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INTERNATIONAL NEWS

Eurozone witnesses strong expansion of biz activity in Feb: S&P Global

Eurozone's seasonally adjusted flash PMI composite output index increased for a fourth successive month in February, rising to 52.3 from 50.3 in January, according to the S&P Global Flash Eurozone Purchasing Managers' Index (PMI) report. This indicated the strongest expansion of business activity in eurozone since last May, reflecting a return to growth of manufacturing output.

Manufacturers eked out a modest gain in production, as the factory output index was up from 48.9 to 50.4 to signal the first increase in production since last May.

Rising demand, healing supply chains, order book backlog reduction and improved confidence underpinned the upturn. The data are consistent with the economy expanding in the first quarter so far, with employment also continuing to rise, as per S&P Global.

Input cost inflation meanwhile cooled further, notably in the manufacturing sector. While rates of selling price inflation remained stubbornly high in part linked to the impact of higher wage costs, the overall rate of selling price inflation also slowed, down to a 16-month low, in a further sign of moderating price pressures.

Within the euro area, both France and Germany returned to growth for the first time since last October and last June, respectively. The composite PMI for France rose from 49.1 to 51.6. The composite PMI for Germany meanwhile edged up from 49.9 to 51.1 reflecting the first expansion of manufacturing output since last May.

However, it was the rest of the eurozone as a whole that reported the strongest performance, the composite index up from 51.4 to a nine-month high of 53.9, thanks to broad-based growth of manufacturing.

The increase in output was supported by firms once again eating into their backlogs of orders, notably in the manufacturing sector. The latest overall decline in backlogs was the smallest seen for six months, however, the shallower rate of decline in part reflecting the recent improvement in new business inflows.

In manufacturing, the renewed growth of output was also often linked to improved supply chains, with average supplier delivery times shortening for the first time since January 2020, and to the greatest degree since May 2009. An especially marked improvement in supplier performance was recorded in Germany, where a survey record shortening of lead times was reported.

Improved supplier performance was commonly linked to fewer supply chain shortages which, in addition to facilitating higher output, helped take pressure off industrial input prices, which rose only modestly in February and at the slowest rate since September 2020. Softer manufacturing cost inflation also often reflected weak demand for inputs, with purchasing by factories dropping sharply again in February as firms remained focused on inventory reduction.

While the return to growth of new orders also encouraged further hiring, with employment rising across the manufacturing sector in February, the rate of job creation edged down from January's three-month high and continued to run well below rates seen this time last year. Slower jobs growth in part reflected labour supply shortages but was also often linked to uncertainty about the outlook.

Optimism about the year ahead nudged higher in February, rising to a one-year high, though was merely in line with the survey's long-run average.

Future sentiment has nevertheless improved considerably in manufacturing since late last year, attributed by survey respondents to fewer concerns over the possibility of a deep recession, reduced worries around energy supply and prices, as well as signs of a peaking of inflation and improved customer enquiries.

Source: fibre2fashion.com- Feb 23, 2023

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Europe's RegioGreenTex project to help SMEs manage textile recycling

Around 43 partners of the Regions for Green Textiles (RegioGreenTex) project met in Brussels to kickstart a three-year project that could change the way textile recycling is managed. RegioGreenTex will support tangible solutions at the small medium enterprises (SME) level, where textile waste becomes a value.

RegioGreenTex is a quadruple-helix partnership initiative aimed at mapping and reducing the difficulties, which currently exist in the implementation of a circular economy model within the textile ecosystem across the European Union (EU), the European Apparel and Textile Confederation (EURATEX) said in a press release.

The project will contribute towards maintaining and developing jobs in the EU textile sector, reshoring production in Europe, and making the EU textile value chain more competitive and resilient. It will contribute to the EU Green Deal objectives of reducing carbon footprint, energy, and water consumption.

Led by EURATEX, the project brings together 43 partners from 11 European regions, with 24 SMEs pioneering innovative solutions to recycle textile waste.

Together the SMEs cover various value chain segments of circular textiles (sorting, recycling from material to fibre, removal of contaminants, processing of recycled fibres to new textile materials) and provide concrete solutions to EU value chain bottlenecks but also seize upon market opportunities. The project will also promote the development of five regional ReHubs in some of the most important textile regions in the EU.

RegioGreenTex is supported by the European Commission through the Interregional Innovation Investments Instrument—I3, and will be coordinated by the European Innovation Council and SMEs Executive Agency (EISMEA).

As part of the European Regional and Development Fund (ERDF), the I3 instrument aims at supporting interregional innovation projects in their commercialisation and scale-up phases giving them the tools to bring their project to investment level. This instrument focuses on strengthening economic cohesion in the EU by helping businesses work with innovation actors in other regions.

"RegioGreenTex will support our companies in making this transition towards a new sustainable business model. We're happy to have 24 SMEs involved, who will directly benefit from the action. The project should also mobilise regional authorities to engage in textile waste recycling, which can give a new dynamic to the textile industry at large," said Dirk Vantyghem, director general of EURATEX.

Source: fibre2fashion.com- Feb 22, 2023

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China's apparel exports to US grow to $36.547 bn in 2022

China's apparel exports to the US continued to grow in 2022 after sharp recovery in 2021. However, the growth rate could not be maintained in the last quarter. The two largest economies of the world are involved in a number of geo-political disputes and also trade war. But they also know mutual economic value, and trade mutually for their own benefit.

