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INTERNATIONAL NEWS

Turkiye's exports increased by 10.3% YoY in Jan 2023; imports by 20.7%

Turkiye's manufacturing industry confidence index decreased by 1 per cent to 102.4, retail trade confidence index fell by 2.4 per cent to 123.1 and consumer confidence index increased by 4.3 per cent to 82.5 in February this year compared to January figures. Exports and imports increased by 10.3 per cent and 20.7 per cent year on year (YoY) respectively in January.

According to provisional data by the Turkish Statistical Institute and the ministry of trade, exports were worth $19.369 billion in January and imports were worth $33.606 billion.

In January, foreign trade deficit was $14.237 billion with a 38.4 per cent increase YoY. Manufacturing industry products comprised 93.6 per cent of total exports during the month.

The main partner country for exports during the month was Germany, with a value of $1.826 billion. It was followed by the United States ($1.186 billion), Russia ($1.43 billion), the United Kingdom ($954 million and Italy ($916 million). Exports to these five countries comprised 30.6 per cent of total exports in January.

The top country for Turkiye's imports was Russia ($5.1 billion). It was followed by Switzerland ($4.337 billion), China ($3.557 billion), Germany ($1.807 billion), the United States ($1.229 billion). Imports from these five countries comprised 47.4 per cent of total imports in January.

Source: fibre2fashion.com- Feb 28, 2023

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China's 'Poor' Trade Performance Attacked in New Report

China's "poor" trade performance was called out in the United States Trade Representative's (USTR) annual report to Congress.

The report, issued Friday, details the Biden administration's assessment of China's membership in the World Trade Organization (WTO).

"More than 20 years after it acceded to the World Trade Organization, China still embraces a state-led economic and trade approach that runs counter to the open, market-oriented principles endorsed by all members of the organization," Ambassador Katherine Tai said. "China's approach makes it an outlier and continues to cause serious harm to workers and businesses in the United States and around the world."

Pointing to China's "very serious" and pervasive non-market policies and practices, the report "is a reminder that the international trading system must continue to work together to defend our shared interests against these harmful actions," Tai added.

A WTO member since 2001, China voluntarily agreed to integrate market-oriented practices into its trading system and its institutions—a commitment that it has ignored over the past two decades, the report said.

"In fact, China's embrace of a state-led, non-market approach to the economy and trade has increased rather than decreased over time, and the mercantilism that it generates has harmed and disadvantaged U.S workers and companies, as well as workers and companies of other WTO Members, often severely," it added.

WTO members, including the U.S., have tried to address China's shortcomings by working with its government leaders and filing cases against China through the WTO. The U.S. won all of the 27 cases it has filed against China.

China routinely uses its government to provide guidance, resources, and regulatory support for domestic industry, including its state-owned enterprises and companies. Meanwhile, its government attempts to limit market access for imported goods and services, limiting the opportunities for foreign manufacturers and service suppliers.

"The benefits that China's industries realize from these non-market policies and practices largely come at the expense of China's trading partners and their workers and companies, as markets all over the world are distorted," the report said. "The playing field is heavily skewed against foreign companies that seek to compete against Chinese companies, whether in

China's market or markets outside of China."

The Trump administration launched an investigation into the country's actions under Section 301 of the Trade Act, resulting in punitive tariffs on China-made goods that continue today. It also enacted the Phase One trade agreement in 2019, which included commitments from China regarding intellectual property, technology transfer, agriculture, financial services, currency and foreign exchange, as well as the purchase of U.S. goods and services.

The USTR said the agreement yielded "limited progress" on China's part, and failed to address issues like industrial plans and subsidies, regulatory transparency, IP theft, and other issues related to technology transfers and market access.

Over the past two years, the Biden administration has taking a multi-pronged approach to managing the relationship with China and addressing the effects of the its actions on the U.S. and its trading partners, the USTR said. It has also passed the Bipartisan Infrastructure Law, the Inflation Reduction Act, and the CHIPS and Science Act to support U.S. industry and domestic production for certain goods.

"The United States has pursued direct engagement with China, where appropriate," the USTR wrote. "At the same time, President Biden continues to build a coalition of allies and partners to address the unique problems posed by China and its non-market economic policies and practices."

Source: sourcingjournal.com- Feb 27, 2023

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Iran: Imports Outstrip Exports

Iran traded around 150 million tons of goods worth $102 billion (excluding crude oil exports) during the first 11 months of the current fiscal year (March 21, 2022-Feb. 19), according to the Islamic Republic of Iran Customs Administration.

Trade volume and value showed a surplus of 77.7 million tons and $4.9 billion respectively.

Iran's exports, excluding crude oil, reached 111.3 million tons worth $48.8 billion during the period, registering a 1.16% fall in terms of weight, but a 12.22% rise in value year-on-year, according to Mohammad Rezvani-Far, the head of IRICA.

The average value of each ton of exported products stood at $439 during the period, registering a 13.54% rise compared with $386 in the previous year's corresponding period.

A total of $21.7 billion of petrochemicals were exported during the period, which accounted for 40.25% of the total exports' weight and 44.49% of total exports' value.

