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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

Global brands put spotlight on textile mislabelling and fraud

Global apparel retailers are now realizing that what you see is not always what it seems and are seeking to verify the authenticity of their products from supply sources to protect themselves from fabric mislabelling and fraud. Many premium brands are implementing strict regulations and monitoring processes throughout their global manufacturing process to put an end to the mislabelling of a garment that claims to be what it is not.

Fragmented supply chains create confusion on garment labelling

The complex and fragmented supply chains of global brands sometimes rely on just a literal paper documented trail although each step in the chain is happening in a different country or factory which is helping to evade responsibility and mislabel garments. The Textile Fiber Rule requires that certain textiles sold in the US carry labels that specify the generic names and percentages by weight of the constituent fibres in the product, the manufacturer or marketer name, as well as the country of manufacture.

US retailer Target severed ties with textile manufacturer Welspun India in 2016 after realizing that over 750,000 bedlinens such as sheets and pillowcases were fake and mislabelled as Egyptian cotton and they were not the pure long- and extra-long-staple Egyptian cotton after all.

Further on, the Cotton Egypt Association estimated that 90 per cent of global supplies of Egyptian cotton in 2016 were actually fake. Not just Egyptian cotton, recently in 2020, the Global Organic Textile Standard (GOTS) opined around 20,000 tonnes of Indian cotton had been incorrectly certified as premium organic cotton which translated to a sixth of the country's total production.

A famous silk brand from Vietnam also owned up that over half of its silk was inferior silk from China. Animal rights activists supported several British retailers in 2018 who withdraw their faux fur winter garments which were found to be from actual dead and skinned animals. Even synthetic fabrics such as polyester fabrics are mislabelled as over 60 per cent of those claiming to be from recycled plastic bottles with lower carbon footprint were made from virgin plastic.

High-tech tracing technology to verify authenticity

There is always a gap between how much fibre is naturally produced globally and how much brands and retailers actually use in their finished products. The brands sometimes themselves don't know exactly where the fabric in their products comes from as only a third of the top 100 apparel companies track their supply chains.

As Crispin Argento, MD, The Sourcery point out there are indicators, from self-reporting of various fabric mills, spinners, farmers, brands, that the vast majority of cotton that is presented to consumers as organic is not, in fact, organic cotton. The Sourcery is an Amsterdam-based company for helping brands source organic cotton direct from growers- in a news report.

The way forward is for brands and retailers to focus on using tracing technology to verify the authenticity of their products and the first step would be to map out the whole supply chain. Companies must build large provenance databases to ensure each product's fingerprint is truly unique.

Manufacturers may go have to go out and get soil samples from all the different major cotton farms in the world to build up these tracing systems. While forensic tracing methods like isotope analysis tend to work well with natural materials like cotton, silk and wool, they cannot trace synthetic materials which are mostly oil-based.

With a typical supply chain in the textile industry being very complex, with seperate facilities in different countries that complete each step in the process, fabric mislabelling and fraud is not an easy segment to tackle. However, the hundreds of hands that an item passes through before it comes into the consumer's hands are now being authenticated and the passing the buck on days may just be numbered.

Source: fashionatingworld.com- Feb 16, 2023

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Euro area's foreign goods trade sees €8.8 bn deficit in Dec 2022

The first estimate for euro area exports of goods to the rest of the world in December 2022 was €238.7 billion, an increase of 9.0 per cent year-on-year (YoY). Imports from the rest of the world stood at €247.5 billion, a rise of 8.7 per cent YoY, as per the Eurostat. As a result, the euro area recorded a €8.8 billion deficit in trade in goods with the rest of the world in December 2022, which was the same as in December 2021. Intra-euro area trade rose to €212.8 billion in December 2022, up by 9.4 per cent YoY.

In January to December 2022, euro area exports of goods to the rest of the world rose to €2,877.8 billion (an increase of 18.0 per cent compared with January-December 2021), and imports rose to €3,192.5 billion (an increase of 37.5 per cent compared with January-December 2021). As a result, the euro area recorded a deficit of €314.7 billion, compared with a surplus of €116.4 billion in January-December 2021. Intra-euro area trade rose to €2,726.4 billion in January-December 2022, up by 24.4 per cent compared with January-December 2021, the European Union's (EU) statistical office Eurostat said in a news release.

The first estimate for extra-EU exports of goods in December 2022 was €218.7 billion, up by 10.3 per cent compared with December 2021 (€198.2 billion). Imports from the rest of the world stood at €230.8 billion, up by 8.5 per cent compared with December 2021 (€212.8 billion). As a result, the EU recorded a €12.1 billion deficit in trade in goods with the rest of the world in December 2022, compared with -€14.6 billion in December 2021. Intra-EU trade rose to €326.7 billion in December 2022, a rise of 8.5 per cent compared with December 2021.

In January to December 2022, extra-EU exports of goods rose to €2,572.0 billion (an increase of 17.9 per cent compared with January-December 2021), and imports rose to €3,003.2 billion (an increase of 41.3 per cent compared with January-December 2021). As a result, the EU recorded a deficit of €431.2 billion, compared with a surplus of €55.1 billion in January-December 2021. Intra-EU trade rose to €4,225.2 billion in January-December 2022, an increase of 22.7 per cent compared with January-December 2021.

In December 2022, compared with December 2021, all the member states registered increases in extra-EU exports except Estonia (-30.4 per cent), Belgium (-4.2 per cent), Malta (-3.5 per cent) and Slovakia (-3.3 per cent). The highest increases were registered in Slovenia (47.5 per cent) and Cyprus (90.1 per cent), added the release.

With regard to the extra-EU imports, the picture is similar. In December 2022 compared to December 2021, all but six member states registered increases in extra-EU imports. The highest increases were observed in Lithuania (32.1 per cent), Croatia (38.9 per cent), and Latvia (103.7 per cent), while the highest decreases were registered in Finland (-15.1 per cent) and Estonia (-39.3 per cent).

Source: fibre2fashion.com- Feb 17, 2023

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Cambodia's apparel exports down 28% to $555 mn in Jan 2023

Cambodia's apparel exports decreased by 28.01 per cent to $555.665 million in January 2023, accounting for 35.41 per cent of its total foreign income of $1,567.867 million during the period, according to general department of customs and excise (GDCE) under ministry of economy and finance. Last year, the country's apparel exports increased by 12.69 per cent to $9.035 billion.

In January 2023, Cambodia's exports of apparel and clothing accessories (knitted) (Chapter 61) earned $350.294 million, which was 33.4 per cent lower than the exports worth $526.055 million during the corresponding period in 2022. The country's exports of apparel and clothing accessories (not knitted) (Chapter 62) dropped by 16.5 per cent to $205.371 million in the period under review. In January 2022, the country exported apparel worth $245.896 million in this category. The decline in the shipment reflects sluggish demand in the global market.

As for the imports, the country's knitted or crocheted fabric (Chapter 60) imports during January 2023 were valued at $204.822 million, 37.3 per cent lower than the imports worth $326.837 million in the same period of 2022. Manmade fibre (Chapter 55) imports declined by 20.8 per cent to $117.224 million, against $148.100 million in January 2022. Cotton (Chapter 52) imports slipped 26.1 per cent to reach $46.950 million during the period under review, compared to $63.565 million in the same period of 2022.