China's apparel exports reached at $36.547 billion in 2022 from $34.772 billion of 2021, when there was a sharp recovery after the COVID-19 disruption. The outbound shipment had witnessed sharp fall in 2020 to $25.369 billion from $32.046 billion of 2019. The trade stood at $34.735 billion in 2018 and $32.352 billion in 2017, according to Fibre2Fashion's market insight tool TexPro.

But quarterly figures present a contrasting picture. China's apparel exports to the US fell to $7.195 billion in last quarter of 2022 from $11.042 billion of Q3, 2022. The shipment was $10.581 billion in Q2, 2022, $7.728 billion in Q1, 2022, $9.647 billion in Q4, 2021 and $11.649 billion in Q3, 2021, as per TexPro.

It is interesting to note that cotton exports from the US to China have increased last year despite the former banning the import of cotton and cotton products originating from the Xinjiang region of China. Cotton exports from the US to China jumped to $2.902 billion in 2022 from $1.330 billion in 2021.

The trade was $1.820 billion in 2020, $705.069 million in 2019 and $920.496 million in 2018. On quarterly basis, US cotton exports to China were $959.613 million in Q1, 2022 and $993.916 million in Q2, 2022, which decreased in the next two quarters to $525.120 million in Q3, 2022 and $423.983 million in Q4, 2022. The export was $288.950 million in Q4, 2021.

Source: fibre2fashion.com- Feb 23, 2023

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EAEU, China plan to go digital for rail freight movements

The Eurasian Economic Union (EEU) and China recently signed a road map aimed at activating and saturating trade and economic cooperation between the two sides. In a virtual ceremony, the two sides planned to gradually shift to the electronic form of document exchange during freight rail transportation using an electronic digital signature.

“I am sure that this will significantly simplify trade procedures and speed up the transportation of goods between our countries," minister of trade of the Eurasian Economic Commission (EEC) Andrey Slepnev said.

The ceremony took place within the framework of the third meeting of the Joint Commission on the Implementation of the Agreement on Trade and Economic Cooperation held virtually. Slepnev and Chinese deputy minister of commerce Li Fei participated.

The road map includes three sections: digitalisation of transport corridors, dialogues on foreign trade policy, as well as conducting a joint scientific study on the effects of various scenarios for deepening cooperation between the EAEU and China, an EEC release said.

In addition, it is planned to develop cooperation in the customs sphere, as well as in the field of veterinary and phytosanitary control. In terms of maritime and road transport, exchanging experience in electronic logistics information has been planned.

The second section of the roadmap is focused on the formation of a sustainable dialogue on trade policy issues that have a significant impact on international trade. Areas agreed with the Chinese side for discussion during 2023-2024 are the climate agenda, strategies for the development of foreign trade of both sides, international practice of applying measures to protect the domestic market and electronic commerce.

The third section involves the scientific circles of the EAEU and China conducting a comprehensive analysis of the effects of various scenarios for deepening trade and economic cooperation between the EAEU, its member states and China.

Source: fibre2fashion.com- Feb 22, 2023

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Switzerland agrees to offer concessions to fast-track India-EFTA FTA

As Switzerland and India celebrate 75 years of their friendship treaty, the former has agreed to offer some concessions as it seeks to fast-track talks on a free trade agreement (FTA) between India and the European Free Trade Association (EFTA)—a free trade area comprising Iceland, Liechtenstein, Norway and Switzerland—hoping to sign it this year.

Negotiations for the proposed trade deal have lingered on for over 15 years.

Helene Budliger, the state secretary in the Swiss state secretariat of economic affairs and Niklaus Samuel Gugger, the Indian-origin member of the Swiss Parliament, are on a visit to India for meetings with commerce minister Piyush Goyal and health minister Mansukh Mandaviya. Top representatives of Swiss companies Novartis and Roche are also travelling with Budliger.

This is their second meeting in three weeks to push for an early conclusion of the negotiations on the trade deal.

Three sticking points in the talks are migration issues, intellectual property rights and healthcare, a news agency reported.

"Switzerland, as part of EFTA, is keen to conclude a long-term free trade agreement (FTA) negotiations with success and this is my top priority. There is a great potential in the economic relationship with India and EFTA countries, in particular Switzerland," Budliger told a delegation of visiting Indian journalists in Bern.

"It is a negotiation. It will be difficult to talk about concessions. Just to say I have the mandate to push forward with these negotiations," she said.

"I do hope we can better our offer very soon," Budliger added, hoping that the negotiations will be more dynamic soon.

Source: fibre2fashion.com- Feb 22, 2023

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UK's manufacturing output drops sharply in 3 months to Feb 2023: CBI

UK's manufacturing output volumes fell at their fastest pace since September 2020 in the three months to February (weighted balance of -16 per cent, from -1 per cent in the three months to January), according to the Confederation of British Industry (CBI). The decrease was a significant disappointment to last month's expectations (19 per cent).

Output is expected to rise moderately in the three months to May (7 per cent). Moreover, output fell in 11 out of 17 sectors in the three months to February, according to the latest Industrial Trends Survey by the CBI.

Total order books were reported as below 'normal' in February, to a similar extent as in January (-16 per cent from -17 per cent). This was broadly in line with the long-run average (-13 per cent).

Export order books were also seen as below normal and to a greater extent than last month (-27 per cent from -22 per cent). This was below the long-run average (-18 per cent).

Expectations for average selling price inflation in the three months ahead were the lowest since May 2021 (40 per cent, from 41 per cent in January), having declined steadily from the multi-decade highs seen in early 2022 (80 per cent in March 2022). But they remained well above the long-run average (6 per cent).

Stocks of finished goods were seen as adequate in February, with the balance broadly similar to January (9 per cent from 12 per cent).