Source: financialtribune.com- Feb 28, 2023

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Bangladesh's apparel exports to Europe grow 15% in 2022

Apparel exports from Bangladesh to Europe registered an impressive growth of 15.47 per cent to reach $26.161 billion in 2022 from $22.656 billion in 2021. At the same time, the supplies from China decreased slightly to $36.368 billion in 2022 from $37.028 billion in 2021. However, China was the top garment supplier for the continent, contributing a 17.24 per cent share in Europe's total apparel imports of $210.973 billion.

The supply from Bangladesh made up 12.45 per cent of the total imports by European countries, making it the second largest exporter of apparel for the continent. Bangladesh's exports to Europe decreased by 5.17 per cent to $18.787 billion in 2020 due to COVID-19 but bounced back to increase by 20.59 per cent in 2021, according to Fibre2Fashion's market insight tool TexPro.

China's exports to Europe have been fluctuating since 2019 when they had decreased by 6.62 per cent to $37.224 billion in 2019 from $39.863 billion in 2018. The exports decreased again by 1.66 per cent to $36.606 billion in 2020 due to the pandemic, before gaining 1.15 per cent to reach $37.028 billion in 2021. In 2022, China's strict zero-COVID policy might have contributed to the decline of 1.78 per cent in China's garment exports to Europe.

Among the other top ten suppliers, the imports from Germany were at $19.045 billion (9.03 per cent), Turkiye at $14.498 billion (6.87 per cent), Italy at $12.074 billion (5.72 per cent), Poland at $9.769 billion (4.63 per cent), the Netherlands at $8.941 billion (4.51 per cent), Spain at $8.941 billion (4.24 per cent), India at $6.238 billion (2.96 per cent), and France at $6.053 billion (2.87 per cent) in 2022, as per TexPro.

Source: fibre2fashion.com- Feb 28, 2023

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Dhaka International Yarn and Fabric Show 2023 to kick off on 1 March

The Dhaka International Yarn and Fabric Show 2023 - Winter Edition, a four-day long international exhibition, will take place from 1-4 March at the International Convention City Bashundhara (ICCB), Bashundhara, Dhaka.

The CEMS-Global USA and CCPIT-TEX are jointly organising the "19th Dhaka International Yarn and Fabric Show 2023 - Winter Edition" concurrently with the "5th Dhaka International Denim Show 2023" to promote textiles in Bangladesh.

Making the announcement at a press conference at the All Community Club Limited in the capital's Gulshan on Sunday, Meherun N Islam, president and managing director of CEMS Global, said after the Covid-19 pandemic in 2022, "we were able to successfully organise other important exhibitions, including the 'Textech Bangladesh International Expo,' and received a great response from businessmen and entrepreneurs from the textile and RMG sectors of the country."

The chief guest at the expo inauguration ceremony will be Golam Dastagir Gazi, Bir Protik, MP, Ministry of Textiles and Jute.

More than 350 companies from 12 countries are represented in this exhibition with more than 500 booths.

It will be a one-stop platform to showcase new designs, latest trends and cutting-edge technological advancements available in textiles for the benefit of the entire RMG industry of Bangladesh.

The exhibitions will be open to visitors upon registration every day from 10:30am to 7:30pm.

Source: tbsnews.net- Feb 26, 2023

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Bangladesh relaxes fumigation rule for import of US cotton

Bangladesh's commerce ministry recently issued a notification relaxing the mandatory requirement of fumigating cotton imported from the United States after showing sanitary and phytosanitary (SPS) and boll weevil-free certificates of the US exporting authorities at domestic ports. This has been a pending demand by domestic importers and spinners to save time and money.

US cotton imports required an additional fumigation at the port of entry as per the Plant Quarantine Rules 2018.

The country annually spends over $3.5-4 billion to import around 8 million bales of cotton. It annually produces only 0.16 million bales.

In July 2019, the Bangladesh Tariff Commission recommended the government not to stop applying fumigation rules to avert any possible harmful impact of the boll weevil insect on crops. Boll weevil stays alive for 11 months and can fly up to five miles.

Source: fibre2fashion.com- Feb 27, 2023

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Pakistan's industries bracing for cut in production, layoffs

Amid the economic crisis, Pakistan's industry is bracing itself for cuts in production and layoffs, especially in the textile sector, The News International reported. As per the news outlet, Pakistan witnessed at least a 14.8 percent decline in textile exports, according to data released by the Pakistan Bureau of Statistics (PBS).

Secretary General of the National Trade Union Federation Pakistan (NTUF) Nasir Mansoor said that as many as 1 million informal workers, mostly from the textile sectors, will lose their job. Pakistan's export stood at USD 1.3 billion in January 2023, which was less as compared to January 2021's USD 1.5 billion. On a month-over-month (MoM) basis, the country reported a decline of 2.5 percent.

"The 2022 floods washed away at least 45 percent of our cotton crop, leaving textile mills without an essential raw material. The other solution is to import raw material, but delays in LCs [letters of credit] opening have brought all operations to a halt," Mansoor explains why Pakistan is lagging behind, reported The News International.

Earlier this year, during a joint press conference held by the textile associations in January 2023, representatives of the associations revealed that around 7 million workers in the textile sector and textile-related industries had been laid off since last summer. Officials from the industry also blamed the government regulations, including delays in LCs opening for the serious situation.

Meanwhile, the Pakistan Association of Automotive Parts and Accessories Manufacturers also shared that around 25,000-30,000 workers in the auto sector had lost their jobs due to an unabated drop in annual sales. A management-level official from an investment company in Pakistan said that the current macroeconomic conditions have affected sectors in a different manner.

