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IBTEX No. 52 of 2023 — March 15, 2023

NEWS CLIPPINGS

Currency Watch	
USD	82.45
EUR	88.52
GBP	100.22
JPY	0.61

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INTERNATIONAL NEWS

Fitch revises global growth forecast for 2023 upward at 2% from 1.4%

World growth in 2023 is projected at 2.0 per cent, revised up from 1.4 per cent in the December 2022 Global Economic Outlook (GEO) report by Fitch Ratings. While global growth prospects for 2023 have improved significantly since December, the impacts of rate hikes on the real economy still lie ahead and are likely to push the US economy into recession later this year.

The improvement in the near-term outlook reflects China's post-COVID-19 reopening, a material easing of the European natural gas crisis, and surprising near-term resilience in US consumer demand. This is the first upgrade to Fitch's year-ahead world growth forecasts since the start of the Russia-Ukraine war, according to its GEO - March 2023 report.

China's 2023 growth forecast has been raised to 5.2 per cent from 4.1 per cent in December, eurozone growth to 0.8 per cent from 0.2 per cent, and US growth to 1.0 per cent from 0.2 per cent. Moreover, global growth in 2024 has been lowered to 2.4 per cent from 2.7 per cent to reflect the lagged impact of rapid Fed and European Central Bank (ECB) interest rate hikes.

"Central banks are now taking away the punchbowl quite quickly. It is only a matter of time before the impact on the real economy becomes much more visible," said Brian Coulton, chief economist at Fitch Ratings.

China's abandonment of COVID-19 pandemic restrictions at the turn of the year has been followed by swift improvements in mobility indicators and business surveys. Contact-intensive consumer spending—curtailed by lockdowns in 2022—is rebounding quickly, but the property sector remains weak and exports are slowing.

The European gas crisis has eased significantly in recent months with gas supply holding up, inventories improving relative to seasonal norms and wholesale prices falling dramatically. This is helping eurozone growth prospects and easing headline inflation pressures.

The US economy has more near-term momentum than anticipated, with robust employment and consumption growth at the start of the year. Household income growth is holding up and savings buffers built up in the pandemic will support spending for a while.

Headline inflation looks to have peaked, but core inflation is stubbornly high and the Fed and ECB have become more concerned about inflation becoming entrenched. Labour market imbalances—a source of wage pressure—are not improving.

The Fed Funds are expected to peak at 5.5 per cent and ECB's Main Refinancing Operations rate at 4.0 per cent in June, upward revisions of 50 basis points (bp) and 100bp, respectively, since December. Core inflation hit a 40-year high in Japan and the Bank of Japan is expected to raise the 10-year yield cap by another 50bp to 1 per cent.

Monetary tightening is taking longer to slow US demand than expected, but Fitch forecasts that 525bp of rate rises in just 15 months will ultimately weigh heavily on activity. A US recession is projected, albeit starting in third quarter of 2023 (3Q23)—several months later than in the previous forecast and a few months after the peak in Fed Funds.

Source: fibre2fashion.com- Mar 15, 2023

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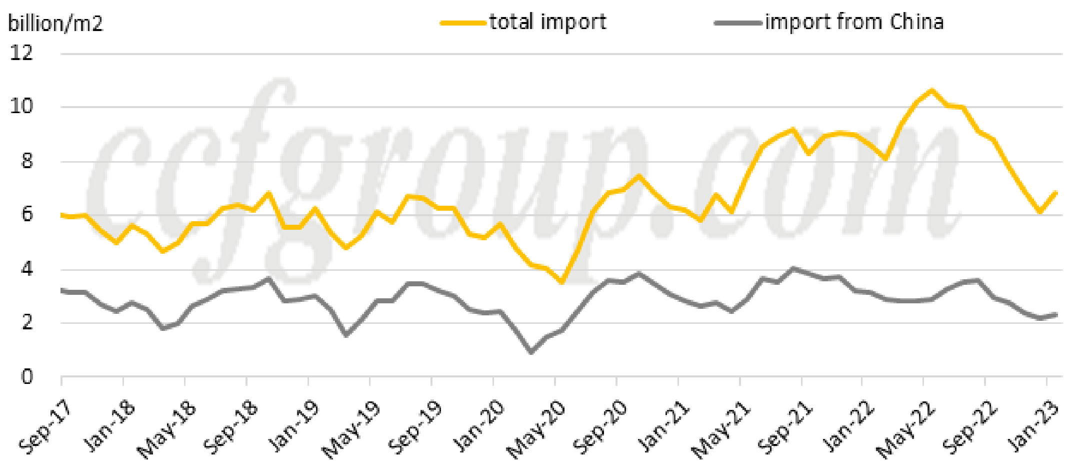
US textile and apparel imports continue to hit a 30-month low in Jan