Anna Leach, CBI deputy chief economist, said: "Conditions in manufacturing remain challenging, with output disappointing and order books having thinned out since late last year.

However, if growth is going to return to the sector on a sustainable basis, then manufacturers need more than the boost some will receive from lower energy prices over the winter season.

"The chancellor must use the upcoming budget to tackle one of the biggest threats to the future competitiveness of the sector. Following the Inflation Reduction Act in the US, manufacturers are worried about the relative competitiveness of operating from a UK base. They are calling on the government to deliver its own alternative to help drive a home-grown, secure, low-cost energy system and sector by significantly boosting incentives for green investment in the UK."

Source: fibre2fashion.com- Feb 22, 2023

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NATIONAL NEWS

Centre approves Quality Control Order for mandatory certification of cotton bales

Hon'ble Union Minister of Textiles, Commerce & Industry and Consumer Affairs and Food & Public Distribution, Shri Piyush Goyal presided over the fifth interactive meeting with the Textile Advisory Group (TAG) in New Delhi to review the progress of initiatives for cotton value chain.

He approved the Quality Control Order (QCO) for mandatory certification of cotton bales under specification No. IS12171: 2019-Cotton Bales to augment supply of good quality cotton to the textile industry.

Shri Piyush Goyal pointed out that quality of Indian cotton fibre is beneficial for farmers and industry both.

He stressed that branding of Indian Cotton will add great value to the entire cotton value chain from farmers to end users. MoU has been signed on 15.12.2022 between the CCI and TEXPROCIL to encourage the Trade and Industry to work on the principle of self-regulation by owning complete responsibility of Traceability, Certification and Branding of "KASTURI Cotton India" with the project target period of 2022-23 to 2024-25. Steering Committee and Apex Committee have been constituted and the work of Traceability, Certification will begin in the current cotton season.

Holistic plan to enhance cotton productivity by targeting the technology of HDPS, Closer Spacing and ELS has been approved. It is based on public private partnership with cluster based and value chain approach. Central Institute for Cotton Research (CICR) under the aegis of Ministry of Agriculture and Farmers Welfare has prepared this pilot plan to be implemented from 2023-24.

Shri Goyal emphasized strengthening testing facility needed to conform to KASTURI standards, DNA testing and traceability. He assured that adequate modern testing facilities would be created through BIS and TRAs (Textile Research Associations). BIS will ensure setting up of DNA testing facility for textile industry by convergence with Ministry of Textiles.

Hon'ble Minister also appealed to the industry to focus on quality and traceability of the entire textile value chain.

Smt. Darshana V. Jardosh, Hon'ble Minister of State for Textiles and Railways and TAG Chairman Shri Ashok Kotak also guided the TAG meeting.

Additional Secretary, Ministry of Agriculture and Farmers Welfare Shri Abhilaksh Likhi and Joint Secretary Crops Mrs. Shubha Thakur, APEDA & BIS representatives, other senior officials from related Ministries and cotton value chain stakeholders were also present during the meeting.

Smt. Rachna Shah, Secretary, Textiles elaborated the efforts taken by the Ministry to enable separate HSN code for ELS cotton so that segregated statistical data for ELS cotton be made available to calibrate policy decisions henceforth.

Source: pib.gov.in- Feb 22, 2023

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India, Israel keen on finalising FTA

Israel's handing over of the strategic port of Haifa to the Adani Group is a reflection of the trust that the country has on India, Israeli Ambassador Naor Gilon said on Wednesday.

At a media briefing, the envoy also said that both India and Israel are keen on finalising the proposed free trade pact as it could further boost overall bilateral trade ties.

Gilon indicated that there could be a forward movement on the Free Trade Agreement (FTA) during the upcoming "high-level" visit.

Describing defence ties between the two countries as very strong, he said Israel has an advantage to support India in its efforts to become self reliant in defence manufacturing because of the "long-standing" trust in the area between the two countries.

On the Adani Group acquiring the Haifa port last month, Gilon said it was sign of Israel's trust on India and it could boost bilateral trade. It was a very important move from our side as Haifa is a strategic port, he said.

The Adani Group last month acquired the strategic port of Haifa for $1.2 billion and vowed to transform the skyline of this Mediterranean city as part of its decision to invest more in the Jewish nation.

The Port of Haifa is the second largest port in Israel in terms of shipping containers and the biggest in shipping tourist cruise ships.

In his remarks, the Israeli envoy also said that there is a great potential to expand cooperation in areas of renewable energy, smart mobility, agriculture, healthcare, water and cyber and homeland security.

Source: thehindubusinessline.com - Feb 22, 2023

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Let's rebuild India-US trade ties

On February 4, the US Air force shot down a balloon claiming it to be a Chinese spying device. This incident has complicated an already strained US-China relationship. Also, several factors have tested their trade relationship in recent years, and these include disagreements over trade imbalances, intellectual property theft, and technology transfer.

In 2018, the US imposed tariffs on Chinese imports to reduce its trade deficit with China and address concerns over intellectual property theft. China responded with tariffs of its own, leading to the ongoing trade dispute. The Russia-Ukraine war has made matters worse, with developed nations raising the old industrial policy playbook.

For decades after the Reagan-Thatcher revolution and the emergence of the Washington Consensus in the 1980s, economic orthodoxy was opposed to policies that implied “picking winners” rather than letting the market decide. However, in their efforts to reshape the existing global supply chains, the US has passed two crucial legislation — the Chips and Sciences Act and the Inflation Reduction Act, with a budget outlay of $280 billion and $370 billion, respectively.