"Sectors that are more likely to get affected by the current economic conditions are those which depend heavily on import; import of raw materials or other products, like autos. Rising interest rates have allowed the banking sector to perform really well.

But since this policy leads to demand compression, more mainstream companies are expected to default. And this assumption can be backed by the fact that almost all banks are taking more provisions for loan losses," the management-level official said.

"Floods have already affected the agriculture sector. Companies that are not planning layoffs are likely to, at least, impose an unofficial freeze on hiring," the official said. Pakistan's unemployment rate is a little over 6 percent. And the problem has remained consistent for the country for years, according to The News International. (ANI)

Source: devdiscourse.com- Feb 27, 2023

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NATIONAL NEWS

GCC to appoint negotiator for talks with India

NEW DELHI : Talks on a free trade agreement (FTA) between India and the six-member Gulf Cooperation Council (GCC) countries could gather pace as GCC is set to appoint a chief negotiator next month, people aware of the development said.

Both the countries agreed to resume the trade talks in November last year when commerce minister Piyush Goyal and Nayef Falah M. Al-Hajraf, Secretary General, Gulf Cooperation Council (GCC) met. "GCC is expected to appoint a new chief negotiator in March and then a mutually convenient time for meeting through diplomatic channels will be arrived at," an official said.

A Framework Agreement on Economic Cooperation between India and the GCC was signed in 2004 to explore the possibility of a trade deal but GCC deferred negotiations with all countries and economic groups after two rounds of negotiations with India between 2006 and 2008.

"First of all the scope of the deal needs to be finalized. Initial talks to ascertain the scope of the deal have happened and 90% of the items that would be negotiated has been agreed.

It will take a year to complete the negotiations as all six member countries in the GCC have their chief negotiators. And then there is a GCCs chief negotiator. So after each round they will consult among themselves and that will take time. The intent of a deal has been announced and the meetings will start soon," another official added.

Experts said that GCC, which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE, have had differences among themselves which have had a bearing on the trade deals that they negotiate.

GCC countries account for almost 35% of India's oil imports and nearly 70% of gas imports. India's crude imports from the GCC in 2021-22 were about $48 billion, while LNG and LPG imports in 2021-22 were about $21 billion.

Meanwhile, exports during the comparable period stood at $44 billion.

“Building upon the agreement with the UAE , it will be good for India to start negotiations with the GCC. However, negotiating with GCC is not easy and there is a need for industry consultations to identify the opportunities and constraints," Arpita Mukerjee, professor at Indian Council for Research on International Economic Relations (ICRIER) said.

In 2017, Saudi Arabia, the United Arab Emirates and Bahrain had cut diplomatic and trade links with Qatar accusing it of financing terrorism and its ties with Iran. The three countries went on to ask Qatari citizens to leave their territory in 14 days and also banned their own citizens from traveling to or residing in Qatar.

“Due to the difference between the GCC countries they have not been able to close negotiations with many countries. Trade negotiations with trade blocs such as the EU, GCC are fraught with complications. But unlike the EU, GCC is not a single market. So it could be more complicated," an expert said on condition of anonymity.

Notably, the GCC is India’s largest trading partner bloc with the bilateral trade in 2021-22 crossing over $150 billion.

UAE’s ambassador to India Abdulnasser Alshaali in an interview to Mint said that India’s deal with GCC could have aspects of UAE-India CEPA. India for the first time opened its public procurement sectors under the UAE trade deal.

Source: livemint.com- Feb 28, 2023

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The next 25 years: India's golden opportunity to become a manufacturing powerhouse

After 75 years of independence, India is entering its golden era—leapfrogging the United Kingdom to become the world's fifth-largest economy and on track to have a GDP of more than $15 trillion to become the third-largest economy by 2047. The country has been a shining light in an otherwise gloomy global outlook and is poised to be the fastest-growing large economy in the decades to come.

So far, India has followed a unique growth trajectory. Over the past two decades, the services sector grew rapidly without a manufacturing boom, unlike other countries where manufacturing growth precedes services. The services sector's contribution to GDP has risen from 45 percent to 55 percent while manufacturing has remained largely stagnant at 15 percent in 2017 and 17 percent in 2022.

Going forward, growth in manufacturing is a must if India wants to reach the projected target of $20 trillion by 2047. With the right measures and rigorous execution, India's manufacturing sector can reach $4.5 trillion, taking its GDP share to 22 percent (against a base projection of

$2.5 trillion with a 17 percent share in GDP), which is both a necessity and an opportunity for India to shine.

Three areas highlight the fundamental necessity of growth in manufacturing:

Population: a boon and a bane. India has roughly 800 million working-age people and will add about 200 million more over the next three decades. Manufacturing employs 50 million to 60 million people today. Even with a conservative projection of $3.5 trillion output by 2047, manufacturing has the potential to create 85 million more jobs. Achieving $4.5 trillion through higher manufacturing growth could create 90 million jobs—a big boost for income and a multiplier for economic growth.

Trade deficit: a gulf to bridge. At about 2 percent, India's trade deficit indicates a high dependence on imports, which will put pressure on budgetary expenditures, currency, export competitiveness, and domestic investments.

Resilience: self-reliance for self-assertion. India needs to be self-reliant in its pursuit of becoming a global superpower in the geopolitically-sensitive world order. A thriving, self-reliant domestic manufacturing sector will give India a platform to reach its goals.