Cambodia's apparel exports registered a growth of 12.69 per cent during 2022, reaching $9.035 billion. However, the shipment declined during the later months of the last year.

Source: fibre2fashion.com- Feb 16, 2023

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Sri Lanka eyeing FTAs to revive apparel industry

Sri Lanka, like other manufacturing locations, is seeing a drop in apparel orders due to overstocking caused by reduced sales and the aftereffects of COVID where goods ended up with brands out of the season they were required for, writes Duruthu Edirimuni Chandrasekera. In addition to these woes, the crippling recession in major markets, high gas prices in Europe, and a deceleration of these economies are all contributing to the low orders, industry officials said.

The SME sector continues to be the worst hit, as a number of these plants act as subcontract manufacturers for the bigger plants, and as a result of the reduced volumes, there are no subcontracting opportunities available, Yohan Lawrence, secretary general of JAAF, told FIbre2Fashion. “SME companies generally have heavy borrowings which means they have limited access to any new finance. This coupled with the rise in interest rates makes access to finance very challenging right now. Options for relief are also limited as the economic crisis means there is little that can be done,” he said.

For Economic experts, Sri Lanka's economic meltdown is not a surprise as years of bungling have been worsened by several external shocks and the former President Gotabaya Rajapaksa’s reluctance to seek help from the International Monetary Fund (IMF) earlier. Now the country is grappling with budget and current account deficits, hyperinflation (inflation has surpassed 50 per cent and could hit 70 per cent), a devalued currency and a massive sovereign debt held by many countries, most notably China, India and Japan that it can no longer pay.

A number of the SME factories are working only a few days a week with there being very little work around, industry officials pointed out. A medium-sized apparel manufacturer said that this year looks to be very challenging as the bookings they got are very low priced.

Sri Lanka’s apparel export industry currently accounts for approximately 44 per cent of the total exports, providing about 33 per cent of the manufacturing employment in the country, according to the US International Trade Administration. Janaka Boteju, chairman Bernard Boteju Industries Private Limited told Fibre2Fashion that his company has seen a price reduction of 40 to 50 per cent in some cases. “The quantities we get are also low. While it is a worldwide situation, we must remember that the industry is competing with other regional counterparts."

Currently, it is a buyer's market, he said noting that it is difficult to navigate the industry. Predicting that from May onwards things will start improving, he said that to get back into a strategic situation it will take at least 12 more months.

Complicating the issues further, energy, which is a significant part of the industry costs, and the recent revisions by the power regulator have eroded any comparative advantage that Sri Lanka may have had over its regional competitors. "We are therefore extremely concerned over discussions for a further increase in power costs in early 2023 given the huge increases we had in late 2022," Lawrence said.

One of the 'quick fixes' has been the installation of solar electricity on the rooftops of factories. That said, several plants have already done this over the past few years so the potential to scale this up is limited. Moreover, the Ceylon Electricity Board (CEB) has a large amount of pending payments to rooftop solar providers under the Net Plus scheme.

This can be overcome by facilitating power wheeling, which will allow industries (or investors) to set up renewable energy sites in remote locations and then sell this power directly to factories, by using the CEB grid for transmission for which payment can be made to the CEB.

Currently, this is not permitted under the CEB regulations. "We believe that power wheeling can open a number of new opportunities for the generation of renewable energy which would be cheaper than the CEB tariff, and more importantly, take a load off the national grid which will in turn reduce the costs of energy to households. The approval for power wheeling is something that is long overdue and will be of great benefit not just to the industry but to every consumer," Lawrence explained.

He added that right now there are no plans to boost renewable energy production as it is not viable due to the restrictions on power wheeling. "Moreover, the CEB tariff under the Net Plus scheme needs to reflect a commercially viable tariff if we are looking for industries to use their own rooftops for solar. The pace at which the CEB is moving to renewable has historically been extremely slow and there is an urgent need for a change in the mindset here."

Industry analysts constantly point out that Sri Lanka needs to fight hard to ensure that it can provide a competitive offer for any new investment, be it the expansion of an existing one or attracting new investment. “There are several factors in this decision including importantly the ease of doing business. Unfortunately, we are not as competitive here as we should be and as a result, the country is losing out from potential investments as the package on offer in competitor nations is, simply put, better than ours,” Lawrence added.

Things like market access and preferential trading agreements are other key factors when investing in location. “If you take the example of Vietnam, that country’s international trade has increased multiple times due to the number of FTAs that Vietnam has signed with major markets. Sri Lanka needs to up the offer that it has for attracting investors,” Lawrence added.

Expressing similar sentiments, Boteju added that Sri Lanka should eye an FTA with India to widen trade in the apparel sector.

JAAF has identified five markets with great potential—Canada, India, China, Australia, and Japan. Lawrence said that the industry is looking at fast-tracking FTAs as being a key part of the recovery. "We are very happy to note that discussions are on track with both China and India which offer great potential for Sri Lanka’s apparel. We are also looking at opportunities for better trading terms with the EU and the UK and also exploring trade agreements with Australia, Canada, Japan and South Korea. These will allow us to compete on even terms with the other apparel manufacturing countries."

A board of investment official who was very positive about the future of the apparel sector said that sustainability initiatives zealously embraced by the Sri Lankan apparel manufacturers, growing investments in R&D and advanced manufacturing technologies, big local talent in fashion design and advanced education programmes to groom that talent and the skilled workforce are striving to pull the apparel market out of the crisis. He added that sector revenue is expected to be $1.68 billion in 2023. The market is expected to grow annually by 2.26 per cent compound annual growth rate between now and 2027.

Source: fibre2fashion.com- Feb 16, 2023

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Oakland and Savannah Ports Invest in Infrastructure

Major U.S. ports in California and Georgia are in store for significant upgrades.

Thanks to a $175 million commitment from the state, the Port of Oakland is renovating to improve transportation flow, especially for primary trucking and the access gateway, to relieve truck and vehicle congestion.

The reconstructed access into the 1,300-acre Oakland Seaport aims to enhance the flow of traffic in and out of the port, curtail the time trucks spend at the terminals, increase safety and provide more flexibility for seaport cargo operations.

Known formally as the 7th Street Grade Separation East Project, the plan includes a shared bicycle/pedestrian pathway for public access to the Middle Harbor Shoreline Park and is designed to increase efficiency, foster sustainability and support the entire Northern California economy. The California Transportation Commission (CTC) approved the $175 million for the project's funding in December. The Alameda County Transportation Commission is managing the project with financial and engineering support from the Port of Oakland.

Alongside the renovations, The Port of Oakland is taking actions to support greener operations throughout the hub as part of a $2 million renewable energy infrastructure project approved in August. The project includes electrical infrastructure incorporating solar generation, battery storage systems, a fuel cell and the replacement of a substation and connecting circuitry.

The project is integrating renewable power to support the port's goal of transitioning to all electric, heavy-duty trucks and cargo-handling equipment, to curb fossil fuel usage in cargo-handling operations. The project will also improve the maritime area's electrical grid resiliency.

As part of the renovation, the seaport is operating two all-electric "top picks" in the gateway to advance the port's zero-emissions goals.These heavy-duty vehicles resemble giant forklifts, and can load containers weighing up to 100,000 pounds onto trucks and trains and stack them in terminal storage yards.