While the Chips and Sciences Act aims to build a domestic semiconductor industry and push forward America's scientific supremacy over China, the Inflation Reduction Act aims at reducing healthcare costs and encouraging clean and green energy transmission in a big way.

These are direct attempts by the US to decouple its economy from the dependence on Chinese supply chains. Indeed, India is also following this path through schemes like Production Linked Incentives (PLI). This provides a window of opportunity for India to enter into emerging supply chains. Both India and the US are working together on this front through increasing number of state visits by senior leaders from both countries.

Even though India-US trade relations have strengthened post-liberalisation (the US is the largest import partner of India), many issues have stopped them from having a full-fledged trade agreement. While both nations are cautious about their current over-reliance on Chinese imports (both have substantial trade deficits with China), they have divergent views on agriculture, labour standards, climate, and human rights issues. These are reflected in the current Indo-Pacific Economic

Framework for Prosperity (IPEF), which tries to build regional cooperation on trade, supply chains, clean energy (decarbonisation and infrastructure), tax and anti-corruption.

Supply chains and clean energy in particular are promising areas given the recent policies announced in both countries in areas such as green hydrogen, wherein one can think of so many complementarities that can help build resilient global value chains with these two countries as major nodes. India has not participated in the trade channel of this framework.

Hence, a lot of groundwork must be done to build India-US trade relations. As a first step, both nations could work on the following: (a) reinstatement of India in the Generalised System of Preferences (GSP); (b) start negotiating on services trade outside the framework of comprehensive free trade negotiations; and (c) start at least an intellectual-level exchange of ideas on labour and environmental standards.

The GSP was established by the US to provide preferential treatment to certain imports from developing countries. Under this programme, eligible products from developing countries, including India, were exempt from tariffs when imported into the US. This made Indian exports to the US more competitive and helped increase trade between the two countries. India was, in fact, the largest beneficiary of the GSP system.

In 2018, $6.8 billion worth of exports from India — nearly 10 per cent of the country's exports, that is — benefited from GSP rules. Unfortunately, in June 2019, the US removed India from the GSP programme, citing concerns over trade practices and failure to provide equitable and reasonable market access to US companies. Reinstating India into the GSP programme will be a good way to enhance bi-lateral ties.

Services trade

The US has been seeking greater access to the Indian education and insurance markets, while India has been pushing for more labour access in some US services. Hence, more than the merchandise segment, there are more complementarities between India and US in the services segment.

While it is customary to negotiate services trade agreements within a comprehensive free trade agreement (FTA) framework, considering the complementarity that services trade provides for both nations, a standalone services agreement could provide a quick opportunity for both countries to seal a deal. There are several low-hanging fruits, such as US investments in the state-of-the-art GIFT City and taking forward India's fintech innovations like UPI, RuPay, etc., to the US, which can all be win-win measures, with least conflict.

Labour and environmental standards have been a significant point of contention. While the US feels harmonising both the standards is essential for protecting global welfare, India's practical inability restricts it from starting a discussion on this topic. However, it is important for India to understand that the developed world and some developing countries are moving in this direction. A striking example is the EU-Vietnam FTA that has shown a lot of benefits accruing to both trade partners.

Even in the context of India's ongoing negotiations engaged with the EU, the UK, Canada and Australia (comprehensive trade deal), standards are an important issue. Therefore, India needs to start engaging experts and the research and academic community to brainstorm these standards with cross-country comparisons.

It appears the future of global trade will be divided among blocs, largely led by the US and China. There is likely to be free trade within a bloc and limited trade across blocs.

Attempts by the US to re-establish supply chains with friendlier nations will have a significant impact on industrialisation in the developing world. Hence, showcasing quick results in negotiations becomes vital for both the US and India. A US-India partnership could significantly redefine global trade and the geopolitical map.

Source: thehindubusinessline.com - Feb 21, 2023

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The EU's carbon tax: What India must do

In December 2022, the EU Parliament approved a new tariff regime—the Carbon Border Adjustment Mechanism (CBAM). Upon enforcement on October 1, 2023, the CBAM will usher in a new era of carbon taxation in international trade. The stated goals are to avoid emission leakage (moving emission-intensive production out of the EU to jurisdictions that have less stringent rules for emissions) and encourage non-EU countries to embrace cleaner production.

Unlike other emission reduction programs such as the EU Emission Trading System (ETS) and India's Perform-Achieve-Trade (PAT) scheme, where emission or energy reduction relative to a benchmark was considered, the CBAM will take into account the entire embedded carbon of the goods for taxation. This means that emission measurement will extend to the upstream value chain, and goods covered will continue to face CBAM taxation until they achieve net zero emissions.

The CBAM will follow a calibrated and phased implementation. In the preparatory phase prior to the enforcement of the CBAM from October 1, importers are required to register with the respective national authorities. In the transitional phase between October 1, 2023, and December 31, 2025, the EU importers will, by May 31 of each interim year, declare the goods imported and their embedded emissions for the previous year, without any tariff obligations.

In this phase, the mechanism will cover six sectors—iron & steel, aluminum, cement, fertiliser, electricity, and hydrogen—and their direct (Scope 1) emissions. At the end of this period, the European Commission will evaluate whether to extend the CBAM to more sectors or to include indirect (Scope 2) emissions in the embedded emissions calculation. Producers are required to measure and provide emission data to importers. In the absence of such data, importers can use default benchmarks that may be punitive in nature.