The government recognizes this necessity, and significant efforts have been made for a wide- ranging push on manufacturing. Broad government reforms have started showing momentum, from the Goods and Services Tax (GST) to the ease of doing business and the Production Linked Incentive (PLI) schemes. Furthermore, the global value chain reconfiguration post-pandemic has added positive pressure and presented an opportunity for India to become a manufacturing superpower.

Six areas will be essential for India to realize its full potential in manufacturing:

Focus on enhancing competitiveness in sectors of strength. India has strong capabilities in pharmaceuticals, chemicals, textiles and apparel, and automotive. However, gaps remain in terms of mega-scale facilities that can anchor large-scale exports, the reliability of supporting infrastructure and ancillary services (reflected in recurring instances of accidents in manufacturing), trade integration challenges, and productivity. Both public and private interventions will be needed to close these gaps.

Establish a stronghold in next-generation sectors. Opportunities are emerging in renewables, aerospace, and hi-tech semiconductors as the world transitions to a green and connected future. Building a solid foundation in these sectors will require focusing on R&D, investments in technology transfers, global tie-ups, and incentivizing private investments along with collaboration across academia, industry, and the government.

Drive a smart manufacturing stack similar to India Stack. India's technology stack is a leading example of digital disruption at scale and showcases the country's capabilities for innovative solutions. A similar innovative leap in manufacturing, oriented toward the next generation of smart industrial clusters, connected factories and high-productivity assets, end-to-end value chain transparency, and tech-enable real-time interventions can be big differentiators. This is possible with the ongoing 5G rollout.

Enhance capabilities at scale. Across industries, executives highlight the lack of an industry- ready qualified workforce as a major pain point. This is driven by a mixed set of issues, including a curriculum for institutions, the lack of focus on skill development, and the work environment as well as the emerging outlook of a new-age workforce. Skill building will be crucial, and it needs to be spearheaded by industry leaders—similar to how IT skill development was led by private players NIIT and Aptech in the early days.

Accelerate the transition to future-ready infrastructure. India has inefficiencies in terms of the large amount of goods transitioning within an industrial value chain as well as the high cost and lengthy time for the transition. India is solving both of these challenges with a variety of interventions. The goal is to reduce logistics costs to 8 percent of GDP by 2030 along with a $1.2 billion investment in industry-focused corridors. Time-bound execution of these projects and expansion of these initiatives will be vital.

Strategic investment in ESG. With a global pool of ESG-aligned capital at more than $120 trillion (assets under management of the signatories of the UN Principles for Responsible Investment), ESG has tremendous potential to become a differentiator for India. From adopting green bonds and achieving water neutrality, from expanding the realm of corporate social responsibility to creating a safe and healthy workplace, from responsible leadership to protecting shareholder interests—India Inc. can embed sustainability as a core value proposition to fuel growth in manufacturing.

Beyond these themes, a few more factors will be essential parts of India's success story, including navigating the emerging geopolitical risks, handling the investment needs amid a heavier fiscal burden, and managing the risks of climate-change driven calamities.

In a nutshell, India has a lot going in its favor to become the next global manufacturing powerhouse. With an aggressive reform agenda, aligned public and private actions, a strong execution and steady navigation of the geopolitical risks, the next 25 years can truly be India's golden age of manufacturing.

Source: economictimes.com- Feb 27, 2023

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Speed up FTA reviews

Union commerce minister Piyush Goyal reportedly said on Saturday that Korean auto giants Hyundai and Kia have cost India billions of dollars in trade deficit with Korea and other nations. The minister attributed this to the free-trade agreement (FTA) with South Korea, which allowed them to import "indiscriminately."

Even without a specific focus on the auto giants' imports into India, it can be argued that the country hasn't gained much from its Comprehensive Economic Partnership Agreement (CEPA) with South Korea. Over the past six years, India's trade deficit with that country has averaged $10 billion—doubling from a deficit of roughly $5 billion in FY10 (the CEPA became effective on January 1, 2010). So, while the merit of singling out the two Korean auto majors can be debated, India's frustrations with the CEPA can't.

There is no denying that some of the import growth can be attributed to essential goods, which are not produced or assembled in India due to insufficient/absent capacity. But there has been a spurt in non-essential imports also. Auto majors, even Indian ones, tend to stick to their network of suppliers, and while there could have been substitution in India, this hasn't happened.

Indeed, in 2016, the government had to urge Korean steel giant Posco to use local raw materials for its automotive steel facility in Maharashtra, in a bid to cut imports and boost local high-value steel production.

Of course, it will be argued that Posco wanted to build its largest steel plant in Odisha and it was thwarted by politicians. But, matters have changed in the interim and a Pocso can't claim it is apprehensive of investing in much greater value addition here.

India Inc's distress from ballooning imports is visible in the fact that, between 2012 and 2022, India applied for more than 70 trade remedial measures against South Korea, including bilateral safeguard measures under the CEPA.

The FTA has also been misused to channel trade from other countries via Korea, despite its origin rules. This has been somewhat remedied with India's Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020, under which importers are mandated to do due diligence to comply with origin rules. But, the CEPA's deficiencies on this account remain. There are also cases of inverted duty structure to contend with. Therefore, reviewing and renegotiating the trade deal—this has been 'fast-tracked' since 2021—is an absolute necessity. Indeed, many of India's vintage trade deals need review, and the government must move fast on these.

