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

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AMIT PABARI
Founder & Managing Director

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NEWS CLIPPINGS

Currency Watch	
USD	82.05
EUR	86.88
GBP	97.84
JPY	0.60

INTERNATIONAL NEWS

10	Bangladesh: BGMEA touts potential for $5bn in revenue from recycled garment exports

NATIONAL NEWS	
No	**Topics**
1	India-Australia CEO Forum held in Mumbai; Forum sees participation of CEOs of leading companies from India and Australia
2	Exports in FY23 to reach about $770 billion: Commerce and industry ministry
3	Australia PM calls India trade pact a 'transformative' deal
4	ICICI Bank's STACK offers one stop digital solutions for exporters
5	IPEF will prove to be in many ways more economically impactful than FTA: US commerce secretary
6	Financial risks first-time exporters must gauge before entering international trade
7	The worst may be over for chemicals and textiles company Grasim
8	Kitex Garments will invest more in Telangana
9	Limited cotton yarn trade in north India, prices may move next week

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Global growth at 8-month high in Feb; strongest expansion in India

Global business activity grew at its strongest rate for eight months in February, reviving further from the low seen last October, according to the S&P Global purchasing managers' index (PMI) surveys based on data provided by over 30,000 companies. India continued to record the strongest expansion among the world's major economies. Growth picked up sharply in mainland China as well.

Both the United States and Europe showed signs of pulling out of downturns.

India's output growth re-accelerated after easing in January to record one of the strongest expansions seen over the past decade. Strong gains were seen in both manufacturing and services in the country.

Growth was led by the service sector, but was also buoyed by a return to growth of manufacturing output, it found. The manufacturing sector reported the first expansion of output for seven months, albeit only recording very modest growth. The factory expansion was nevertheless the strongest since last June.

Companies cited reduced recession risks, a peaking of price pressures, improved supply chains and a reopening of the Chinese economy to all have helped spur demand, notably among consumers, and to have boosted business confidence and hiring, S&P Global said in a release.

At 52.1, up from 49.7 in January, the global PMI—compiled by S&P Global across over 40 economies and sponsored by JPMorgan—signalled the first increase in output for seven months and helps allay worries of an imminent worldwide recession, the press release said.

The rise was the largest recorded since last June and indicative of gross domestic product (GDP) rising at a quarterly annualised rate of approximately 2.5 per cent.

In the United States, output rose marginally after seven months of decline, as a modest improvement in service sector activity helped offset a further marked manufacturing downturn.

In the eurozone, output rose for a second successive month, building on the minor gain seen in January to record the strongest expansion since last June thanks to faster service sector growth and a stabilisation of the manufacturing sector after eight months of contraction.

In the United Kingdom, output grew especially strongly, notching up the best performance since last June on the back of reviving growth in both manufacturing and services, the latter enjoying the stronger gain of the two sectors.

Business activity growth in Japan meanwhile ticked higher, with output rising modestly for a second straight month.

Russia saw output revive, with growth hitting a 20-month high despite exports continuing to fall sharply due to sanctions.
Source: fibre2fashion.com- Mar 09, 2023

HOME

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US' textiles & apparel imports down 5.7% to $9.6 bn in January 2023

In January 2023, the US' imports of textiles and apparel declined by 5.7 per cent to $9.599 billion, compared to $10.179 billion in January 2022. China, with a 27.83 per cent share, remained the largest supplier to the US, followed by Vietnam with 14.45 per cent.

However, the imports from China witnessed a sharp decline of 25.28 per cent in the same period.

Within textiles, apparel constituted the bulk of the imports by the US in January 2023, amounting to $7.266 billion, while non-apparel imports accounted for $2.332 billion, according to the latest Major Shippers Report released by the US department of commerce. Both segments saw a decline in inbound shipment.

Apparel imports slipped by 3.44 per cent compared to the trade of $7.525 billion in January 2022, while non-apparel imports declined by 12.12 per cent from $2.653 billion in the corresponding period of the previous year.

Among the top ten apparel suppliers to the US, imports from Nicaragua and Bangladesh gained 27.60 per cent and 15.43 per cent year-on-year, respectively.

Imports from India and Indonesia also grew by 9.77 per cent and 4.73 per cent, respectively. However, imports from the other six nations among the top ten, including China and Cambodia, declined by 24.61 per cent and 12.92 per cent.

In the non-apparel category, among the top ten suppliers, imports from Vietnam gained 19.43 per cent year-on-year. Imports from Mexico and Cambodia saw positive growth of 12.89 per cent and 3.63 per cent, respectively.

However, imports from the other seven countries, including China, India, Turkiye, and Canada, declined. The imports from China dipped by 26.58 per cent.

Of the total US textile and apparel imports of $9.599 billion during the period under review, man-made fibre products accounted for $4.884 billion, while cotton products were worth $4.121 billion, followed by $279.972 million worth of wool products, and $314.184 billion worth of products from silk and vegetable fibres.

In 2022, the US imports of textile and apparel further increased to $132.201 billion, up from $113.938 billion in 2021. This was a bounce back after a sharp decline in 2020 when the country's inbound shipment decreased to $89.596 billion compared to imports of $111.033 billion in 2019.

Source: fibre2fashion.com- Mar 10, 2023

HOME

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Apparel Imports Largely Unaffected by Mexico Air Cargo Migration

The landscape of air freight entering and exiting Mexico is about to change in the near term—and it could have implications for companies importing cargo from the North American nation.

In an effort to ease chronic congestion at Mexico City International Airport (MEX), the Mexican government reached an agreement with some airlines to move all cargo-only flights to nearby Felipe Angeles International Airport (NLU), approximately 30 miles from the city's capital center.