From January 1, 2026, the definitive period begins. By this time, the CBAM will expand to cover 50% of all EU ETS sectors. From here on, importers will be required to make annual declarations, buy CBAM certificates equivalent to embedded emissions in their imports, and surrender them.

The price of CBAM certificate will be calculated based on the weekly average auction price of allowances in the EU ETS, reported as in euros/tCO2. This unit price is currently inching close to 100 euros and is expected to move significantly higher going forward.

Between 2026 and 2034, while non-EU producers will be covered by the CBAM, EU-based producers will continue to be covered under the EU ETS. By 2034, the EU ETS will be fully phased out, and the CBAM will be fully rolled out, with all sectors under the EU ETS brought under it.

Although the EU claims that the CBAM is in full compliance with the World Trade Organization (WTO) rules, questions remain. The government of India has already written to WTO describing the CBAM as protectionist and discriminatory.

How does the mechanism fare when it comes to cost competitiveness of covered goods? It must be noted that the sectors covered under the CBAM, except hydrogen, are covered under the EU ETS. That means these sectors have already undergone significant decarbonisation.

Therefore, non-EU products are likely to be much more carbon-intensive, leading to significant carbon tax under the CBAM. The free emission allocation that these sectors continue to benefit from under the EU ETS will be neutralised by applying the CBAM to only that portion of emissions not supported by free allowances.

Even then, the CBAM applied on embedded emissions at the EU-ETS carbon-price levels could inflict serious harm to exports from India and other countries to the EU. On top, there are the costs of emission measurement and certification that come with the CBAM.

A significant built-in equaliser in the CBAM is the provision to deduct any carbon price paid in the country of origin from the calculated CBAM taxation. With this provision, it is reasonable to imagine that many non-EU nations will try to implement some form of carbon pricing internally to stop the outflow of money. This may just be the nudge that India needs to create a national compliance market for carbon.

The EU is India’s second-largest trade partner, according to the Union ministry of commerce and industry. The sectors covered under the CBAM are hard-to-abate, and the emission-intensity of Indian products from these sectors remains high.

While the CBAM itself will be tested in the courts of law across the world, it is likely to prevail in the current or a modified format.

In fact, more countries like Canada and Japan are expected to implement similar tariff systems, eventually making carbon tax a norm in international trade. For many developing and least developed countries, this will be just one more slice of 'loss and damage' from climate change. However, for a fast-growing economy like ours, it is crucial to take action to decarbonise our industries and simultaneously raise our voices against discriminatory tariff regimes.

Source: financialexpress.com - Feb 23, 2023

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India, UAE explore virtual trade corridor to fast-track shipments

India and the UAE are exploring creating a virtual trade corridor to facilitate quicker clearance of shipments. Under the proposal, approvals and clearances related to customs will be given online on both sides.

The move is aimed at cutting the cost and time for customs clearance and speed up bilateral trade. It will complement the bilateral comprehensive free trade agreement signed between India and the UAE last year, which immediately eliminated duties for 90% of India's exports in value terms covering sectors like gems and jewellery, textiles, leather, and engineering goods.

Under the virtual trade corridor proposal, the customs authorities of the two countries will explore the possibility of accessing pre-arrival information for cargo movement, making cross-validation of information significantly faster, besides facilitating pre-clearance of goods.

The two countries estimate non-oil trade to touch $100bn over the five-year period post implementation of the free trade agreement on 1 May, 2022. "The idea of virtual corridor is to fast- track shipments. It will explore if can do the clearances in an online way... especially for very important hubs like Dubai and Abu Dhabi, which connect India and the rest of the world.

If, paperwork and approvals for the consignments can happen in India, then it will take no time in their pass through to the UAE... so that's something which is being considered on both sides," India's Ambassador to the UAE, Sunjay Sudhir told Mint.

The UAE last year signed an agreement with Kuwait to set up a virtual trade corridor.

India-UAE bilateral non-oil trade grew by 4.8% in the April-December period of the current fiscal to $35.66bn.

New Delhi's exports to the Abu Dhabi stood at $23.3 bn in the April-December period, posting a 16.4% growth. Imports from the UAE stood at $40.7bn during this period, posting a year-on-year growth of 24.6%.

“The concerned authorities in both countries are currently exploring this area of cooperation in order to agree to a mutually beneficial implementation approach," a spokesperson for the ministry of commerce and industry said. During the India-UAE High Level Joint Task Force on Investments meeting in October last year, the two sides decided to explore establishment of efficient and integrated Single Window Solutions and Virtual Trade Corridors to reduce time and cost in trade.

Queries emailed to the Ministry of Economy, UAE, remained unanswered till press time.

“Pre-arrival online document checks by Customs and allied agencies will reduce delays and benefit exporters on both sides. Further if we can remove the value limit on exports through the express mode, currently at ₹5 lakh, it will help our exporters," said Arpita Mukherjee, professor, ICRIER. Last year gems and jewellery was allowed through express mode in the Union budget.

She added that allied agencies like the Food Safety and Standards Authority of India (FSSAI) could review documents before arrival for the consignment and flag concerns if there are incomplete/incorrect documents. “Exporters and their clearance agencies can then resubmit the corrected documents. This will fast track the process, which is needed for perishable cargo like food," said Mukherjee.

Ajay Sahai, DG and CEO, Federation of Indian Export Organisations (FEO) said that such a measure should also be considered for India’s other key markets too to boost exports. “It is an extremely welcome initiative, which will provide seamless flow of cargoes on both the side helping trade to grow without hiccups. Such an innovative measure needs to be extended to other countries particularly to our major exports destinations so that exports get expeditious clearance on both sides," said Sahai.