But, even as India walks the renegotiation tightrope, it must have clarity on many aspects. First, it needs to comprehensively articulate what it wants from the trade deals, and what its non-negotiables are—services exports, which India could have leveraged to offset any deficit in competitiveness of its merchandise exports, remain a sticky point in the FTA with Asean, as also in India's FTA talks with the UK. What was done with diplomatic interests in mind, must be corrected keeping economic interests at the centre.

Also, trade pragmatism calls for letting industry decide from whom to procure while taking into account every little concern and opportunity it flags with respect to FTA negotiations. To that end, the government has done well to have extensive industry and other stakeholder consultations before it sits at the FTA table—a marked change from the vintage FTAs.

Source: financialexpress.com- Feb 28, 2023

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Top UK fashion brands on first-of-its-kind India trade mission

Some of the top UK fashion and beauty brands have embarked on a first-of-its-kind trade mission to India to capitalise on rapidly growing demand for such high-end products in the country against the backdrop of the bilateral free trade agreement (FTA) negotiations, the UK government said on Monday. UK Business and Trade Secretary Kemi Badenoch said she is "eager" to make it easier for such companies to do business with India as her department threw its weight behind the British delegation to India Fashion Forum 2023 in Bengaluru.

Made up of the likes of cosmetics retailer Lush and luxury knitwear brand John Smedley, the UK mission has been organised by the Department for Business and Trade - newly created as a merged trade and business ministry by British Prime Minister Rishi Sunak.

"India's growing economy and middle class represent an enormous opportunity for enterprising UK companies looking for new markets," said UK Business and Trade Secretary Kemi Badenoch.

"Removing barriers to business and boosting exports are two of my top trade priorities and I'm eager to make it easier and faster to do business with India through the free trade deal we're currently negotiating," she said.

According to the UK government, negotiations continue on a "forward-facing trade deal with India", even as the countries already enjoy a trade relationship worth GBP 34 billion as estimated up to the year ending September 2022.

"The [FTA] deal, expected to boost the UK economy by billions over the longer term, is part of the UK's strategy to forge stronger partnerships with fast-growing economies in the Indo-Pacific. The UK wants an agreement that slashes barriers to doing business and trading with India's GBP 2 trillion economy and market of 1.4 billion consumers, including cutting tariffs on exports for British businesses such as Lush and John Smedley," said the Department for Business and Trade.

According to the definitive luxury-lifestyle publication 'Robb Report' in 2021, the Indian luxury goods market was valued at over USD 5 billion and is expected to grow by another 10 per cent over the next five years.

"Lush is very happy to take part in this trade mission and we're confident that in India, with its deep roots in natural cosmetics, we can find a partner that lives our ethics," said Anita Baker of Lush Fresh Handmade Cosmetics.

"India has the opportunity to be a very sizable market and we aim to give our Indian shoppers the amazing customer experience they expect from visiting our shops around the world," she said. The British government analysis adds that India is set to become the third-largest economy by 2050, by which time it will have a middle class of 250 million consumers.

"As India is one of the fastest growing luxury markets in the world, we are very excited to be attending the Fashion Forum as part of the trade mission," said Bill Leach, Global Sales Director, John Smedley Ltd.

"It is hoped that the UK-India Free Trade Agreement that is currently being negotiated comes to fruition in the coming months so that a growing number of discerning luxury consumers in India will enjoy greater access to the World's Finest Knitwear," he said. During the India Fashion Forum in Bengaluru, the British brands are keen to showcase their expertise in luxury, heritage and innovation to potential buyers and distributors in the Indian market.

Other companies participating in the first-of-its-kind delegation include fashion brands like Wormser, Organic Apoteke, Lilly and Sid, Legology, Benny Hancock, VENIA Cosmetic Ltd, Jennifer Young Ltd and ByErim Ltd.

According to the official UK government data, India accounts for 1.7 per cent of total UK exports and was the 12th largest UK export market in the four quarters to the end of the third quarter of 2022.

It is hoped an India-UK FTA, set for an eighth round of negotiations in New Delhi next month, could significantly enhance that figure.

Source: economictimes.com - Feb 27, 2023

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Department for Promotion of Industry and Internal Trade (DPIIT) to co-lead post-budget webinar

In order to discuss budget announcements and strategies to take them forward, a Post Budget Webinar is to be organized on 28th February 2023. Webinar is led by the Ministry of Electronics and Information Technology, with Department of Promotion of Industry & Internal Trade (DPIIT) as the co-lead. The theme of the webinar is 'Unleashing the Potential: Ease of living using Technology'. The webinar will be inaugurated by Prime Minister, Shri Narendra Modi.

Webinar will have 4 breakout sessions. Breakout session 3 on "Ease of Doing Business Using Technology especially for small businesses" will be anchored by DPIIT. This session will cover wide range of topics like National Single Window System, PAN as a common business identifier, simplification of KYC, Unified filing process, Lab Grown Diamonds, Vivaad Se Vishwas scheme for MSMEs etc.