The Port of Oakland was also awarded a separate $36.6 million grant from the U.S. Department of Transportation in October to support green infrastructure development for added cargo transport capacity and operational efficiencies at its Outer Harbor. The grant is part of a $94 million federal investment in California ports.

Oakland's Outer Harbor is an approximately 120-acre container shipping wharf and marine terminal that became inactive due in part to aging infrastructure and outdated equipment. The grant will provide the initial investment to reactivate the terminal capacity by installing green energy infrastructure and using zero-emissions technology.

Danny Wan, executive director at the Port of Oakland, shared the port's ambitions to approximately 300 port stakeholders at an event at the gateway's Jack London Square marina on Tuesday.

"We need to build for the next generation. It is a future port that not only moves more cargo, carries more passengers and attracts more visitors, but that growth will be achieved with zero-emissions technology," Wan said. "Federal and state governments have dedicated an unprecedented amount of funding for infrastructure. We have a once-in-a-lifetime opportunity to apply for these government funds to build new facilities and clean energy infrastructure."

According to the port, Wan is meeting with business partners, community groups and elected officials to advocate for the agency's needs to garner stakeholder support and government funding.

Port of Savannah's $4.5 billion terminal expansion

Meanwhile, the Georgia Ports Authority's (GPA) infrastructure projects at the Port of Savannah will cost an estimated $4.5 billion over 12 years.

An ongoing project that would enable the port's Garden City Terminal Berth 1 to serve larger vessels is now 80 percent complete. The first four of eight massive cranes slated to work Berth 1 arrived Feb. 9. When Berth 1 improvements are finished in July, the port will be able to simultaneously serve four vessels capable of carrying more than 16,000 20-foot containers or equivalent units (TEUs), as well as three additional ships.

The enhanced berth will add 1.5 million TEUs of annual berth capacity, according to the GPA. The improvements are expected to provide faster vessel service and better accommodate the big ships entering and exiting the port. The project is expected to be completed in July 2023.

Adjacent to the Port of Savannah's main container terminal, the Garden City Terminal West project will deliver another 90 acres of new storage, supported by 15 electric rubber-tired gantry cranes. Now 20 percent complete, this project will add 1 million TEUs of annual capacity, coming online in phases in 2023 and 2024.

When accounting for the expansions, as well as a new cross-dock facility and renovations to its 200-acre, five-berth Ocean Terminal, the projects will increase the Port of Savannah's annual capacity from 6 million to 7.5 million TEUs in 2023, and to 9 million TEUs by 2025.

To accommodate roll-on/roll-off (ro/ro) cargo ships designed to carry wheeled cargo, GPA continues construction on Colonel's Island Terminal in the Port of Brunswick. Construction has started on 350,000 square feet of near-dock warehousing that will serve auto processing, as well as three additional buildings and 85 acres of auto storage on the south side of the island. For the fiscal year to date, Brunswick is up 16.7 percent to more than 352,000 roll-on/roll-off units.

The expansion will grow annual capacity in Brunswick from 1.2 million to 1.4 million units of ro/ro cargo, and is slated to be completed in 2023.

GPA board chairman Joel Wooten said the port authority is taking advantage of a current dip in container traffic to make progress on the infrastructure projects that will be needed as demand returns.

"Being prepared to take advantage of opportunities as they arise requires steady leadership and an eye toward long-term trends," Wooten said. "Our board's commitment to constant infrastructure improvement, even during down times, means our customers have a ready partner in growth when they need to expand their Georgia operations."

Savannah exports up in January, but total cargo slips

The investments come as the Port of Savannah saw exports kick up 21 percent to start 2023, while total cargo volume sank 11.5 percent.

The port, which calls itself the nation's busiest hub for U.S.-produced goods, handled 110,305 TEUs of exports in January, an increase of 19,419 TEUs over the 90,886 TEUs that exited the gateway in the year-ago month.

"We're excited to support a strong month for American farms and factories at the Port of Savannah," said Griff Lynch, executive director of the Georgia Ports Authority. "We achieved particularly robust growth last month in export trade lanes to Europe and the Mediterranean."

Compared to pre-pandemic numbers, the Port of Savannah's January trade of 421,714 TEUs in total cargo showed 11.7 percent improvement over January 2020's 377,671 TEUs.

Total cargo dipped 55,000 TEUs, or 11.5 percent, compared to January 2022. The decline was fueled in part by reduced orders in retail and manufacturing, resulting in import loads softening by 39,850 TEUs, or 16 percent. Similarly, the export of empty containers via Savannah declined 34,650 TEUs on reduced demand for Asian goods served by the empty boxes.

The GPA said weather also played a role in the reduced cargo volume, delaying six vessels slated to call Savannah in late January to early February.

In January, the Savannah port said it handled a record-setting 5.9 million TEU worth of containerized cargo in 2022, 5 percent more than the year before.

The Georgia port's 2023 start held up better than one of its West Coast counterparts, with the Port of Long Beach reporting earlier this week it had a 28.4 percent year-over-year drop in January 2023 container volume to 573,772 TEUs. January imports at Long Beach dropped 32.3 percent to 263,394 TEUs, while exports declined 14.2 percent to 105,623 TEUs.

The Port of Los Angeles will report its January numbers Thursday.

Source: sourcingjournal.com- Feb 16, 2023

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Knitwear grabs bigger share of B'desh garment exports

Knitwear accounts for more than 55 percent of Bangladesh's total garment exports.

In the 1980s, woven garments such as shirts and pants were the main export products of Bangladesh. At that time, the share of woven garments in total exports was more than 90 percent. After that, the capacity of knitwear is also created in Bangladesh. Gradually, the participation of woven and knit garments in the total exports was equalized.

However, this picture has changed in the last decade.More than 80 percent of the products exported from Bangladesh in the world market are readymade garments. These are basically divided into two categories based on type—woven garments and knitwear. Generally, T-shirts, polo shirts, sweaters, trousers, joggers, shorts are called knitwear. On the other hand, formal shirts, pants, suits, denim jeans are known as woven clothes.

The use of casual wear has started to increase since the Covid period. Also, the demand for people's everyday clothes is also increasing. Most of these clothes are knitwear. Besides, the demand for manmade fibers is increasing in the international market, most of which is knitwear. As a result, the overall demand for knitwear is increasing in the global market.