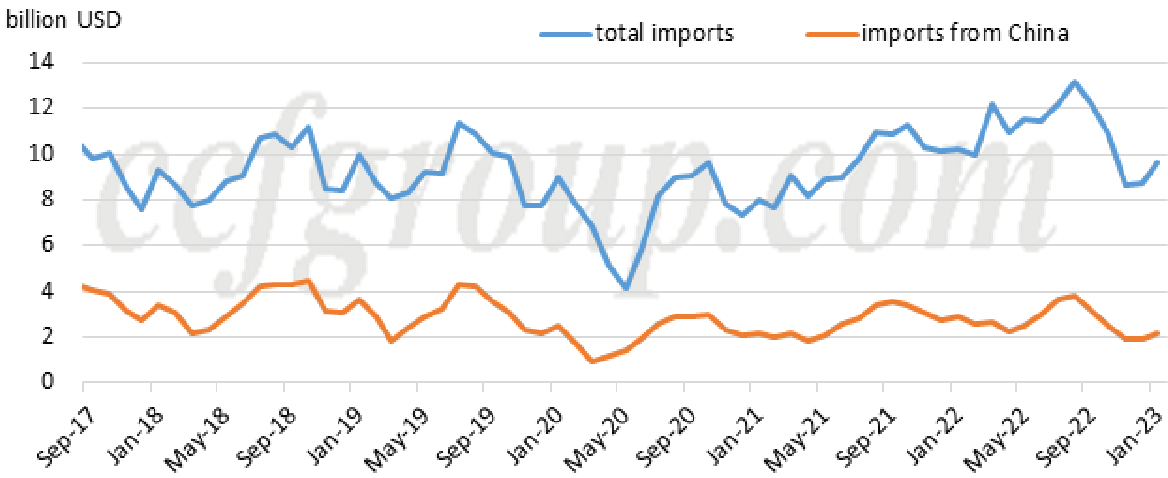
In January 2023, the US textile and apparel imports totaled 6.83 billion square meters, down 20.5% year on year but up 10.9% month on month, declining for the sixth consecutive month. Imports amounted to $9.6 billion, down 5.8% year on year yet up 9.8% month on month.

Among them, the apparel import volume was 2.16 billion square meters, down 17.5% from last year, but up 12.9% compared with last month. Apparel imports value of US toppled $7.27 billion, slipping by 4% year on year, but up 11% month on month.

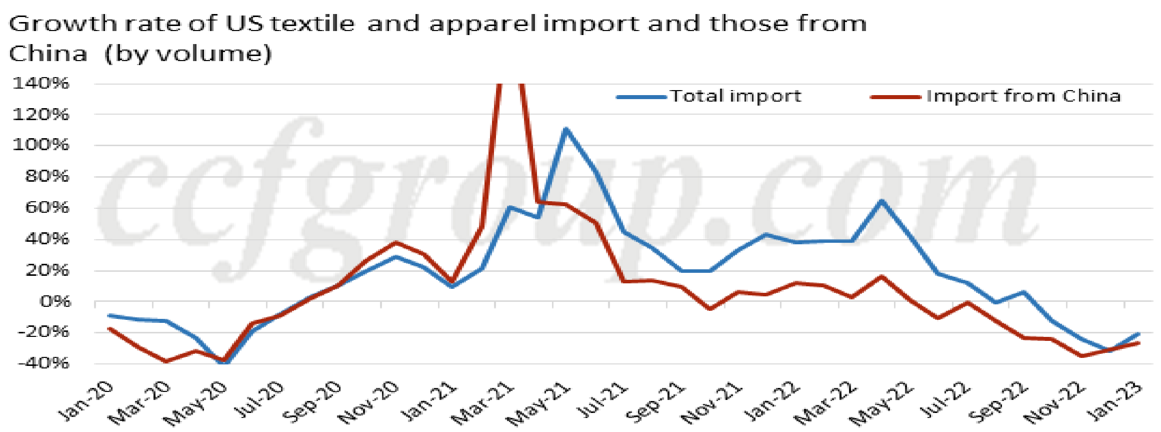
US textile and apparel imports -- by volume