Carriers are expected to transition cargo operations from MEX to NLU by July.

The good news for apparel and textile companies is that their supply chain will be largely be unaffected by the cargo-only ban at MEX.

Less than 1 percent of textile and garment exports exit the country via Mexico City Airport, according to Jena Santoro, supply chain risk intelligence manager, Americas for Everstream Analytics.

"The majority of textile exports from Mexico go to the U.S., and most of those are being transported from maquiladoras (duty free factories) in northern and northeastern states of Mexico over the border into the country," Santoro said.

Other top importers of Mexican textiles and garments including neighboring Latin America markets like Guatemala, Nicaragua and Colombia, as well as Canada, are all within driving range of Mexico, mitigating much of the impact on textile importers in those countries.

"If they're in that less than 1 percent bracket, even if those textiles have to be rerouted via container shipments or rail or road, it's fine, because it's not it's not going to go bad [like perishables]," Santoro said. "They're not going to lose the cargo. As far as industries of products go, textiles and garments can be shipped pretty much by any means."

The ban would not affect airlines that operate both passenger and cargo flights such as Lufthansa, with Santoro emphasizing that any cargo that typically moves in the belly of passenger planes is not being impacted by the migration.

For cargo-only flights, the impact on wider air cargo supply chains would still be significant due to the short notice as well as the lack of capacity of other airports to accommodate a larger influx of cargo flights, according to Santoro.

"If there are carriers that operate mostly cargo-specific flights, they should be moving those flights to the new airport and keeping their cargo in passenger planes untouched," she said.

Industries that will need to pay more attention to the cargo-only ban at Mexico City Airport include industrial precious metals, industrial machinery, auto parts, medical devices and pharmaceuticals—all of which Everstream identifies as reliant on the airport to fly goods in and out into other countries.

"Knowing this July deadline is coming and it's coming quick, carriers need to be thinking about how they can transition those operations so that they don't come to middle or end of June, without having made any arrangements and only trying to push back to the government's timeline," Santoro said. "Don't panic right now, but be strategic about your preparations because you will be panicking three months from now if you haven't done anything, yet."

DHL is the first and largest carrier that agreed to move cargo flights to NLU. The logistics giant has a new $55 million facility at the airport, with its DHL Express unit flying daily scheduled flights six days per week from Cincinnati with a capacity of 40 tons of cargo.

By June, the company says it will expand to three daily flights to NLU, including two from Cincinnati and one from Guatemala.

The infrastructure project has been on Mexican President Andres Manuel Lopez Obrador's radar for a while, as his administration wants to reduce flight saturation at MEX, the country's biggest airport. Last August, all airlines at MEX agreed to temporarily reduce flights at the hub from 61 per hour to 52 during peak hours, starting Oct. 31.

These changes are notably occurring after Mexico was downgraded in May 2021 to a Category 2 aviation rating by the U.S. Federal Aviation Administration (FAA) on safety concerns, meaning Mexican airlines cannot launch new routes to the U.S. Mexico struck an agreement with the FAA to be able to move international flights to NLU without counting it as a new route.

In January, Lopez Obrador first issued the proposal to move cargo-only flights out of MEX, giving cargo movers 90 days to exit the space. But he later extended the migration deadline to 180 days after backlash from the aviation industry branded the timeline as unattainable.

Mexico's National Chamber of Air Transport warned at the time that even that deadline isn't enough, suggesting that the migration should take about a full year.

"Moving the exclusive cargo service to other terminals in a hurry will significantly affect the proper functioning of the supply chain, reducing the competitiveness of our industry and impacting hundreds of direct and indirect jobs that cargo operations at MEX generate," said the agency in a January statement.

"Even though this is still very early stage for what's happening in Mexico City, there's already been a big lesson learned just in seeing the reactions by carriers and the pushback. It has to be a gradual process," Santoro said. "All of the supportive infrastructure needs to be also on the same timeline. You can't finish the airport, but not have the warehousing or not have the roads complete. It needs to sort of be a full picture of infrastructure development, for it to be successful."

For the longer term, Lopez Obrador is hoping the project will make Mexico a more attractive global hub in the supply chain, according to Santoro. The country already has solidified its standing within Latin America. According to data from the Latin American & Caribbean Air Transport Association (ALTA), Mexico is the leading country in the region in terms of international cargo capacity, with 28 percent of the total.

"A big part of why President AMLO decided to do this in the first place is to increase Mexico's standing as an international trade partner, to have the main commercial center service by not one, but two, international airports," Santoro said, using a nickname for the Mexican leader. "In Mexico's mind, the hope is that there isn't sort of a negative connotation with this, even though a lot of people may think it's being done in a disorganized way. The hope is that eventually long-term gains will show that Mexico is this great international trade partner because the ease of logistics is so much better than working with somebody else."

Santoro said that this kind of strategy may be mirrored in other emerging economies that are on the brink of being a major trade hub, or trying to reach the level of the U.S. and the E.U. She also identified China as a potential area where more cities are looking to expand their air cargo capabilities, thus potentially shifting some trade volume out of larger hubs like Shanghai, Shenzhen and Ningbo.

Source: sourcingjournal.com- Mar 09, 2023

HOME

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China's exports move south as global companies relocate production

Weakening demand from globally fashion brands due to supply chain chaos, higher manufacturing costs post-Covid and international concerns about inhuman factory working conditions are leading to a major economic slowdown in China. With supply chain risks, many brands across the apparel industry are reviewing their exposure to China and slowly relocating to other low-cost manufacturing countries such as Vietnam, India, Bangladesh, Cambodia and Turkey.