Source: fashionatingworld.com- Feb 16, 2023

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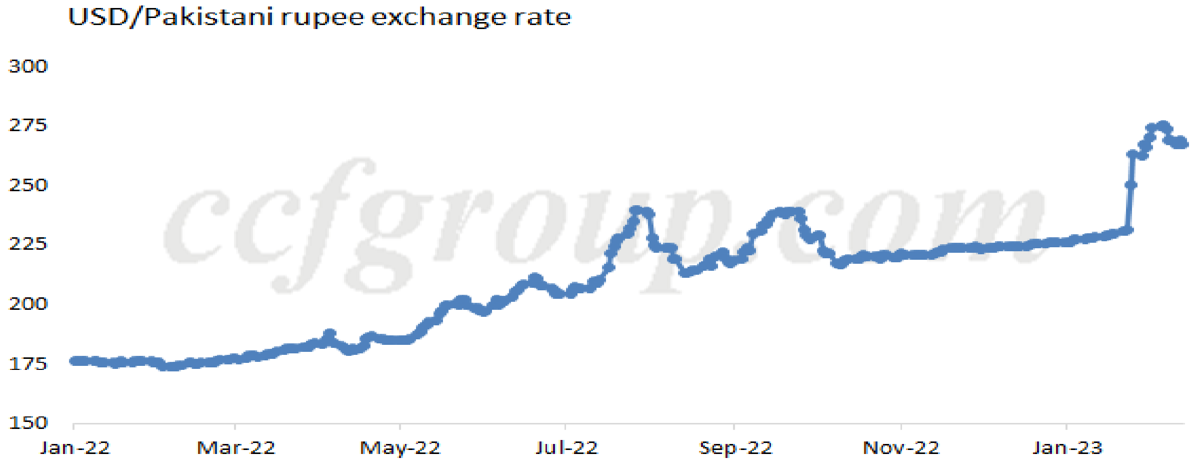
Pakistan's economic crisis impact on global cotton supply and demand

On Feb 11, the official website of the Ministry of Foreign Affairs issued a reminder that Chinese citizens should be cautious about traveling to Pakistan recently. CCTV news client reported on Feb 3 that Pakistan's foreign exchange reserves have been exhausted to an extremely low level of 3.09 billion US dollars, which can only meet the import demand for 18 days. Pakistan rupee has experienced massive depreciation against the US dollar. Besides, the local food and energy has high dependence on imports. The low foreign exchange reserves and the currency deprecation triggers the worse inflation, posing severe impact on the normal life of Pakistani people, and its economic faces great challenges. As the world fourth largest cotton producer and the fifth largest cotton importer, this crisis will bring certain impact on global cotton import and export.

1. Import exchange settlement faces challenges with sharp depreciation of Rupee

Since 2022, Pakistani rupee has constantly depreciated against the US dollar after several rounds of US Fed's hike on interest rate, and around Jan 26, 2023, the currency has depreciated by nearby 10%. Under such condition, local commodity prices moved up overall and cotton prices also increased, but with the currency depreciation and worries over the exchange settlement credit risks, imported cotton was hard to be into the market. Meanwhile, energy prices increased by nearly 112%, leading to difficult operation of downstream mills.



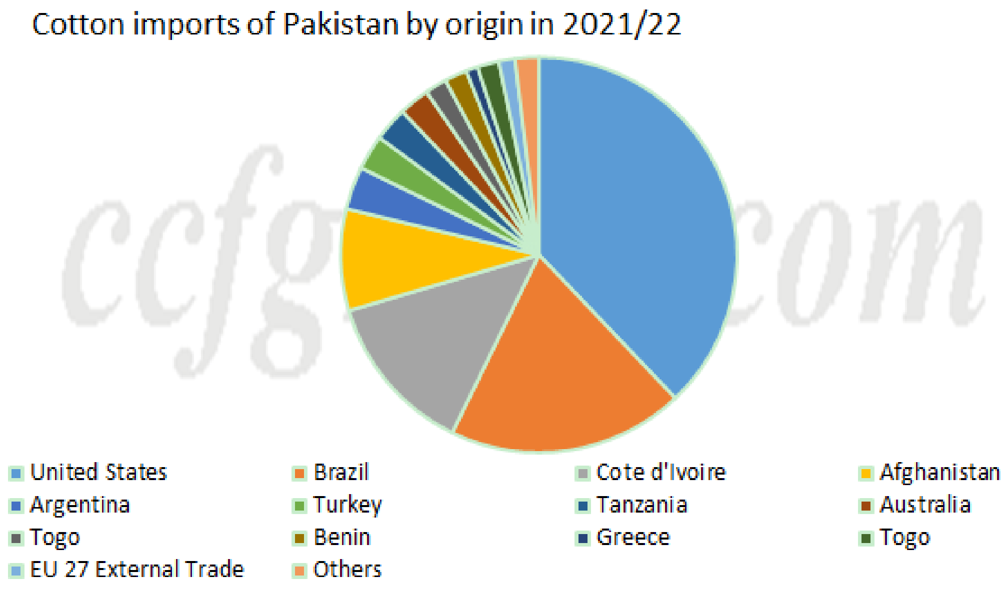
2. Cotton imports are active in recent two years, but there are risks on exchange settlement later

In 2022/23 season, Pakistan is active to purchase imported cotton, and import volumes increase steadily. Meanwhile, Pakistan has signed many U.S. cotton contracts in 2021/22 season, and by Feb 2, 2023, the purchases of 2022/23 U.S. cotton have reached 420kt, to be the second largest U.S. cotton export destinations, with a proportion of 19%.

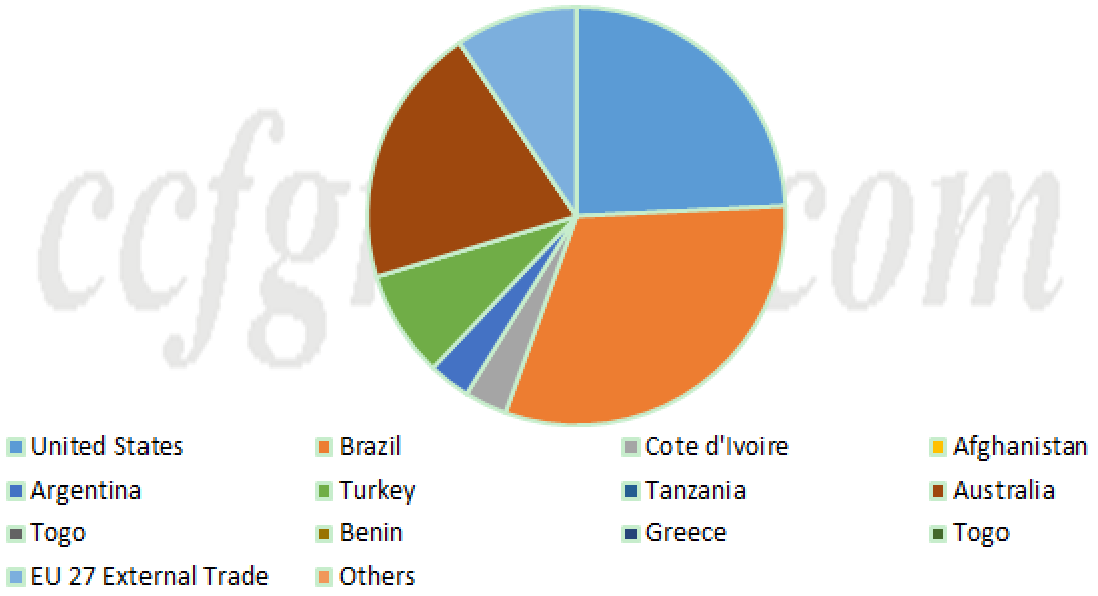
Export shipments to Pakistan also keep high, with a total of 156kt, but the outstanding contracts take a high share of 63%. Later, if the foreign exchange reserves shortage maintains and has no effective solutions, the exchange settlement on cotton imports will face risks.

After communications with Pakistani spinners and cotton yarn traders recently, they state that imports may have some problems, as there is no available foreign exchange on settlement and exports have no problem temporarily. Recently, Pakistani cotton prices are steady, and even edge lower.

In medium to short term, spinners could maintain production by consuming cotton inventory or imported cotton that is arrived previously, but later, if the foreign exchange reserves fail to improve, the forward shipments of imported cotton may face certain risks.