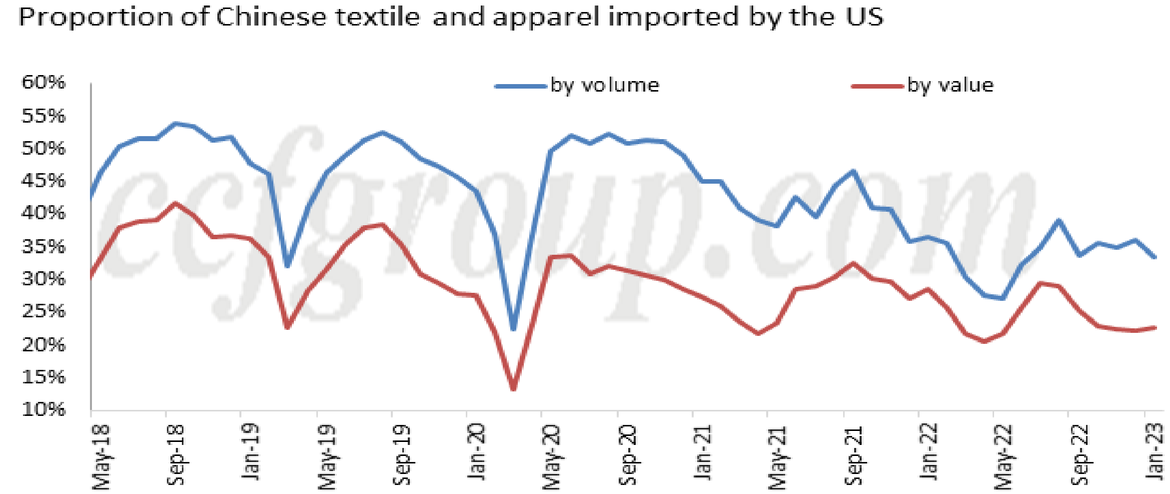
US textile and apparel imports -- by value



The month on month growth of US apparel import recovered somewhat in January, after hitting a 30-month low in December since the outbreak of the pandemic in the United States in June 2020.



China's share of U.S. apparel imports has been below 40% since November 2021.



In January, the total amount of US textile and apparel imported from China was 2.29 billion square meters, decreasing by 27% year-on-year, and the value was 2.17 billion US dollars, down 25.4% year-on-year.

Among them, the apparel imports from China totaled 700 million square meters, dropping by 30% from last year, and the value reached $1.44 billion, down 24.5% year on year.

Source: ccfgroup.com- Mar 15, 2023

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Japan's exports, industrial production hit by developments abroad

Japan's economy, despite being affected by factors like high commodity prices, has picked up as the resumption of economic activity has progressed. Although exports and industrial production have been affected by developments abroad, they have been more or less flat, supported by a waning of the effects of supply-side constraints, the Bank of Japan recently said.

With corporate profits being at high levels on the whole, business fixed investment has increased moderately. The employment and income situation has improved moderately on the whole.

Private consumption, despite being affected by price rises, has increased moderately, with the impact of COVID-19 waning, the central bank said.

Public investment has been more or less flat. Financial conditions have been accommodative on the whole, although weakness in firms' financial positions has remained in some segments.

Japan's economy is likely to recover, with the impact of COVID-19 and supply-side constraints waning, although it is expected to be under downward pressure stemming from high commodity prices and slowdowns in overseas economies, the central bank said in its latest statement on monetary policy.