Source: livemint.com - Feb 23, 2023

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Cotton output estimated to rise 8% to 337 lakh bales in current season

The Committee on Cotton Production and Consumption of the Ministry of Textiles estimates the crop size during the current season at 337.23 lakh bales (170 kg each), which is almost 8% more than the previous season.

Though the Committee expected a production of 341 lakh bales at its meeting in October last year, it has revised the estimates down now as the crop is lower in some northern States, said a senior official in the Ministry of Textiles. Daily arrivals at the markets are said to be 1.8 lakh bales now and "we expect better movement next month. Arrivals will increase," the official said.

Consumption by textile mills, including the small-scale units, is likely to be 295 lakh bales in the current cotton season whereas exports are estimated at 35 lakh bales.

Nishanth A. Asher, secretary of Indian Cotton Federation, said that since October 1, 2022, when the new season started, the total arrivals in the market was 1.3 crore bales. "We believe that farmers are holding back most of the kappas.

With the onset of summer, arrivals are likely to pick up in one or two weeks. If it does not, we need to revise production estimates again. So, the next one month is crucial to determine the crop. However, domestic cotton prices are unlikely to move up or down significantly as the textile economy is down worldwide," he said.

Cotton price on Wednesday stood at ₹61, 300 a candy for the widely used Shankar-6 variety.

Source: thehindu.com - Feb 22, 2023

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Global growth to decelerate in 2023: RBI monetary policy committee

Though global growth outlook has improved in recent months, it is expected to decelerate during 2023, said the RBI's rate setting monetary policy committee (MPC), which, in its meeting on February 8, had raised the repo rate by 25 basis points to 6.50 per cent with immediate effect.

The six-member panel decided to hike the repo rate by a mandate of four in favour (including RBI Governor Shaktikanta Das) while two were against it.

According to the minutes of the MPC meeting, it was felt that the outlook on global growth has improved in recent months, despite the persistence of geopolitical hostilities and the impact of monetary policy tightening by central banks across the world. Inflation globally is exhibiting some softening from elevated levels, prompting central banks to moderate the size and pace of rate actions, the members felt.

"However, central banks are reiterating their commitment to bring down inflation close to their targets. Bond yields remain volatile. The US dollar has come off its recent peak, and equity markets have moved higher since the last MPC meeting," the minutes said.

Weak external demand in major advanced economies (AEs), the rising incidence of protectionist policies, volatile capital flows and debt distress could, however, weigh adversely on prospects for emerging market economies (EMEs), the committee noted.

On the domestic economy, the committee noted that demand has been sustained by strong discretionary spending. "Urban demand exhibited resilience as reflected in healthy passenger vehicle sales and domestic air passenger traffic," it said.

Rural demand is improving and investment activity is gradually gaining ground, the minutes said.

Source: economictimes.com - Feb 22, 2023

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Window for India to be linked to global value chains deeply: ADB

India has an opportunity to integrate more deeply into the global supply chains as more foreign investment is being redirected to it amid tensions between the United States and China, Asian Development Bank (ADB) president Masatsugu Asakawa told ET in an interview.

He lauded the government for rightly placing emphasis on infrastructure investments and economic reforms, which would make the country more competitive.

Here to attend the G20 finance ministers and central bank governors' meeting in Bengaluru, the ADB president said even though India's growth rate may slip below 7% in the coming fiscal year, he is optimistic about the country's growth prospects in the medium term.

"Despite the global headwinds, India's economy has shown resilience. This is due not only to its large domestic market, but also prudent macroeconomic management," he said. "India is expected to be one of the fastest growing economies in 2023 in the region, and globally."

While the tensions between the US and China are worrying, for now, the result has been a net positive for India and other Asian economies as many multinationals are redirecting their foreign direct investment (FDI) to these countries, Asakawa said.

"There is also an opportunity for India to integrate more deeply into global value chains," he said. This would accelerate the transition of the country's workforce from agriculture and informal sectors to formal enterprises in industry and services. He called for increased investment in human capital to achieve this transformation.

Between 2023 and 2027, ADB will work with India to "accelerate the structural transformation and job creation" by enhancing skilling initiatives and supporting micro, small and medium enterprises (MSMEs), Asakawa said. On Tuesday, it committed a $25 billion investment in India over a five-year period. The Manila-based multilateral agency also intends to make health, social protection and education interventions, he said.

The Economic Survey forecasts India's gross domestic product growth in FY23 to be 6%-6.8%, whereas the International Monetary Fund projects a 6.1% growth. ADB expects Asia to expand by 4.6% in 2023 and South Asia by 6.3%.

Despite the bright outlook, Asakawa flagged future concerns for Asian economies, especially as technology and artificial intelligence (AI), along with the rise and spread of nationalism, are making developed countries reconsider domestic manufacturing.

"Value chains may relocate away from Asia due to automation in advanced economies, and higher wages and increased logistical costs in Asia due to geopolitics," he said.

DEBT SUSTAINABILITY

On the issue of debt vulnerabilities, the ADB president said his organisation is working with other multilateral institutions to identify and address debt concerns, and also highlighted the need for countries in Asia to work towards increasing tax revenue mobilisation to garner resources.

Since the Russian invasion of Ukraine in February last year, ADB has approved loans of over $2.2 billion to support several countries under its Building Resilience with Active Countercyclical Expenditures programmes, he said.

A countercyclical facility helps disburse emergency budget support to countries during a crisis.

"Debt vulnerabilities have risen in the region, particularly in countries with high external debt service burdens and limited foreign exchange reserves to sustain large structural current account deficits," Asakawa said.