China's strategies change to keep economy running

Large apparel and footwear brands such as Mango and Dr. Martens have recently cut down or shown their intention to shift manufacturing out of China and reduce their reliance on the country. Relocation has also got stronger due to stricter laws in the US and Europe against alleged use of forced labour in the cotton factories of Xinjiang.

As Toni Ruiz, Chief Executive, Mango explains, they need to be very alert to how things evolve. Mango, in fact, is looking at is the extent to which all the global sourcing, developed over many years, might become more local. The brand is well-known for its mid-range yet high-quality trendy garments. Others like online fashion retailer Asos, are considering pulling out as they feel products manufactured in China were not as competitive as they seemed relative to Europe, once shipping and transport costs were taken into account and the final profit margin figure after sale is not that high.

Meanwhile, China is stepping up trade with Russia. General goods trade between the two countries reached $190 billion last year, up over 30 per cent from 2021, which accounts for 3 per cent of China's total trade. The two countries are now forging closer economic ties ever since President Vladimir Putin visited Beijing in February 2022, shortly before Moscow invaded Ukraine.

Disruptions in supply chains create havoc

The second round of Covid restrictions and lockdowns in China further led to a jump in freight costs, significant shipping delays this prompted the decision to relocate outsourcing to other countries for many brands.

Shipment of a US retail brand's ski wear, from a previous season, arrived in summer of 2022 while another's brands summer season of cotton garments arrived in winter.

And as Todd Simms, VP, at supply chain intelligence platform FourKites opine, gone are the days of manufacturing only in China and shipping everywhere. Disruptions have increased costs to deliver finished goods, making it easier to justify operations in new countries in exchange for more resilience.

China's exports slumped 9.9 per cent in December 2022 as global demand continues to drop and this figure remains uncertain in the first quarter of 2023. However, a shift away from mass textile production to more high-tech premium garment production - both for domestic use and for exports- is now slowly changing the factory scenario in China. Many manufacturers are setting up factories to sell premium environmentally-friendly products that cater to a niche global export market.

Growing importance or Turkey

Turkey is currently encouraging western brands to move g production to their country, for a more seamless supply chain as it is part of the EU customs union, allowing frictionless trade between member states. Some premium brands such as Hugo Boss, Adidas, Nike, and Zara are already outsourcing from there. Also helping this move is the current important consideration for retailers is traceability in the supply chain after years of widely reported labour abuses.

However, there isn't enough money in the international supply chains to smoothen out the relocation process in the current economic crisis and analysts feel things will only worsen in the next few years. In these turbulent times, exports from China will lessen as no country will put all its eggs in one basket but global relocation levels remain to be seen.

Source: fashionatingworld.com- Mar 09, 2023

HOME

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US seeks inputs on short supply request for VFY under FTA with Chile

Responding to a request by the Chilean government, the US department of commerce's committee for the implementation of textile agreement recently sought public inputs by April 6 on whether filament yarn of viscose rayon (VFY) classified in the US-Chile Free Trade Agreement can be supplied by the domestic industry in commercial quantities in a timely manner.

If a determination is made that such yarn is in short supply, the United States and Chile could agree to modify the US-Chile Free Trade Agreement rules of origin for woven fabrics of artificial filament yarn to allow the use of non-US and non-Chilean filament yarn of viscose rayon.

The United States originally received a request in this regard from Chile in June 2015 and sought public inputs, but received no information indicating that the domestic industry could supply the subject yarn in commercial quantities in a timely manner.

Both sides continued to consult on the subject origin rule change but no such change was ever implemented.

However, Chilean authorities reiterated their interest last November in advancing this origin rule modification and additional input is now being sought given the period of time that has elapsed since the original request for input.

Source: fibre2fashion.com- Mar 09, 2023

HOME

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China's goods exports reach 3.5 trn yuan in Jan-Feb 2023

China's exports of goods have reached a new high, rising by 0.9 per cent year-on-year (YoY) in the first two months of the year to 3.5 trillion yuan (around $506.10 billion), as per the General Administration of Customs (GAS).

The country's foreign trade of goods, however, fell by 0.8 per cent YoY to 6.18 trillion yuan during the same period. Moreover, China's imports of goods stood at 2.68 trillion yuan during the same period, which is down 2.9 per cent YoY.

China's trade with the Association of Southeast Asian Nations (ASEAN) has surged by 9.6 per cent YoY during the first two months of 2023, reaching a total value of 951.93 billion yuan (approximately $137.25 billion), accounting for 15.4 per cent of the country's foreign trade, said local media reports quoting the General Administration of Customs.

Source: fibre2fashion.com- Mar 09, 2023

HOME

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40% UK manufacturers increase local supply to ward off pressure: Study

Supply chain pressures on the UK's manufacturing sector are expected to continue with the overwhelming majority of companies reporting such pressures in 2023 and looking ahead to 2024. Forty per cent of manufacturers surveyed said that they have increased their supply from the UK with a similar number saying they will do so in the coming year, as per a recent study.

Uncertainty in supply chains is driving new behaviours as the pandemic and global trade disruption have taken their toll on confidence. The concept of reshoring is fast becoming a reality and the intention is there in the year ahead, according to a joint study by Infor and Make UK.

Companies are focusing on building a resilient supply chain that can withstand these disruptions, manage the risk of further instability, and continue to function. There is no one strategy that manufacturers are exploring, and each company will take account of several factors, including complexity of supply chains as well as distance from disruption. The most common trends include the diversification of supply, increasing stocking levels, and shortening of supply chains, with a trend towards reshoring and near-shoring.

Supply chain monitoring is firmly on manufacturers' agendas, with 82 per cent reporting that this is critical to their business. However, there is a lag between citing its importance and using digital technologies that can help enhance supply chain monitoring. While manufacturers are dipping their toes in the water by using data analytics and dashboards, more sophisticated technologies such as AI and machine learning, which could be even more impactful, are yet to be considered overall.