This breakout session will have a rich participation from industry and academia. The session will include contributions from Dr. Pawan Goenka Chairperson of INSPACe - Dept of Space, Mr. Amit Pandey Vice President of Indian Venture and Alternate Capital Association (IVCA), Mr. Piruz Khambatta Chairman of Confederation of Indian Industry National Committee on Affirmative Action, Mr. Viswanathan Ravichandran Executive Director Technology of Ernst & Young (EY), Mr. Anil Bhardwaj, Secretary General of Federation of Indian Micro and Small & Medium Enterprises (FISME), Prof. MS Ramachandra Rao from IIT Madras, Dr. Neeraj Khare from IIT Delhi and Dr. Jaijit Bhattacharya Founder and President of Centre for Digital Economy Policy Research.

Union Budget 2023 has made important announcements regarding enhancing Ease of Doing Business and Ease of Living. Technology will contribute immensely in achieving these objectives. Effective use of technology and achievement of these objectives would require coordination and cooperation among various Ministries, Departments and other stakeholders like industry associations, academia.

Source: pib.gov.in - Feb 27, 2023

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Unemployment rate fell in 2021-22

The Ministry of Statistics and Programme Implementation (MoSPI) released, on February 24, 2023, the fourth Annual Report of the Periodic Labour Force Survey (PLFS). The survey was conducted from July 2021 through June 2022. This is India's official labour survey. Its results differ from estimates from the privately conducted Consumer Pyramids House-hold Survey (CPHS) of CMIE.

The PLFS measures labour statistics using two definitions — the usual status (US) and the current weekly status (CWS). The usual status could classify a person to be employed during a year if the person was emp-lo-yed in a "subsidiary" activity for only 30 days of the year. Under the CWS, a person can be classi-f-ied as employed if she was wor-king for at least one hour on at least one of the seven days prec-e-ding the date of the survey. And, the status of employment is assigned priority over other statuses such as unemployed or out of labour force. These are extremely liberal definitions of employment.

Effectively, the use of data based on such liberal definit-i-ons understates India's employment challenges. The definitions are thus so as to align employment statistics with the official production (national accounts) statistics. But, such an alignment is neither the concern of an anxious population waiting for jobs and nor should it be the concern of policy mak-ers who are to address India's employment challenge. If a person spent one hour in a week working on the family-owned farm, she would be considered to be an employed by the PLFS. But, neither the person consid-ers herself to be employed and nor should policy makers consi-der her to be employed. The de-tailed PLFS data all-ows us to wean out such rather underemployed persons (such as unpaid fam-ily workers) to get a better sense of India's employment challenges.

CPHS classifies a person to be emp-lo-yed only if the person was em-ployed for a better part of the day of the survey. This is a far more realistic definition.

According to the PLFS, the unemployment rate defined by the usual status was 4.1 per cent in 2021-22. It was higher, at 6.6 per cent, by the current weekly status. According to CMIE's CPHS, it was 7.5 per cent during the same July 2021 through June 2022 period.

All three measures agree that the unemployment rate declined in 2021-22 compared to 2020-21. According to US, the rate fell marginally from 4.2 per cent to 4.1 per cent; according to CWS it fell significantly from 7.5 per cent to 6.6 per cent and according to CPHS it fell from 7.7 per cent to 7.5 per cent.

We stick with the CWS measure of the PLFS for brevity.

The unemployment rate has fallen for men and for wo-men; it has fallen in urban and rural regions.

It has declined the most for urban women and the least for rural women. Never-the-less, the unemployment rate continues to be the highest among urban women and the lowest am-ong rural women.

The unemployment rate for urban women was 12.2 per cent in 2020-21 and 9.9 per cent in 2021-22, implying a sharp fall of 2.3 percentage points. The unemployment rate for rural women dropped from 4.8 per cent to 4.3 per cent in the same time comparison.

Urban women face the most adverse labour market condit-ions according to the PLFS. They have the lowest labour force participation rate (LPR) at 22.1 per cent. Yet, they face the highest unemployment rate of 9.9 per cent. Less than one in every five urban women is em-ployed. The employment rate (called the worker participation rate in the PLFS) is a mere 19.9 per cent for urban women. CPHS tells us a similar story of the plight of urban women although its results paint a much worse condition.

Rural women are only slightly better off than urban women. Their employment ratio was 27.9 per cent in 2021-22. While rural females faced a very low unemployment rate of just 4.5 per cent, their LPR was still quite low at 29.2 per cent.

The definitional difference between PLFS and CPHS is most manifest in the LPR of wo-men. Women classified as part of the labour force in the PLFS (27.2 per cent) are three times those similarly classified in the CPHS (9.4 per cent). However, in the case of men, the differen-ce is much smaller, at about 14 per cent. Male LPR was 75.9 per cent according to the PLFS and 66.8 per cent according to CPHS.

A large proportion of the wo-men who clear the low definit-i-onal bar set by PLFS for employment fail to clear the relatively stiffer bar set by CPHS. This is be-cause of their nature of empl-oyment. PLFS calls this the “broad status in employment”. Table 38 of the PLFS shows that 60.6 per cent of the employed women were actually self-emp-loyed, half of who were self-em-ployed as helpers in household enterprises. Only 20 per cent were regular salaried workers.

Women work a lot more than men. However, their participation in labour markets outside the boundaries of the home is limited.

Source: business-standard.com - Feb 28, 2023

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'India's textile industry witnessing positive development, says Union Minister

For India to top the world in textile production, Tiruppur will be the backbone as 50 % of the nation's exports are from the knitwear industry here, said Union Minister of Tourism G. Kishan Reddy at the NIFT-TEA College of Knitwear Fashion in Tiruppur on Monday.