He said countries must mobilise domestic tax revenue resources to tackle further debt issues. "Domestic resource mobilisation (DRM) is crucial in addressing debt sustainability and achieving the SDGs (Sustainable Development Goals adopted by the United Nations)," Asakawa said.

Source: economictimes.com - Feb 22, 2023

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A clean gamble: On carbon trading

The Centre is expected to clarify, later this year, the specifics of a carbon trading market in India. An amendment to the Energy Conservation Act, passed in 2022 and, separately, approval by the UN Framework Convention on Climate Change via the Paris and Glasgow agreements ensured that carbon markets (where 'carbon credits' and 'emission certificates' can be traded) have acquired greater global currency. 'Carbon markets' are a catch-all term and need clarity, especially in the Indian context. A decade or more ago, they meant stock-market-like exchanges that traded in 'carbon offsets' made legitimate under the Clean Development Mechanism.

Here, industrial projects in developing countries that avoided greenhouse gas emissions were eligible for credits that, after verification, could be sold to European companies that could buy them in lieu of cutting emissions themselves. Alongside are the EU-Emissions Trading Systems (ETS) where government-mandated emission limits on industrial sectors such as aluminium or steel plants require industries to either cut emissions or buy government-certified permits from companies that cut more emissions than required or were auctioned by governments.

Carbon credits became valuable because they could be used as permits in EU-ETS exchanges. Such permits are a 'right to pollute' and being tradeable on an exchange, akin to shares, are expected to fluctuate in value depending on a company's need to balance profitability and comply with pollution norms.

The objective of such markets is to incentivise investments in renewable energy sources. While India has maintained its right to grow its carbon emissions in the near future, it has committed to cutting the emissions intensity (emissions per unit of GDP) of its growth by 45% (of 2005 levels) by 2030.

It has been doing this, partly, via the Perform, Achieve and Trade (PAT) scheme, where around 1,000 industries have been involved in procuring and trading energy saving certificates (ESCerts). Since 2015, various cycles of the PAT have shown emission reductions of around 3%-5%.

The European Union, which runs the oldest emission trading scheme since 2005, had cut emissions by 35% from 2005-2019 and 9% in 2009, over the previous years. Whether carbon trading can meaningfully lead to emissions reductions in the Indian context is a question that can be answered only decades later.

It would, however, be a victory in itself, if it is able to mobilise domestic finance and accelerate the shift away from fossil fuel. With that end in mind, the government must intervene to bring in the right amount of pressure on industry to participate in the market but not ignore proven non-market initiatives to achieve greenhouse gas reductions.

Source: thehindu.com - Feb 23, 2023

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KTR launches Welspun's textile unit in Rangareddy district

A global conglomerate, Welspun Group, on Wednesday announced that it would set up an IT/ITeS centre in Chandanvelly in Rangareddy district.

Group chairman, Balkrishan Goenka, announced the company's decision in the presence of IT and Industries Minister KT Rama Rao during the inauguration of Welspun India Limited's advanced textiles facility in Chandanvelly on Wednesday.

Mentioning that Welspun is already operating in Ahmedabad and Mumbai in the IT/ ITES sector, Balkrishan said the company has decided to set up their IT centre in their industrial premises in Chandanvelly.

Rama Rao lauded the Welspun Group and Goenka for their decision to set up an IT/ITeS centre in Telangana. He said that Welspun's decision would strengthen the State government's goal of expanding IT to Tier-2 and Tier-3 cities.

With the establishment of Welspun Group's IT centre, the need of the local people to have IT companies in their region would also be fulfilled, the minister said, adding that about 1,200 local youth would get jobs as well. Rama Rao hoped that more small- and medium-level companies follow Welspun and set up IT centres in this area.

Earlier, Rama Rao inaugurated Welspun's advanced textile facility in Chandanvelly. The facility has been launched under its subsidiary WAMIL (Welspun Advanced Material India Limited).

With an investment of Rs 500 crore, this facility is Welspun's second investment in the same area after setting up a flooring facility valued at Rs 1,500 crore two years ago.

The plant will manufacture spunlace, which is used in hygiene and family care, among others. The new unit will also support the group's new vision of 'Har Ghar Se Har Dil Tak Welspun', under which the group wants to reach and improve the lives of end-consumers with the help of their initiatives.

Goenka said the company would invest an additional Rs 3,000 crore to Rs 5,000 crore in the coming five to six years.

Addressing the gathering, Rama Rao said that the erstwhile Rangareddy district would get plenty of water once the Palamuru-Rangareddy Lift Irrigation Scheme is completed. He said due to cases pending in the tribunal, the project has been delayed.

"The State government will project as it has completed the Kaleshwaram project and Mission Bhagiratha," he added. He also assured people that a road from the airport to Chandanvelly would be laid shortly.

Source: newindianexpress.com - Feb 22, 2023

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Next Technical Textiles Powerhouse? India

India's Ministry of Textiles unlocked another $3.89 million for 15 research and development projects aimed at growing the South Asian nation's prowess in materials beyond the cotton staples it's known for.

The 322.50-million-rupee investment covers key strategic areas such as specialty fibers, protective textiles, high-performance textiles, geotextiles, medical textiles, sustainable textiles, and textiles for building materials.

The funds were part of the 14.80 billion rupees ($179 million) budget approved by the Indian government in 2020 for the National Technical Textiles Mission (NTTM) to focus on innovation and indigenous development of specialty fibers, bring in large-scale investments and enhancing India's export of technical textiles by 2024 to position the garment-exporting nation as a global leader in technical textiles.

