations will jointly organise a national-level Conference on India Manufacturers & SME Summit from February 17.

The event backed by SBI, Yes Bank, Packaging Industry Association of India, SME Industrial Parks of India, SME Export Promotion Council, SME Investment Promotion Council and Tamil Nadu Business Forum is being organised under the theme Exploring emerging business, exports and investment opportunities.

Piyush Goyal, Union Minister of Commerce and Industries, ThangamThennarasu, Tamil Nadu Industries Minister, Dr Palanivel Thiagarajan, Tamil Nadu Finance Minister, T M Anbarasan, Tamil Nadu Minister of Rural Industries and Small Industries, S Krishnan, Additional Chief Secretary of Industry Department are likely to participate in the event.

Chandrakant Salunkhe, founder and president, SME Chamber of India, has stated that the conference will give a platform to the manufacturing industries, SMEs, exporters, investors, importers, start-ups, institutions, agencies and allied business and industrial sectors to explore emerging business opportunities, exports and investment opportunities and provide strategies for revival of sick manufacturing and SME units.

Source: newindianexpress.com- Feb 08, 2023

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