Cotton imports of Pakistan by origin in 2022/23



3. Pakistan's cotton import dependence may be underestimated

According to USDA, cotton imports of Pakistan have risen slightly in recent years, and cotton consumption basically maintains at 2.10-2.30 million tons, though it reduces to below 2 million tons in 2022/23 affected by the flood.

USD forecasts that the cotton imports in 2022/23 season are flat from 2021/22 season, and the import dependency reaches a five-year high of 51%. USDA forecasts that cotton imports of Pakistan may be 980kt in 2022/23 season, but we estimate that the imports may be higher.

Pakistan has purchased 420kt of U.S. cotton, and meanwhile, Pakistan also purchases large quantity of Australian and Brazilian cotton due to their good price performance. Cotton imports are likely to reach above 1.05 million tons, and the import dependency may be higher. Of course, the cotton imports need enough foreign exchange reserves.

If the subsequent shortage of foreign exchange reserves leads to abnormal settlement, then a large-scale breach of the contracts may lead to a further strengthening of local cotton prices, and at the same time, large quantity of cotton will flow to other regions, like Southeast Asia, which may suppress cotton prices in the short term.

Source: USDA

Overall, Pakistan's cotton textile industry has suffered tough situation in 2022/23 season. Cotton supply gap expands caused by large reduction of production, and in terms of the import dependency, the textile industry may be more urgent to import cotton in 2022/23 season.

Though Pakistan has purchased large quantity of U.S. cotton previously, lots of cotton have not shipped and there is great pressure on import exchange settlement. Later, pay attention to whether Pakistan can get out of the predicament.

Source: ccfgroup.com- Feb 16, 2023

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Pakistan: Cotton spot rate down by Rs800 per maund

The Spot Rate Committee of the Karachi Cotton Association (KCA) on Wednesday decreased the spot rate by Rs 800 per maund and closed it at Rs 21,000 per maund.

The local market remained bearish and the trading volume remained was low.

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 8,000 to Rs 21,000 per maund.

The rate of cotton in Punjab is in between Rs 19,000 to Rs 21,500 per maund. The rate of Phutti in Sindh is between Rs 6,500 to Rs 9,000 per 40 kg. The rate of Phutti in Punjab is in between Rs 7,500 to Rs 10,500 per 40 kg.

He also told that 300 bales of Hyderabad were sold at Rs 18,000 per maund, 400 bales of Mehrab Pur, 600 bales of Rasoolabad were sold at Rs 18,500 per maund, 200 bales of Ghani Goth were sold at Rs 19,800 per maund, 1000 bales of Mianwali were sold at Rs 21,000 per maund, 800 bales of Yazman Mandi were sold at Rs 20,000 to Rs 21,000 per maund, 200 bales of Lodhran were sold at Rs 20,000 per maund and 400 bales of Haroonabad were sold at Rs 19,500 per maund.

The Spot Rate Committee of the Karachi Cotton Association decreased the spot rate by Rs 800 per maund and closed it at Rs 21,000 per maund. The rate of Polyester Fiber was increased by Rs 5 and was available at Rs 345 per kg

Source: brecorder.com- Feb 16, 2023

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Pakistan: Textile exports hit hard by shortage of raw materials, depreciation of rupee

The shortage of raw materials, depreciation of the rupee against the dollar and energy crisis have badly affected exports of textile items from Pakistan to other countries during the last few months, WealthPK reported.

Pakistan's textile exports declined by 12% in January, making it the fourth consecutive month of negative growth. The country's textile exports also fell by 8% during the first seven months of the current fiscal.

Asad Naqvi, a senior analyst at the All Pakistan Textile Mills Association (APTMA), told WealthPK that the growth in textile exports remained below expectations due to various problems.

He said that a shortage of raw materials, an increase in prices of petroleum products, currency devaluation, and the global financial crisis hindered Pakistan's textile export. "Non-availability of cotton, closure of textile units, stranding of cotton consignments at ports and high-interest rates are also among the major problems," said Asad Naqvi.

He said that Pakistan's cotton production dropped by 50% from 14 million bales to six million bales, inflicting annual losses of $2 billion on the textile industry. The analyst feared that textiles exports could further decline in the coming months if reliable and affordable energy supplies were not ensured.

APTMA has repeatedly said that the volume of Pakistan's textile exports can decline by $400 million to $500 million each month if the problem of energy shortage is not resolved. According to data released by the association, Pakistan's textile exports dropped to $10.08 billion during the first seven months of the current fiscal year from $10.93 billion in the same period of the previous financial year. Exports in January also dropped to $1.33 billion in January 2023 from $1.55 billion during the same month of last year, showing a decline of 12%.

Pakistan exported textile items worth $19.329 billion, the highest-ever volume, during the last fiscal. However, the textile sector couldn't sustain the trend of positive growth and exports started to decline in October after recording a growth of a single digit during the first three months of the current fiscal. According to the data, textile exports surged by only 1%, 8%

and 9% in July, August and September, respectively. However, exports appallingly dropped by 15%, 18%, 15% and 12% in October, November, December and January, respectively.

Pakistan Textile Exporters Association (PTEA) has also said that the economic slowdown in the country has negatively impacted exports. “The main issue is falling foreign exchange reserves,” the PTEA said in a statement. It said that the country’s textile industry was operating at less than 50% of its actual capacity and many people associated with the sector had already lost jobs. “Textile export industry is under stress due to the high cost of doing business and it is also at a comparative disadvantage in respect of production cost in the region,” said the statement.

The PTEA feared that meeting the export targets in the current fiscal would be more difficult in the prevailing circumstances. “Worsening international economic situation, primarily because of the Ukraine crisis, combined with floods in Pakistan, had negatively impacted the already inefficient supply chain of the country,” it added. Textile items are the major portion of the country’s overall exports. The textile sector hosts more than 50% of the industrial workforce in Pakistan. Textile exports in the previous financial year accounted for 60.92% of the country’s total exports of $31.76 billion. The textile exports target for the current fiscal has been set at $25 billion, according to the information gathered by WealthPK.

Source: nation.com.pk- Feb 16, 2023

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NATIONAL NEWS

India's GDP likely to grow at 6.2% in FY24, says Morgan Stanley

India's gross domestic product (GDP) is expected to grow at 6.2 per cent in FY24 as drivers of domestic demand remain intact amid fears of an impending slowdown, Morgan Stanley said in a research report released on Thursday. The report said that as the economy fully reopened in 2022 leading to a cyclical recovery in consumption, pickup in private capex with healthy balance sheets in the private corporate and financial sector, and acceleration in government capital spending, the world's fifth largest economy will breach the consensus GDP growth figure of 6 per cent.

"We believe that the key for sustained domestic demand is a pickup in capex, which will help create more jobs, thus leading to a virtuous cycle of more jobs leading to higher income, which will lead to higher saving, resulting in higher investment", the report notes. Earlier, the Union Budget for FY24 had projected nominal GDP growth at 10.5 per cent, as the centre increased the capital investment outlay steeply for the third year in a row by 33 per cent to Rs 10 trillion. The Economic Survey for 2022-23 projected that India would witness a growth between 6-6.8 per cent in FY24, depending on the trajectory of economic and geo-political developments globally.