Addressing the students in a session on AatmaNirbhar Bharat, he said: "India's textile industry is witnessing positive development with a separate ministry for the sector. PM Vishwakarma Kaushal Samman Yojana 2023 will ensure employment for rural youth across the country and focus on their welfare."

"Over the next 20 years, our country will be the world's greatest economic strength," he said.

"Prime Minister Narendra Modi hopes to increase India's textile export worldwide. Tiruppur's contribution is prominent to achieve this. Foreign business investments are inspired and the textile industry is moving forward today. Around 50 % of the country's export is taking place through the Tirupur knitwear industry. India will top the world in textile production, for which, the knitwear city of Tiruppur will serve as the backbone," the Minister said.

Source: thehindu.com - Feb 27, 2023

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Man-made fibres: Key to unlocking future of Indian Textiles Industry

India holds a measly 4% market share in the textile industry globally. However, it is critical in providing employment and livelihood in the country as the second largest employing sector, with over 45 million directly employed, including 35.22 lakh handloom workers. Within the textile sector, India's man-made fibre market is slowly but steadily becoming an emerging sub-section.

Man-made fibres are fast becoming a favourite choice amongst many weavers and spinners in India. They contribute to around 100% of non-cotton fabrics and blended fabrics.

In FY 2020, the overall demand for man-made fibres and yarns stood at approximately ~6,066 ktpa. With the rise in demand for technical and medical textiles, India has seen a surge in demand for man-made fibres. Additionally, with the increase in the price of raw materials, such as cotton, many weavers and spinners have started blending man-made fibres to stay cost competitive.

Production of fibres like cotton is also heavily dependent on factors like weather conditions and crop yields. As a result, fibres like viscose and polyester provide an alternative to weavers and spinners in lull periods. In 2022 when the Indian textiles industry was faced with a severe shortage of Cotton and prices became unaffordable, the user industry used Viscose to maintain their production and sustain the livelihoods of workers.

Viscose and Polyester are also flexible and durable, hence able to endure high-speed machinery. Moreover, these fibres also have multiple uses due to properties such as being hydrophobic.

Therefore, it is only fitting to say that man-made fibre is becoming a critical pillar of India's textile industry.
However, this is not to say that man-made fibre is here to replace natural fibre, as many often note that the future of textile stands in the blend of nature with man-made, providing the best of both worlds.

Man-made fibres have become the fuel of India's textile industry, enabling Indian weavers and spinners to stay competitive in a price-conscious market.

The government has put crucial measures in place for the sector to thrive, including the Production Linked Incentive (PLI) scheme for Man-made Textiles, the National Technical Textile Mission, the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme. However, there are various issues plaguing the value chain. Viscose fibre, despite being integral to India’s man-made fibre sector, is limited in supply in the country.

India also holds one of the largest installed production bases in the world in the weaving industry, but using old technology combined with a limited supply of raw materials, the sector’s true potential is hindered due to low output and quality. These hindrances and obstacles in the value chain often spiral to impact the entire value chain of the man-made textile industry. This means it is not just the productivity which is at stake but also the livelihood of countless Indian weavers and spinners who are the backbone of the sector. Therefore, to ensure that the textile value chain is sustainable and safeguarded, the first step is to ensure the availability of quality raw materials at competitive prices.

To enable this, we need healthy and fair competition in the market and a level playing field. This level playing field will exist only when the supply and demand mechanisms for the raw materials stand at equilibrium. Years of protectionism have skewed the control over raw materials, with some getting an undue advantage.

Recent reports indicate that a reintroduction of duties on viscose is being contemplated because of pressure from the domestic manufacturer. The proposed duty is likely to increase the import price of the fibre by up to INR 40. High raw material costs would lead to increased imports of yarn and fabric, leading to a loss of jobs in the country. In addition, our exports would suffer.

Man-made fibres: future of textile in India and Globally

With cheaper costing and multiple uses, man-made fibres are a good addition to the textile industry. However, as mentioned above, they are not here to replace nature fibres such as cotton and silk but to complement them with newer alternatives such as blended fibres. Hence, it is high time we bring our much-needed attention to man-made fibres to create an ecosystem that safeguards the value chain and the livelihood of millions of weavers and spinners dependent on the fibre’s production.

This is the right time for India to benefit from the world's shift away from China by providing a stable policy and competitive raw materials available to the value chain.

Inconsistent policy decisions on raw materials will only ruin the chance of participation for the small-scale spinning and weaving industries in man-made fibre fabric production.

Source: timesofindia.com - Feb 27, 2023

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Textile units urged to trade cotton on MCX

More textile mills, garment units, and weavers should use the MCX platform to buy cotton, said T. Rajkumar, chairman of Confederation of Indian Textile Industry, and Ravi Sam, chairman of Southern India Mills' Association.

Mr. Rajkumar, who is also the head of the MCX Cotton Product Advisory Committee, and Mr. Ravi Sam told press persons here on Monday that following steep increase in cotton prices last cotton season (October 2021 to September 2022), textile units demanded the need to streamline cotton trading on the MCX platform. Hence, the Product Advisory Committee was formed and based on its suggestions, a new cotton contract started functioning on the MCX from February 13.