The energy crisis, access to raw materials, labour shortages, input costs, and wider supply chain disruption have created unprecedented times for businesses across the globe. UK manufacturers have prioritised keeping their heads above the water and continue to meet demand when supply side constraints are making this challenging.

Source: fibre2fashion.com- Mar 09, 2023

HOME

Egyptian president reviews plans to modernise textile industry

Egyptian President Abdel Fattah El-Sisi recently met Prime Minister Moustafa Madbouly and other ministers to review textile industry modernisation plans, including those related to various stages of production, cultivation, cotton trade and development of processors and textile plants. He stressed on the need for optimal utilisation of state-owned assets.

The meeting also reviewed coordination between the ministries of housing and the business sector to optimise the use of land belonging to some public sector companies in public interest.

The aim is to maximise the value of national resources and contribute positively to efforts to advance comprehensive development, an official release said.

Minister of housing, utilities and urban communities Assem El-Gazzar, minister of public business sector. Mahmoud Esmat, president’s advisor for urban planning major general Amir Sayed Ahmed and president's advisor for financial affairs major general Mohamed Amin attended the meeting.

Source: fibre2fashion.com- Mar 09, 2023

HOME

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Bangladesh: Apparel export to the US sees 15.43% rise in Jan’23

According to recent data given by the Commerce Department's Office of Textiles and Apparel (Otexa), garment exports to the United States increased by 15.43% year on year to $867.64 million in January, the first month of 2023, up from $751.67 million in the same month in 2022.

Bangladesh ranked third in its single largest export destination behind China and Vietnam in January 2023, with a market share of 8.84%.

Bangladesh, on the other hand, finished the previous year (2022) with a market share of 9.78%.

According to Otexa data, total US apparel imports reached $7.26 billion in January 2023, representing a 3.44% year-on-year decrease from $7.52 billion in January 2022.

Major competitors of Bangladesh like China, Vietnam and Cambodia experienced a negative growth in exporting apparel items to the US while others saw a narrow growth.

Among the other major suppliers, China saw a negative growth of 24.61% to $1.44 billion in January 2023, lower from $1.91 billion in the same period of 2022, securing a market share of 24.2%.

In the mentioned period, Vietnam exported apparel items worth $1.26 billion, but couldn't avoid a narrow negative growth of 0.50% from $1.27 billion in January 2022, claiming a market share of 17.44%.

Followed by Bangladesh, India secured the fourth position by exporting apparel items worth $484.98 million in January of 2023, registering a growth of 9.77% from $441.8 billion with a market share of 5.2%.

According to Otexa data, RMG imports of the US from Indonesia climbed by 4.73% to $453.83 million in the first month of 2023, while imports from Cambodia decreased by 12.92% to $282.75 million in the same period, placing them fifth and sixth with market shares of 5.15% and 4.17%, respectively.

As per various projections, amid consumers' financial concerns and economic uncertainties, the sales of clothing were expected to decline in the US.

According to a recent report published by the McKinsey and Company, the fashion industry is again facing a challenging climate and expected that the slowdown is likely to continue through 2023.

The global economic gloom is increasingly reflected in consumers' shopping habits and the fashion industry is facing a weakened demand meaning going through an unpredictable year ahead.

The report also foreseen that the consumers have been affected by different potential economic turbulence which is forcing them to postpone or curtail discretionary purchases; or to seek out bargains, resale, rental and off-price products.

However, BGMEA Director Mohiuddin Rubel told Dhaka Tribune that they were concerned about the US market, saying that growth in the US market may be negative in January but has since turned positive, demonstrating Bangladesh's strength.

“It also shows how solid our position will be if the global economy fully recovers from the effects of Covid-19 and the war. US buyers and consumers place us ahead of other competitors as a sourcing country and we believe our position will be strengthened more in the future,” he added.

In 2022, Bangladesh bagged $9.74 billion from the US market, fetching a YoY growth of 36.38%, higher than $7.14 billion of 2021.

Source: dhakatribune.com- Mar 09, 2023

HOME

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Bangladesh: BGMEA touts potential for $5bn in revenue from recycled garment exports

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has predicted significant potential for the export of value-added garments made from recycled yarn.

During a pre-budget discussion held on Tuesday, the BGMEA estimated that around $5bn in revenue could be generated from apparel products made from scrap fabric or used cloth. BGMEA highlighted the export potential of recycled ready-made garments (RMG) products, noting that $500m worth of scrap fabrics are currently produced in the country.

Bangladesh could become a hub for recycled garments, with three factories already producing recycled yarn, and encouraged others to invest. BGMEA also sought policy support from the government and suggested that exempting local textile mills from the value-added tax on selling scraps would encourage investment in recycling.

Source: fashionatingworld.com- Mar 09, 2023

HOME

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NATIONAL NEWS

India-Australia CEO Forum held in Mumbai; Forum sees participation of CEOs of leading companies from India and Australia

Honourable PM of Australia, Mr. Anthony Albanese said that Economic Cooperation and Trade Agreement (ECTA) signed between India and Australia is a transformative agreement which will unlock the next level of potential in trade and investment. He was addressing the India-Australia CEO forum held in Mumbai today.

The Honourable Prime Minister expressed sincere appreciation for the large turnout of Australian investors that came to India as well for the key Indian business houses that participated. He remarked that this is one of the most serious and high-profile delegations to visit India from Australian shores. He was very optimistic about the complementarities between both the nations and concluded by saying that this juncture is a turning point in accelerating economic co-operation and mutual benefits in the relationship between Australia and India.

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal also participated in the CEO Forum along with Senator the Hon. Don Farrell, Hon'ble Minister for Trade and Tourism, Government of Australia.