The investment capitalizes on India's existing strength across the entire textile value chain, from fiber and yarn to fabric and apparel, and will help the sector reach a goal of exporting $100 billion by 2030, up from $40 billion last year.

Announcing the move earlier this month, Piyush Goyal, union minister of Textiles, Commerce and Industry and Consumer Affairs, Food and Public Distribution, said leading textile manufacturers and institutes must unite to indigenously develop strategic and high-value technical textile products, with NTTM's support.

The approved projects included seven involving specialty fibers, two apiece for protective as well as high-performance textiles, and one each for geotextiles, medical textiles, sustainable textiles, and textiles for building materials.

Industry analysts told Sourcing Journal that the past three years accelerated growth in some technical textiles, such as masks and PPE, while other areas lagged.

When the focus on technical textiles was announced in 2020, then-textile minister Smriti Irani said the mission's first component would focus on research, innovation and development, with a focus on carbon fiber, aramid fiber, nylon fiber, and composites.

Looking at technical textiles as futuristic, niche and functional rather than aesthetic, Irani said the government aims to position India as a global leader in technical textiles by growing the domestic market by 15 percent to 20 percent annually, reaching for $50 billion by 2024.

Reviewing the progress of previously sanctioned R&D projects under NTTM, Goyal cited developing technical textile machinery and equipment as a major challenge requiring collaborative interventions from the government, industry and academia, including commercialization of the specialized machines.

“Robust outreach exercise is required to attract R&D proposals in machinery and equipment across major textile machinery manufacturing hubs in India. Inter-ministerial collaboration is required to document and utilize existing and updated technologies for wider usage in the nation-building process, especially in the areas of sustainable technical textiles,” he said.

India has the advantage of having a complete supply chain, positioning the technical textiles to emerge with a similar strength, Prashant Agarwal, co-founder and joint managing director of Wazir Advisors, a consulting firm with expertise in textiles and apparel, told Sourcing Journal.

He pointed out that India supported a $153 billion textile and apparel market in 2021, with the domestic market at $110 billion and exports of $43 billion. The investments required to meet the sector’s expected 10 percent CAGR growth trajectory to $350 billion by 2030 include an estimated $100 billion, with $17 billion for technical textiles, and strong value chain funding.

Private companies like Reliance and Aditya Birla too have been focusing on research and developing fibers, Agarwal continued, adding that R&D work is geared at reaching the commercialization stage.

“Not a shift towards technical textiles but as India is expanding, people are looking for different business opportunities, and all kinds of things are being evaluated,” he said. “It is not a shift, but an add-on to the existing market. “

Mohit Raina, managing director and CEO of Raina Industries, a producer of advanced building materials, is bullish about technical textiles’ potential. A first-generation entrepreneur who moved back to India from

Germany in 2014 to advance the sector, Raina said the government wants to "create solutions which are more sustainable, fibers and textiles in concrete replacing steel because it does not corrode, while steel does, and other such solutions—this is where the barrier in the mindset has to break. It is necessary to look at textiles from this perspective."

Among the many projects using these textiles to break barriers, his company has made modular toilets, launched under the brand name Mo-To mainly made of high-quality textile reinforced concrete, and is making landscaping furniture with textiles.

There is considerable scope for growth, he said, adding that 20 percent of all materials are textile based. "In Europe 4 percent of all materials across all industries have some kind of textile structure and are textile based, while in India this is 0.4 percent. So there is an opportunity to take the Indian numbers to 5 to 10 percent of all materials across all sectors. That is where technical textiles has its chance to grow."

"This is not a sunrise industry," Raina said. "The sun has already risen. It is time for action." Will this action continue at the pace needed to keep up with the evolving technology, and global research innovation?

The conversation is expected to continue as the Ministry for Textiles organizes Technotex India from Feb. 22-24 at the Bombay Exhibition Centre in Mumbai.

Expected to attract global and national industry leaders, CEOs, senior industry representatives, experts and government officials, Technotex India will focus on the nation's technical textile industry and growth prospects. According to government figures, the Indian technical textile market is the world's fifth largest, growing at 9 percent to 10 percent per year.

"The Ministry of Textiles is hopeful that the focused deliberations, knowledge exchange and business connect at the Technotex 2023 will yield actionable plans that will be instrumental in boosting India's Technical Textile industry," it said in a statement.

Source: sourcingjournal.com - Feb 22, 2023

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One year of India-UAE trade pact; no sign of boost to apparel exports

India and the United Arab Emirates (UAE) had signed the Comprehensive Economic Partnership Agreement (CEPA) one year ago on February 18, 2022. Subsequently, the agreement came into effect on May 1. However, India's apparel exports to the gulf nation have not seen a major boost. In fact, India's exports in 2022 are unlikely to touch the 2021 level.

According to Fibre2Fashion's market insight tool TexPro, India's apparel export to the UAE was valued at $1,163.342 million in January-November 2022. The total shipment for the full year 2022 is unlikely to cross the export figure of $1,921.051 million in the preceding year.

The trade data shows that apparel shipment slipped to $1,516.461 million in 2020 from $1,861.178 million of 2019. But it recovered sharply in following year 2021.

Quarterly export figures also indicate the same trend. Apparel exports from India to UAE was $273.258 million in October-December 2021. It increased to $388.519 million in January-March 2022. But the shipment declined to $312.943 million in April-June 2022 and further to $284.967 million in July-September 2022. The trade vlaue was $176.911 million in October-November 2022, as per TexPro.

Source: fibre2fashion.com - Feb 22, 2023

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