The report also mentioned that the incoming high-frequency data on indicators like private consumption and investment reflected a moderation in the December quarter driven by base effect and shift in the festival calendar rather than a slowdown. "Indeed, incoming data on high-frequency indicators have gained momentum both in YoY (year-on-year) and MoM (month-on-month) terms in January. The trend is thus encouraging after these indicators exhibited mixed signs, with some of them slowing in YoY terms in Q3 after peaking in Q2, driven by the impact of shift in festival dates on growth rates", the report notes.

Source: business-standard.com - Feb 16, 2023

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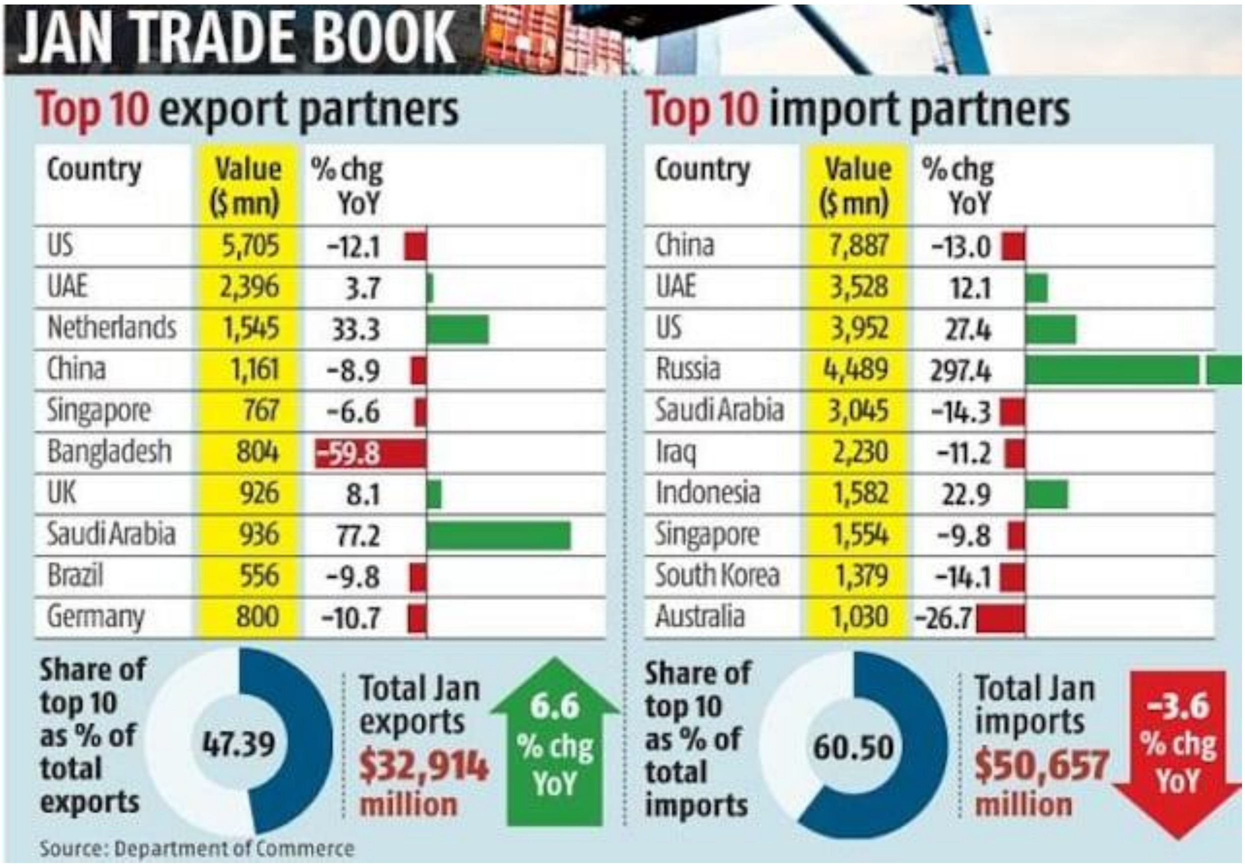
Trade watch: Low demand for goods from China, others sinks imports

A decline in demand from six of India's top 10 import partners -- China, Saudi Arabia, Iraq, South Korea, Australia, and Singapore -- resulted in India's imports hitting a 17-month low of $50.6 billion in January, showed the data compiled by the department of commerce.

Shipments from South Korea, Australia, and Singapore declined by 14.1 per cent, 26.7 per cent, and 9.8 per cent, respectively.

Among the 10, growth in inbound shipment was seen only in the case of the United Arab Emirates (12.1 per cent), the US (27.4 per cent), Russia (297.4 per cent), and Indonesia (22.9 per cent).



JAN TRADE BOOK

Top 10 export partners

Country	Value ($ mn)	% chg YoY
US	5,705	-12.1
UAE	2,396	3.7
Netherlands	1,545	33.3
China	1,161	-8.9
Singapore	767	-6.6
Bangladesh	804	-59.8
UK	926	8.1
Saudi Arabia	936	77.2
Brazil	556	-9.8
Germany	800	-10.7

Share of top 10 as % of total exports: 47.39

Total Jan exports $32,914 million: 6.6 % chg YoY

Top 10 import partners

Country	Value ($ mn)	% chg YoY
China	7,887	-13.0
UAE	3,528	12.1
US	3,952	27.4
Russia	4,489	297.4
Saudi Arabia	3,045	-14.3
Iraq	2,230	-11.2
Indonesia	1,582	22.9
Singapore	1,554	-9.8
South Korea	1,379	-14.1
Australia	1,030	-26.7

Share of top 10 as % of total imports: 60.50

Total Jan imports $50,657 million: -3.6 % chg YoY

Source: Department of Commerce

These 10 countries account for over 60 per cent of India's merchandise imports, according to the data reviewed by Business Standard.

Imports from Russia grew at the fastest pace -- nearly four times -- at $4.48 billion in January as compared to a year ago, ahead of the US and the United Arab Emirates.

This sharp jump was mainly due to the discounted crude oil India buys from Russia. In terms of value, Russia was the second-largest import partner in January, followed by China.

Interestingly, China, which has remained India's biggest import partner for several years, witnessed a 13 per cent decline in January. While the government is still compiling product-wise data from China and other countries, a drop in imports could be due to the impact of Covid-19 as well as weak domestic demand.

Import from India's key crude oil suppliers -- Saudi Arabia and Iraq -- contracted 14.3 per cent and 11.2 per cent, respectively.

The January trade data, released on Wednesday, showed imports contracted 3.6 per cent year-on-year and the decline was sharper on a sequential basis at 13 per cent.

This was due to a combination of factors such as the government's curbs on non-essential imports such as gold, weak domestic demand, and easing commodity prices. A senior government official said the drop in imports indicated the "Make in India" programme was succeeding.

However, on a cumulative basis, import growth was nearly 22 per cent at $602.19 billion during April-January, as the value of inbound shipment remained elevated due to high commodity prices triggered by the conflict between Russia and Ukraine.

As many as 17 sectors, such as organic and inorganic chemicals, plastics, pearls, precious and semi-precious stones, machinery, electronic goods, among others, witnessed a contraction in imports.

As far as exports are concerned, six of India's top 10 export partners — the US, China, Singapore, Bangladesh, Brazil, and Germany — witnessed a contraction in January, leading to 6.5 per cent reduction in overall exports.