Shri Goyal noted that the current goal of doubling the bilateral trade must be reset by the industries and CEOs present there as there was great potential to increase trade manifold between the two nations. He reiterated the growth potential of the bilateral trade and investments between India and Australia today.

The Minister, from his previous visit to Australia in April 2022, recounted an example of his interaction with the CEO of Cochlear (Australian hearing implant manufacturers). After the interaction he reassured them that their current market share in India was only a minuscule of the potential for the business, given India's population, rapid growth in middle class and the growing demands of the overall economy for a better lifestyle.

The Forum was organized by Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry along with Confederation of Indian Industry (CII) in order to leverage the ever-growing trade and investment between the two countries.

The forum was co-chaired by Dr. Anish Shah, MD & CEO, Mahindra Group and Ms. Shemara Wikramnayake, MD & CEO, Macquarie Group.

Senator the Hon Don Farrell, Hon'ble Minister for Trade and Tourism pointed out that USD 2.5 Billion worth trade benefitted from the lower tariffs arising from ECTA agreement in Jan 2023 alone and reassured that this growth will continue to further rise.

He urged the industry to think much bigger to satiate the demands of the growing relationship.

Both ministers welcomed the convening of the India-Australia CEO Forum and encouraged businesses on both sides to explore emerging economic and investment opportunities.

Both Ministers expressed satisfaction at the progress of bilateral engagements and affirmed their commitment to further deepen and strengthen the Comprehensive Strategic Partnership for mutual benefit.

A four-year extension MoU was also signed between Confederation of Indian Industry and Business Council of Australia in the presence of Hon Anthony Albanese MP. This partnership will go a long way in furthering the business relationship between the two countries.

The event saw the participation from CEOs of leading companies from India and Australia across the sectors like metals & mining, telecom, food processing, education, pharmaceutical, healthcare, medical devices, banking, aviation, education, IT, auto and institutional investors. The participants of the forum discussed on 'How to enhance Economic, Trade and Investment relations between India and Australia across sectors'.

India and Australia have a long-standing relationship, characterized by shared values of democracy, multiculturism, economic opportunities and most importantly vibrant diaspora with strong people to people links. Both countries value free and open societies, respect for human rights, and the rule of law.

In the fiscal year (2022), India is Australia's 9th largest trading partner. Major exports to Australia include petroleum products, textiles and apparels, engineering goods, leather, pearls, mechanical appliances, iron and steel and gems and jewellery.

Major imports include edibles, dyeing extracts, chemicals, wool, minerals& precious stones.

Source: pib.gov.in- Mar 09, 2023

HOME

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Exports in FY23 to reach about $770 billion: Commerce and industry ministry

India's merchandise and services exports combined in the current financial year ending March will be close to USD 760-770 billion, Union Minister for State for Commerce and Industry Anupriya Patel said on Thursday.

The country's merchandise and services exports stood at USD 672 billion in the last fiscal.

"We are focusing in every possible way on how we can export more and more because today India's share in global merchandise trade is close to 1.8 per cent. As far as services trade is concerned, it is just 4 per cent. We want to take it to 10 per cent," Patel said at the Sourcex India event here.

India's merchandise and services exports in the current financial year ending March will be close to USD 760-770 billion, she noted.

The minister also mentioned that the Indian economy is one of the fastest-growing economies in the world, and with the increasing globalisation of trade, there is immense potential for Indian businesses, particularly brands to expand their footprint in the international market.

"Last year, we did USD 672 billion in goods and services (exports). This year, we will do USD 770 billion," Federations of Indian Ecports Organisations President A Sakthivel said.

The Sourcex India event is aimed at promoting Indian brands in the international market, which is a significant step towards realising Prime Minister Narendra Modi's vision of making the country a global manufacturing hub, he added.

Source: business-standard.com- Mar 09, 2023

HOME

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Australia PM calls India trade pact a 'transformative' deal

New Delhi: Australian Prime Minister Anthony Albanese on Thursday said the free trade agreement between India and Australia is a "transformative" deal that will unlock the next level of potential in bilateral trade and investment.

Addressing the India-Australia CEO forum in Mumbai, Albanese said the delegation of Australian investors that accompanied him was one of the most serious and high-profile to visit India from Australia.

Albanese was optimistic about the complementarities between the two countries, saying the moment marks a turning point in accelerating economic cooperation.

"Australian fresh lobster and lamb used to be subject to a 30% tariff in India. Now, it's zero. Tariffs on other products like avocado, citrus and seafood are on a pathway to zero," Albanese said at another event.

The two countries signed the Economic Cooperation and Trade Agreement (ECTA) in April 2022. The deal came into effect in December 2022.

Commerce and industry minister Piyush Goyal, who also participated in the CEO forum, said the goal of doubling bilateral trade, which stands at just over $25 billion, must be "reset" by the businesses and CEOs present, as there was a great potential to increase trade manifold between the two nations.

The forum was organized by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry along with Confederation of Indian Industry (CII) and co-chaired by Anish Shah, managing director and chief executive officer, Mahindra Group, and Shemara Wikramnayake, managing director and chief executive, Macquarie Group.

Australia's minister for trade and tourism Don Farrell pointed out that lower tariffs arising out of the ECTA would benefit $2.5 billion worth of trade. This will continue to rise further, he added.

The ministers also expressed satisfaction at the progress of bilateral engagements and affirmed their commitment to further deepen and strengthen the Comprehensive Strategic Partnership for mutual benefit.
A four-year extension MoU was also signed between the Confederation of Indian Industry and Business Council of Australia.