Thereafter, as a virtuous cycle from income to spending intensifies gradually, Japan's economy is projected to continue growing at a pace above its potential growth rate, it noted.

On the price front, the year-on-year rate of change in the consumer price index (all items less fresh food) has been at around 4 per cent due to rises in prices of items like energy, food and durable goods. Meanwhile, inflation expectations have risen.

At a recent monetary policy meeting, the central bank decided an interest rate of minus 0.1 per cent to the policy-rate balances in current accounts held by financial institutions at the bank and purchase the necessary amount of Japanese government bonds (JGBs) without setting an upper limit so that 10-year JGB yields will remain at around zero per cent.

It will continue to allow 10-year JGB yields to fluctuate in the range of around plus and minus 0.5 percentage points from the target level, and will offer to purchase 10-year JGBs at 0.5 per cent every business day through fixed-rate purchase operations, unless it is highly likely that no bids will be submitted.

To encourage the formation of a yield curve that is consistent with the above guideline for market operations, the central bank will continue with large-scale JGB purchases and make nimble responses for each maturity by increasing the amount of JGB purchases and conducting fixed-rate purchase operations, it said in a statement.

The bank will purchase exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) as necessary with upper limits of about 12 trillion yen and about 180 billion yen respectively on annual paces of increase in their amounts outstanding.

Source: fibre2fashion.com- Mar 14, 2023

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S Korea, Vietnam target $100 bn in two-way trade in 2023

South Korea and Vietnam recently agreed to raise bilateral trade to $100 billion this year and to $150 billion by 2030. At the second economic cooperation dialogue at the deputy prime ministerial level in Hanoi, the two sides discussed cooperation in trade, energy, infrastructure, development, information technology, investment, health care and labour.

The event was co-chaired by Vietnamese deputy prime minister Le Minh Khai and his Korean counterpart Choo Kyung-ho.

Both sides agreed to deal with difficulties faced by enterprises in each country and draw more South Korean investments into Vietnam's priority areas, including logistics, a news agency reported.

The two sides vowed to enhance effective cooperation in official development assistance by utilising non-refundable aid projects and South Korea's Official Development Assistance loans through the Economic Development Cooperation Fund (EDCF) and the Economic Development Promotion Facility (EDPF).

Both sides need to reshuffle the global supply chain and perform sustainable support policies, and continue extending collaboration in raw materials, Choo said.

South Korea is the top foreign investor in Vietnam with combined registered capital of $81.3 billion. It is second in development cooperation ($3.75 billion) and ranks third in trade cooperation with two-way trade value reaching $86.4 billion last year.

Source: fibre2fashion.com- Mar 14, 2023

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Fashion Sounds Off on Biden's Proposed Corporate Tax Hike

Industry trade groups and business leaders aren't happy with President Joe Biden's budget plan for fiscal 2024—and the corporate tax hikes that could come with it.

Biden's proposal aims at cooling inflation and steadying the economy after 12 months of turbulence. The plan calls for a 28 percent corporate tax rate, a 7-percent increase from the current rate of 21 percent.

"Corporations received an enormous tax break in 2017, cutting effective U.S. tax rates for U.S. corporations to a low of less than 10 percent," the administration wrote. The proposed rate change "is complemented by other proposals to incentivize job creation and investment in the United States and ensure large corporations pay their fair share," according to the White House.

A rate hike could significantly affect the fashion sector, according to National Retail Federation (NRF) senior vice president of government relations David French. "President Biden's proposed tax increase would make the U.S. corporate tax rate among the highest in the industrialized world," he said, which "would disproportionately impact retailers and their employees."

"Before passage of the Tax Cuts and Jobs Act of 2017, retailers paid one of the highest effective tax rates of any industry and benefited from few of the tax incentives, deductions and credits in the Internal Revenue Code," he added. "Ratcheting the rate back up would result in a loss of retail jobs and the closing of stores, and would undermine retailers' ability to invest in expanded e-commerce capabilities."