These 10 nations have a share of 47.4 per cent in India's exports.

India’s merchandise exports contracted 6.5 per cent year-on-year in January to $32.91 billion due to slowdown in demand from key markets because of monetary tightening by central banks. On a sequential basis, the decline was 4.5 per cent.

The US, which has been India’s largest export market for a decade, saw a dip in its value of exports by 12.1 per cent to $5.7 billion in January. On a sequential basis, at $1.16 billion, the contraction was 11.3 per cent in the case of China, which is India’s second-largest trade partner and fourth-largest export partner. This was mainly due to slowdown in economic activities in China due to its zero-Covid policy.

The four nations that saw growth in exports are the United Arab Emirates (3.7 per cent), the Netherlands (33.3 per cent), the United Kingdom (8.1 per cent), and Saudi Arabia (77.2 per cent).

Source: business-standard.com - Feb 16, 2023

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Exports: As services catch up with goods, should India's focus shift?

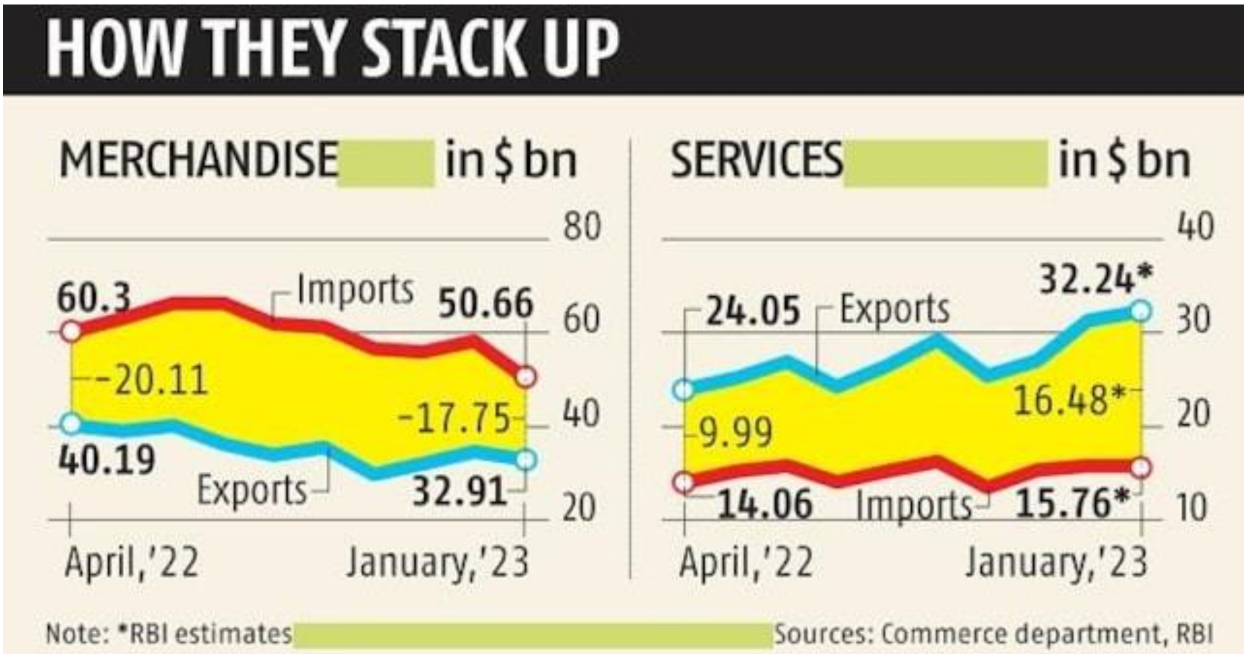
India's services exports have of late been catching up with merchandise export. In January this year, the two were almost equalled at over $32 billion each.

If the trend persists, this may give some credence to Reserve Bank of India (RBI) Governor Raghuram Rajan's theory that the country should focus on the growth of services export and not mimic China to become a manufacturing giant – an attack on the government's production-linked incentive (PLI) scheme.

However, the question is: will this trend persist once external conditions normalise?

Merchandise exports declined for the second straight month in January year-on-year due to adverse external conditions, while services exports showed a robust growth. While the export of goods declined 6.5 per cent in January on a yearly basis, services were estimated to have risen 49.05 per cent.

"Goods exports will be driven by the level of commodity prices, which could continue to display volatility. Services exports will be driven by other factors such as demand for IT exports that may vary over business cycles as well as cross-border travel," ICRA chief economist Aditi Nayar said.



The advantage with services trade for India is that it has surplus in that account, which helps it to contain the current account deficit despite high trade deficit.

For instance, though the trade deficit declined to a year low, it was still at $17.75 billion in January. On the other hand, surplus in services trade was at $16.48 billion in the month. This leaves just $1.27 billion in deficit on account of trade in goods and services for the month of January.

In their article, Rajan and Rohit Lamba, an economist at the Pennsylvania State University, had sought to emphasise the difference in economic environment and the nature of polity in India and China to bring home the point why New Delhi should focus on a services-led export strategy.

China, they said, grew at a rapid pace initially by suppressing wages and consumption, and keeping borrowing costs in check by lowering the interest paid to households. Over time, China also created a more educated workforce and decent infrastructure and reduced tariffs. The initial part of China's strategy may be difficult and undesirable in a democratic India, they argued.

They believe that India can tap those services that could be exported at a distance by using technology, such as legal and financial advisory, education and telemedicine, provided the country protects privacy of data, reforms its education system etc.

Bank of Baroda Chief Economist Madan Sabnavis said the country has to concentrate on both the components since there are opportunities that have to be leveraged.

"As India widens its manufacturing output, it can be geared to exports. Manufacturing is where most sustainable jobs are created and as we move along this path, we should look at exports as being an engine to fire," he said.

Services are definitely where the country has an edge but there is competition here, too, and therefore taking our feet off one pedal is not advisable, he said.

"At times politics can override this advantage where there can be curbs on outsourcing in different countries," Sabnavis said. "Therefore, while we have the supply advantage, demand cannot be taken for granted. We have seen the US putting curbs on work permits at times," he recalled.

He said the government is focusing on a PLI scheme to provide a boost to industry and the output should be in both directions. "So," he added, "we have to fire both goods and services for medium-term sustainability."

Source: business-standard.com - Feb 16, 2023

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Tapping global trade

Union Finance Minister Nirmala Sitharaman rightly noted on Wednesday that Indian exporters needed to be far more receptive to what was happening globally. This is important because the surge witnessed by Indian exporters in 2021-22 is tapering. Exporters benefited a great deal from the surge in global demand as the world economy was recovering from the pandemic-induced disruption.

However, even as global supply chains are now normalising, the world economy is slowing, partly because of monetary tightening by large central banks to contain inflation. Although the global economy is now expected to do somewhat better than previously estimated, it is nonetheless anticipated to slow considerably. According to the International Monetary Fund's (IMF's) latest update, the global economy is expected to grow 2.9 per cent in 2023, which is 20 basis points higher than the previous estimate. The global economy is estimated to have grown 3.4 per cent in 2022.

The IMF further expects global trade growth to moderate to 2.4 per cent in 2023, compared to 5.4 per cent in 2022. The moderation in global economic and trade growth is getting reflected in India's trade numbers. The data released on Wednesday showed that India's merchandise exports in January contracted by 6.5 per cent year on year. On a sequential basis, the level of contraction was 4.5 per cent. For the April-January period, exports grew 8.5 per cent.