The event saw the participation of CEOs of leading companies from India and Australia across sectors like metals and mining, telecom, food processing, education, pharmaceutical, healthcare, medical devices, banking, aviation, education, information technology, auto and institutional investors.

In fiscal year 2022, India was Australia’s ninth largest trading partner. Major exports to Australia include petroleum products, textiles and apparel, engineering goods, leather, pearls, mechanical appliances, iron and steel and gems and jewellery. Major imports include edibles, dyeing extracts, chemicals, wool, minerals and precious stones.

Under the ECTA agreement, India has cut the duty on Australian wines from 150% to 100% for bottles priced at $5, down to 50% in 10 years. The duty on bottles priced at $15 or more has also been slashed from 150% to 75% and will be brought down to 25% in 10 years.

Also, over 85% of Australian goods exports by value to India are now tariff free, rising to 90% in six years, and high tariffs have been reduced on some additional products. In addition, 96% of imports from India are now tariff free, rising to 100% in four years. Under the pact, Australia is offering zero-duty access to India for about 96.4% of exports (by value) from day one. This covers many products that currently attract 4-5% customs duty in Australia.

Source: livemint.com- Mar 09, 2023

HOME

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ICICI Bank's STACK offers one stop digital solutions for exporters

ICICI Bank, one of India's leading private sector banks, announced the launch of a comprehensive set of digital banking solutions and value added services for exporters. Called 'ICICI STACK for exporters', it aims at simplifying the journey of exporters by decongesting the current time-intensive manual procedures, thereby significantly improving their operational efficiency.

India's overall exports – which grew by 36% to $670 billion in FY22 compared to the previous year, is expected to scale up to $2-trillion by 2030. "This growth can be accomplished by developing the manufacturing ecosystem and hubs, investment in efficient logistics and transportation, availability of finance, and rollout of digital solutions for exporters", said Sumit Sanghai, Head of Large Clients Group, ICICI Bank in an interaction with The Economic Times.

It is an industry-first initiative, offering a suite of solutions on a single platform with a vision to digitise the entire export life-cycle from discovery of export markets, export finance, foreign exchange services to receipt of export incentives. It also offers unique facilities such as instant disbursal of Export Packing Credit (Insta EPC) and Trade APIs. Insta EPC provides export finance instantly, while Trade APIs enable smooth handling of export transactions directly from exporters' ERP systems, thereby providing a seamless journey. The Trade API solution provides the exporters with a simplified 'Do-It-Yourself (DIY)' experience anytime and anywhere.

'ICICI STACK for exporters' is broken down into five layers—accounts, transaction, credit, care and growth. The fundamental concept behind this is to identify the pain points for the customer and then solve those pain points. Sanghai said, "The idea is to nurture relationships with our clients by ensuring that the entire bank is taken to the customer."

"The set of solutions enables large, medium and emerging companies to undertake their export transactions online, anywhere and anytime. We believe that this initiative will bring in unmatched efficiency in the entire export lifecycle across industries and act as catalyst in their business growth." said Sanghai.

Exporters can also avail value-added services from Trade Emerge platform, through which the bank facilitates end-to-end journey of businesses', right from the incorporation stage by enabling regulatory guidelines, partner discovery, logistics and cargo tracking through a blend of services provided by trusted alliance partners.

'ICICI STACK for exporters' will further help exporters to avail improved customer service from banks, enabling them to focus more on manufacturing and exporting rather than traditional banking and paperwork. "Since exporters typically need to deal with a lot of compliance pressure, digitisation would ensure a smoother journey for them," explained Sanghai.

The entire cross border journey for exporters has been quite physical, time consuming with document handling and compliance with various laws and regulations across countries. Shanghai said, "The solutions like 'ICICI STACK for exporters' will add value in terms of the various processes – whether it is bill handling, availability of finance, or interaction with their client comes into play."

Digital solutions like e-Softex and e-Docs further simplifies exporters' journey across various stages by offering digital filing of documents, settlement and reconciliation of export invoices, among others. It offers convenience of reduced turn-around time for the transactions from the existing industry practice of a few days to near real time.

It is very important for banks to capitalise on these digitisation initiatives to transform the traditional paper-intensive processes into fully digital trade journeys, creating a new level of efficiency that will significantly benefit exporters." Sanghai told The Economic Times.

Source: economictimes.com- Mar 09, 2023

HOME

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IPEF will prove to be in many ways more economically impactful than FTA: US commerce secretary

US Commerce Secretary Gina Raimondo on Thursday expressed hope that the Indo-Pacific Economic Framework (IPEF) will prove to be more economically impactful than a free trade agreement (FTA) with India.

The IPEF was launched jointly by the US and other partner countries of the Indo-Pacific region on May 23 in Tokyo. The 14 IPEF partners represent 40 per cent of global GDP and 28 per cent of global goods and services trade.

The framework is structured around four pillars relating to trade, supply chains, clean economy, and fair economy (issues like tax and anti-corruption). India has opted out of the trade pillar and has decided to join the remaining three subjects pertaining to supply chains, clean economy and fair economy.

Raimondo said that a trade agreement with India is at present not on the table and the US Congress has stated that there is no appetite for an FTA. “My hope is that the IPEF…my strong belief is that it will prove to be in many ways more economically impactful than an FTA,” she said in a fireside televised chat here.

She added that this framework would be a modern equivalent of a trade agreement.

“And this is what we are trying to figure out through IPEF and if we do it right”, it would help in more job creation in both the countries than the traditional FTA.

When asked about cooperation in semiconductors, the US commerce secretary said that India and the US will have a formal discussion on the sector.

“I am working very closely with my counterpart (commerce and industry minister Piyush Goyal). Tomorrow we have the official meetings of the CEO forum and the commercial dialogue and we have been talking about a great deal on semiconductors and we will have a formal discussion between the government of the US and government of India around semiconductors,” she said.