According to the new system, a lot should have 50 lakh to 100 lakh bales, there would be godowns across the country, a person could trade only maximum 20,000 bales, and the price increase on a day would be maximum 6%. A meeting was held here on Monday to create awareness among textile mills, especially the MSME units, on how to trade cotton on MCX.

The MCX officials said the average volume of cotton traded on its platform was worth about ₹150 crore a day and most of the trade was by traders and ginners. Since the launch of the new system, the volume traded remained low and to increase it, awareness should improve and more textile units need to take part.

Textile and garment exporters often faced problems because of price volatility as they had to make price commitments to their buyers three or four months in advance. The total volume of business on the MCX platform was only around three lakh bales as against the industry consumption of 300-320 lakh bales and the country's cotton production was 340– 360 lakh bales a year. The aim of the revised contract was to increase cotton liquidity in the market. The New York Cotton Futures and Chinese Cotton Futures had over 80% of physical transaction. The volume of physical transaction should increase in India too, they said.

Source: thehindu.com - Feb 27, 2023

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Cotton yarn demand low in north India; prices down in Ludhiana

North India's cotton yarn market has turned bearish today due to low demand from the garment industry. Cotton yarn prices have eased by ₹3-4 per kg in Ludhiana as a result of low demand, while the Delhi market has noted stability in prices. Cotton yarn demand from the export market has been average, but the downstream industry has not been as positive.

Trade sources from Ludhiana market have said that the export demand for cotton yarn has been normal, but the downstream garment industry's buying is sluggish. A trader from the Ludhiana market told Fibre2Fashion, "Spinning mills have remained silent in selling cotton yarn, but the market has noticed a decline in prices due to poor demand from the downstream industry."

In Ludhiana, 30 count cotton combed yarn was sold at ₹283-293 per kg (including GST); 20 and 25 count combed yarn were traded at ₹273-283 per kg and ₹278-288 per kg, respectively; carded yarn of 30 count steadied at ₹262-272 per kg, according to Fibre2Fashion's market insight tool TexPro.

In Delhi, cotton prices have remained steady due to average buying. Cotton yarn demand may stay low due to the upcoming festival of Holi. A trader from the Delhi market told Fibre2Fashion, "The Delhi market will see lower trade volume because the Holi festival is approaching. The market will come under the grip of festivity, and there may continue to be limited buying and steadiness in prices." According to TexPro, 30 count combed yarn was traded at ₹285-290 per kg (GST extra), 40 count combed at ₹315-320 per kg, 30 count carded at ₹266-270 per kg, and 40 count carded at ₹295-300 per kg.

Panipat's recycled yarn market has also noted stability amid slower demand. Traders have said that weak demand is likely to continue for the next 2-3 weeks. 10s recycled yarn (grey) was traded at ₹88-92 per kg (GST extra), 10s recycled yarn (black) was traded at ₹60-65 per kg, 20s recycled yarn (grey) at ₹105-110 per kg, and 30s recycled yarn (grey) at ₹150-155 per kg. Comber prices were noted at ₹150-152 per kg and recycled polyester fibre (PET bottle fibre) was noted at ₹79-81 per kg.

North India's cotton prices have decreased by ₹25-50 per maund of 37.2 kg due to higher arrival. According to traders, there are only two months left in the cotton arrival season.

Farmers have a huge stock of cotton because they did not sell their entire produce and now, they are keen to sell their crop at current prices, which are likely to remain bearish in the coming weeks.

Cotton arrival has further increased to 16,000 bales of 170 kg each from 14,000 bales in North Indian states. Cotton was traded at ₹6,300-6,400 per maund in Punjab, ₹6,300-6,400 per maund in Haryana, and ₹6,490-6,590 per maund in upper Rajasthan, and at ₹60,500-62,500 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com - Feb 27, 2023

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Reopen foreign trade office to boost exports, says GCCI

Panaji: The Goa Chamber of Commerce and Industry (GCCI) has urged the Director General of Foreign Trade (DGFT) to reopen its office in Goa. GCCI informed the DGFT that since the closure of the DGFT office at St Inez in 2018, exports and foreign trade from Goa have been badly affected, as Goan businessmen are forced to travel to Mumbai to complete basic formalities.

GCCI president Ralph de Sousa recently met DGFT deputy director R Sampath at a meeting convened by the Reserve Bank of India, where Sousa told Sampath that DGFT's online portal and helpline numbers proved to be a stumbling block for local entrepreneurs and exporters. "Sampath was sympathetic to the matter," Sousa said.

While Sampath acknowledged the need for a dedicated office in Goa, he informed GCCI that a final decision on restarting the DGFT office in Goa has yet to be taken.

DGFT closed its office in 2018 to optimise its human resources and bring in online services. Local entrepreneurs and exporters often found that their consignments were stuck at ports and at customs warehouses due to procedural issues. Industrialists have repeatedly expressed dissatisfaction with the services provided by the DGFT office in Mumbai, which has jurisdiction over Goa.

"For small matters, Goan businessmen had to approach the Mumbai office physically, wasting valuable time and effort. GCCI had previously raised concern that exports from Goa were badly affected due to poor online services. The helpline number given was also not being attended to," said Sousa.

The GCCI president said that if Goa has to play a role in meeting the goal of a $5 trillion economy, foreign exports need to be encouraged, for which a dedicated DGFT office is required in the state. GCCI had written to the state and Union governments in this regard.

Source: timesofindia.com - Feb 28, 2023

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