This is against the over 40 per cent surge witnessed in 2021-22, which took the total merchandise exports to a record $422 billion. In the current year so far, India has exported goods worth $369.25 billion. As things stand, total exports in the current year will not be vastly different from those in 2021-22. Notably, imports have also declined, partly because of lower commodity prices. As a result, the trade deficit fell to its lowest level in a year.

The sharp widening in the current account deficit to 4.4 per cent of gross domestic product (GDP) in the second quarter of the ongoing fiscal year had raised concern. It is, however, expected to come down. Analysts expect the level to be under 3 per cent of GDP for the full fiscal year.

It is also worth noting that India is witnessing robust growth in services exports, which are estimated to have grown over 30 per cent so far in the current fiscal year. However, a cautious outlook and much lower hiring by large information technology companies suggest that pressure could emerge on this front as well. While the Reserve Bank of India has reiterated its confidence in financing the current account deficit, foreign portfolio investors becoming net sellers once again could put pressure on the external account and demand vigilance.

At the policy level, while global trade is expected to recover in 2024, India needs a robust policy to facilitate higher export growth. While the Union Budget did well to not increase tariffs further, there were expectations that it would start reducing them to help Indian businesses integrate with global value chains. However, the government decided not to start the process. In fact, there wasn't much on trade, which can be a big source of aggregate demand, in the Budget. To be able to tap potential on the trade front, which can help attain higher sustainable growth, along with exporters, the policy will also need to adapt to changing global realities.

Source: business-standard.com - Feb 16, 2023

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India's exports rise in both value, volume terms in 2022: GTRI report

The country's merchandise exports have recorded a healthy growth in both value and volume terms in 2022, economic think tank Global Trade Research Initiative (GTRI) said in a report on Thursday. The outbound shipments rose by 14.6 per cent year-on-year to USD 453.3 billion in 2022.

"The study found that products where exports increased to cover a value of USD 315.9 billion (69.8 per cent of total merchandise exports). But, products whose export quantities increased over the previous year represent USD 285.6 billion (63 per cent of total exports)," it said.

Major product categories which have recorded growth in both value and volume terms include petroleum products, sugar, and basmati rice.

"Petroleum products, including diesel, gasoline and naphtha represent an export value of USD 94 billion. The unit price rose between 50-115 per cent in one year. The high unit prices may be primarily due to the high prices of crude oil. Sugar saw a unit value increase of 15 per cent, with exports of over USD 5 billion," it added.

It said that Gold jewelry and similar products with an export value of about USD 9 billion saw lower unit value realization in 2022. Similarly, hot rolled steel products with exports of USD 769 million in 2022 saw a decline of 26.2 per cent in unit value realization.

"Exports in 2022 saw a healthy trend with products covering 63 per cent of export value and saw an increase in the quantity of export," the report said. Further products where India's exports have been traditionally strong but now feeling regulatory heat in a few countries or low global demand include shrimps, and iron-ore pellets. "Indian rupee/US dollar exchange rate appreciated by 6.1 per cent between June 2021 and June 2022.

"This broadly explains the macro picture of why products where exports increased to cover a value of 69.8 per cent of total merchandise exports, but products whose export quantities increased merely represent 63 per cent of total exports," it said. Former Indian Trade Service officer Ajay Srivastava is the co-founder of GTRI.

Source: economictimes.com - Feb 16, 2023

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India current account gap seen smaller on narrower trade deficit, record service surplus

India's narrowing merchandise trade deficit and widening service trade surplus have prompted some economists to lower their estimates for the country's current account gap for the current and next fiscal years.

India's merchandise trade deficit dropped to a 12-month low of $17.7 billion in January, while the services trade surplus rose to an all-time high of $16.5 billion last month, government data released on Wednesday showed.

The sizeable decline in the trade deficit was fuelled by a 15.8% month-on-month slump in imports, mainly of oil, while overall exports dropped 13.4% on-month, continued to be weighed down by tepid global demand.

On the other hand, it was robust exports that helped the service surplus scale a new high.

The combination of falling goods deficit and the rising services surplus bodes well for current account dynamics, Rahul Bajoria, Barclays chief India economist, said in a note.

Barclays lowered its current account deficit (CAD) forecast to $95 billion, or 2.8% of GDP, for the current fiscal year that ends in March, from $105 billion, or 3.1% of GDP, earlier.

Its CAD estimate for the next fiscal year is now pegged at $85 billion, or 2.3% of GDP, compared with $95 billion, or 2.6% of GDP, previously.
Madhavi Arora, lead economist at Emkay Global Financial Services, pointed out that the trade deficit in January was also much lower than the average of $25.5 billion for the second half of 2022.

So, "CAD should ease from hereon, led by incrementally improving trade deficit," Arora said.

Emkay now expects CAD of 2.6% of GDP for the current fiscal year, versus a prior estimate of 3.1%, and of about 2.2% of GDP next fiscal, versus 2.6% earlier, Arora said.

IDFC Bank would also have to revise its forecasts, said economist Gaura Sen Gupta, after the January trade deficit came in well below the bank's estimate of $22 billion.

"Now with the January deficit much lower and assuming February and March will average around $19 billion, there is a clear downside to our projections."

"Our previous estimate was 3% for the current fiscal year, and now it is likely to be nearer to 2.4% or 2.5%," Sen Gupta said.

However, she reckons that the revised CAD forecast was unlikely to change the narrative for the rupee's depreciation against the U.S. dollar.

The recent string of robust U.S. data has bolstered bets that the Federal Reserve will hike interest rates at least two more times and will keep rates higher for longer, she said.

"This would mean that capital flows will continue to remain weak."

Source: economictimes.com - Feb 16, 2023

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RBI makes changes in NEFT, RTGS for daily reporting of foreign remittances

With the Home Ministry mandating SBI to report all details of overseas donors, including purpose of remittances on daily basis, the Reserve Bank of India (RBI) on Thursday made necessary changes in NEFT and RTGS systems for Foreign Contribution (Regulation) Act (FCRA) related transactions. Under the FCRA, foreign contributions must be received only in the "FCRA account" of State Bank of India (SBI), New Delhi Main Branch (NDMB).

The contributions to the FCRA account are received directly from foreign banks through SWIFT and from Indian intermediary banks through NEFT and RTGS systems.

In a circular, the RBI said in terms of extant requirements of the Ministry of Home Affairs (MHA), the donor details such as name, address, country of origin, amount, currency, and purpose of remittance are required to be captured in such transactions and SBI is required to report the same to MHA on daily basis.

"...necessary changes have been introduced in NEFT and RTGS systems," RBI said, adding the instructions will be effective from March 15, 2023.

RBI has asked banks to incorporate necessary changes in their core banking/ middleware solutions to capture the requisite details while forwarding the foreign donations through NEFT and RTGS systems to SBI.

Since the Narendra Modi led-government came to power in 2014, rules related to the FCRA have been tightened and it also cancelled FCRA registration of nearly 2,000 Non-Governmental Organisations (NGOs) for violating various provisions of law. There were 22,762 FCRA-registered organisations till December-end 2021.

Source: economictimes.com - Feb 17, 2023

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