There are synergies between India and the US on semiconductor design and technology, she added.

Raimondo said that the US and the world is overly dependent on Taiwan for semiconductors and “we have a desire to work closely with our allies including India” on this sector.

She also said that huge opportunities are there in both the countries to increase trade and investments.

India has a stable business environment and it would gain from the US companies that are looking to diversify their supply chains, she said.

On challenges in India, she said India has a “quite high” tariff on certain components that go into semiconductor or other electronic items.

She said that the US investors talk about difficult foreign investment rules in certain sectors and differences in regulations at state levels.

“But the truth is that any time you can increase transparency and reduce layers of bureaucracy and regulations. It does ease the path for more commerce,” she added.

Raimondo is here for the India-US Commercial Dialogue and India-US CEO Forum meet.

India-US Commercial Dialogue and CEO Forum will be held on March 10 to discuss cooperation in various sectors that could unlock new trade and investment opportunities between the two countries, the commerce ministry has said.

The Dialogue is a cooperative undertaking encompassing regular government-to-government meetings to be held in conjunction with private sector meetings, with an aim to facilitate trade, and maximize investment opportunities across a broad range of economic sectors.

Source: indianexpress.com- Mar 09, 2023

HOME

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Financial risks first-time exporters must gauge before entering international trade

Trade, import and export for MSMEs: In order to accelerate India's economic growth fuelled by its exports, which are targeted by the government to hit the $750-billion mark this fiscal, the trade potential of the MSME sector must be maximised. To unleash this MSME-led export growth, understanding and mitigating risks involved in exports are as critical as having policies and schemes by the government to promote exports. Other than political or legal risks associated with a particular market along with challenges related to shipping or cargo, intellectual property, and ethics; financial risks are relatively more important to understand as they are at the core of a growing export business.

Ensuring timely payment, avoiding discrepancies in export contracts, tackling foreign exchange volatility, etc., are some key financial risks for a small or first-time exporter to look at in detail. According to Ashok Saigal, managing director of Frontier Technologies, which exports heat shrink items, and is also the co-chairman of the CII National MSME Council, the biggest risk for an exporter is a lack of certainty in receiving payments from the buyer.

"The first risk to be considered while dealing with buyers and countries with whom we don't have day-to-day dealing or close understanding is how reliable that buyer is and the certainty of him paying for the goods," he said in a panel discussion on exports at the recently held SMExports Summit 2023 organised by Financial Express Digital.

While a letter of credit or LC – a contractual bank document issued by the importer's bank to assure the exporter of payment by the importer on receipt of goods – does help in mitigating the credit risk involved in international trade, by no means it fully guarantees payment to the exporter.

Saigal explained, "It is highly likely that a promoter would not be familiar with every nuance in the LC. You will misread one full stop or a comma or a particular phase and your letter of credit application will not be accepted by the bank. You will be at the mercy of the buyer whether he accepts those discrepancies or not."

"In my experience, it was rare to find an instance, particularly when the customer was new in a new location, that there was no discrepancy. Hence, MSMEs must first know their customer thoroughly, how they work in business, and establish a relationship with them while you go through the LC for every order in detail otherwise an LC is only good enough for litigation purpose if you don't get paid," he added.

In other words, establishing mutual trust with the buyer may also help in ascertaining the probability of getting payment for goods in case of a discrepancy. In fact, it may help MSMEs to discuss the LC with their bank before accepting it.

"Particularly if there is a new buyer and new location, MSMEs should talk to their bank at the time of receiving the LC for the bank's trade expertise. A bank can suggest which clauses an exporter should accept or ask for amendment as there might be certain clauses the exporter won't be able to fulfil or understand," said Kapil Bhatia, EVP and Head, Commercial Banking, Federal Bank during the panel discussion.

There are generally around 12 types of LC involved in international trade viz., revocable LC (cancelled or amended by the issuing bank at any time and without prior notice to or consent of the beneficiary), irrevocable LC, revolving LC (amount is renewed), transferable LC (transferred to one or more second beneficiaries), back to back LC, red clause LC (for the beneficiary to avail of an advance before shipment to the extent stated in the LC), green clause LC (provides advance for raw materials, warehousing etc), payment LC, deferred payment LC, etc.

When it comes to exports, foreign exchange is inevitable. Fluctuations in foreign currencies have been a perpetual issue for businesses in international trade and MSMEs, due to their size and scope, remain more vulnerable to the impact of forex volatility.

Source: financialexpress.com- Mar 09, 2023

HOME

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The worst may be over for chemicals and textiles company Grasim

Chemicals and textiles major Grasim had a disappointing October-December quarter for the 2022-23 financial year (Q3FY23) due to higher costs and lower demand for products. However, the management guidance suggests that the worst is over, and the stock may have an upside, going by what the analysts have to say at present.

Grasim reported a standalone Ebitda (earnings before interest, tax, depreciation and amortisation) of Rs 480 crore (down by 48 per cent year-on-year or YoY and down 50 per cent quarter-on-quarter or QoQ). The reported PAT (profit after tax) was Rs 257 crore, down 47 per cent YoY and 76 per cent QoQ.

Segment-wise, the VSF (Viscose Staple Fibre) volumes declined by 3 per cent on the YoY basis. Inflationary pressures kept demand in check, and cheap imports from Indonesia hurt realisations. The VSF segment had negative Ebitda, offset by better returns on yarn. Guidance is that margins have bottomed out but a near-term uptick may not be there.

In chemicals, caustic soda sales volumes grew 2 per cent YoY and capacity utilisation fell, leading to QoQ decline in margins. Overall, the chemicals revenues and Ebitda moderated -- both YoY and QoQ. In speciality chemicals, margins may be normalising after hitting peak levels last year.

In paints and business to business (B2B) e-commerce, management reiterated its plans to launch by Q4FY24 and Q2FY24, respectively. The committed total capex is Rs 10,000 crore for paints (including working capital) and Rs 2,000 crore for B2B e-commerce. All paint capacities will be operational by FY25-end.

The capex budget for FY23 was previously targeted at Rs 7,100 crore, including Rs 3,500 crore for paints. The company has already invested Rs 2,600 crore, including Rs 1,200 crore for paints. This means a large capex pipeline. The management also said that some capex will spill over into FY24. The net debt position was Rs 490 crore versus net cash of Rs 230 crore in Q2FY23. There are some signs of pressure.

Grasim is India's largest VSF producer with a total capacity of 824,000 tonnes per annum and a market share of about 90 per cent. The management expects a compound annual growth rate of 8-10 per cent in VSF demand over the next 10 years. The company is also the largest producer of Viscose filament yarn (VFY) in India with Raysil being the most popular VFY brand, alongside VSF brand Liva.

The company is using VSF in sarees with the 'Navyasa' brand and guidance is that there's room for high growth. It is developing technology for usage of used cotton garments in place of wood pulp for VSF production and aims to replace 25-30 per cent of pulp usage. The company also generates 10 megawatt power from process waste steam in pulp manufacturing, which means savings of 1,00,000 tonnes of coal, annually.

VSF imports account for 10-12 per cent of consumption. Imports from Indonesia and Taiwan are duty free due to FTAs (free trade agreements). In August 2021, the government revoked anti-dumping duty on VSF. Meanwhile, pulp imports attract customs duty.

In the chemicals business, Grasim has 27-30 per cent market share in caustic soda; it has the largest chlorine integration capacity of about 60 per cent, which will rise to 72 per cent post-commissioning of ongoing capex; it has over 50 per cent market share in epoxy.

The average Ebitda margin of the chemicals segment in the last five years was 19-22 per cent and this segment contributes annual free cash flow of Rs 600-700 crore. Targeted capex in the segment is Rs 5,100 crore, to double epoxy capacity to service rising demand from renewables (wind turbine blades).

Taking Grasim's standalone business, plus its holdings in subsidiaries, two analysts offer SOTP valuations of Rs 1,900 per share. Another has valuations of Rs 1,960, and a fourth of Rs 2,000. There's room for moderate returns, assuming we are at the bottom of the cycle.

Source: business-standard.com - Mar 10, 2023

HOME

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Kitex Garments will invest more in Telangana

World's second-largest infant wear manufacturer Kitex will ramp up its investment in Telangana from Rs. 2,400 crore to Rs. 3,000 crore. The additional Rs. 600 crore will go into making infant socks.

The company believes that in the next 2-3 years it would be making 2.5 million infant garment pieces a day in Telangana.

Sabu M Jacob, MD of the company said this decision has been taken considering the favourable atmosphere and support provided by the Telangana government.

The company will create jobs for 28,000 people in Telangana and the majority of the jobs will be for women.

The company is setting up a manufacturing facility in Kakatiya Mega Textile Park, Warangal and another unit in Sitarampur, near Hyderabad. The Kakatiya Mega Textile Park unit is expected to be ready by June or July this year, the Sitarampur facility was likely to take one more year.

Source: apparelresources.com - Mar 09, 2023

HOME

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Limited cotton yarn trade in north India, prices may move next week

There was limited trade in the cotton yarn market in North India after the celebration of Holi. The North Indian market witnessed muted buying today, and traders said that cotton yarn prices remained stable. They anticipate any movements only in the next week when buyers return to the market. The demand from the downstream industry was very weak.

Buyers were absent in Ludhiana after Holi, and traders were not interested in new deals as buyers were inactive. A trader from the Ludhiana market told Fibre2Fashion, "The market could not come out of the grip of the festival. Buyers and sellers were not active for any deals. Thin trade may continue until this week, and the market may only get direction on Monday."

According to Fibre2Fashion's market insight tool TexPro, 30 count cotton combed yarn was sold at ₹285-295 per kg (GST inclusive), while 20 and 25 count combed yarn were traded at ₹275-285 per kg and ₹280-290 per kg, respectively. Carded yarn of 30 counts was steady at ₹264-274 per kg.

In Delhi, cotton yarn prices remained stable amid slow trade, and trading activities were limited. "The market was still in holiday mood, and this trend may continue for the next couple of days," a trader from Delhi market told F2F. In this market, 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, as per TexPro.

Panipat's recycled yarn market also noted a steady trend in prices. A trade source from Panipat said that recycled cotton yarn prices were hovering at previous levels. 10s recycled PC yarn (grey) was traded at ₹88-92 per kg (GST extra). 10s recycled PC yarn (black) was traded at ₹60-65 per kg, 20s recycled PC yarn (grey) at ₹105-110 per kg, and 30s recycled PC yarn (grey) at ₹150-155 per kg. Comber prices were noted at ₹155-160 per kg, while recycled polyester fibre (PET bottle fibre) was noted at ₹74-77 per kg.

Spinning mills did not show an interest in buying, resulting in North India's cotton prices to decline. Cotton arrival returned to normal immediately after Holi, and North India's arrival was estimated at 15,000 bales of 170 kg. However, spinners did not engage in fresh buying as they wanted to assess the future demand for cotton yarn. Cotton was traded at ₹6,250-6,325 per maund of 37.2 kg in Punjab, ₹6,250-6,325 per maund in Haryana, and ₹6,450-6,550 per maund in upper Rajasthan, while cotton was sold at ₹60,000-62,000 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com - Mar 09, 2023

HOME

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