What's more, a Federal Reserve Board study revealed that such a rate increase would be "uniformly" harmful to U.S. workers, and could cost the average family thousands of dollars in annual wages. "Businesses and consumers are already facing persistently high inflation and a slowing economy," French said. "Using higher taxes on business to fund the president's budget and reduce the deficit would force all businesses—not just retailers—to increase prices for their products and would further drive inflation."

Matt Priest, president and CEO of the Footwear Distributors and Retailers of America (FDRA), said the budget plan is simply the president's "opening salvo in negotiations with Congress." And with a Republican-controlled House and the Senate only narrowly controlled by Democrats, "this proposal will never see the light of day."

"That said, it's safe to say any increase in the corporate tax rate takes spending capital out of the hands of our companies and will stunt hiring, capital expenditures, and more competitive consumer pricing," among other impacts, Priest said. A longtime proponent of eliminating tariffs on footwear imported from overseas, he said the sector pay a record $4.5 billion in duties last year.

"Using our experience with increased duties as a proxy, it's safe to say any increase in any sort of tax our companies pay will stifle economic growth," Priest said. "In layman's terms, bad idea."

A rate hike could problematic for small business trying to produce domestically, according to FutureStitch founder and CEO Taylor Shupe. The sockmaker, which runs most of its business out of a 280,000-square-foot vertical knitwear factory in China, opened its first U.S. manufacturing facility in Oceanside, Calif., last year, to create jobs for formerly incarcerated women.

Shupe and his partners advocate for supply chain diversification and reshoring. As they and others look to scale domestic business, America's ability to be "competitive with taxes is very important," he said. Rate hikes aren't the only tool the administration could use to curb inflation, and an increase could stifle a small company's ability to grow, he added. "It could destroy a lot of jobs and hurt a lot of businesses, and I think the main focus of America should be small business entrepreneurship," Shupe said.

With well-established and profitable offshore operations, Shupe said paying higher taxes while funding the growth of FutureStitch in California would be a tough pill to swallow. "I'd be paying additional to the U.S., so where would I be incented to keep the money?" he said. "Of course, somewhere else. And that's very problematic."

Source: sourcingjournal.com- Mar 14, 2023

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USA: Have the Economy and Demand Broken the Cotton Market?

Quoting the famous LSU alumnus: “It’s the economy, stupid.”

The writing was on the wall. The Chinese market was down sharply, the Fed was bearish the economy, USDA was bearish cotton, and the CFTC on-call report was bearish. Those that missed the market blamed the Fed instead of the mirror. I have blamed the Fed before. USDA too, and all the other acronyms. The Fed is only attempting to fix the disaster created by Congressional spending. Blame should go to the other acronyms I, ME, and YOU. It is not the market, rather the traders’ inability to understand the market – no matter that it gives you a paint by the number kit.

Look no further than demand. Cotton demand has been in the doldrums since August. It still is and, according to the market, will be until at least early 2024. The future, here we come: Low Prices Cure Low Prices.

Old crop is facing a challenge of its recent lows near 74.50. Support in new crop is in the 76-77 cent area. Again, hopefully, I am wrong, and the market does not go that low. Yet, be forewarned. A new crop off to a good start and/or a break in the U.S. drought can push prices below that support level. Mill buying and mill fixations should provide enough support to keep old crop above 74 cents. After all, prices that low will encourage excellent mill buying. Low prices will encourage export sales.

Consumer demand is four to six months away at best, probably longer. The consumer will be a no-show during the next three to six months. Inflation and debt have broken the consumer. Cotton is nothing other than a commodity, and as such, profits go to the least cost producer. When supply exceeds demand, prices go down. USDA, in its March supply demand report, forecast world carryover to be some two million bales more than forecast last month. The reaction, as expected: prices went down, limit down at week’s end.

The market is telling us the the world economy is experiencing very uncertain times. Certainly, the U.S. economy, by all measures, is teetering on concerns of a major disaster. Whether it be continued rising inflation, record consumer debt, an increasingly strong dollar (that reduces exports), increasing interest rates, and – to paraphrase the Fed – longer and more severe economic difficulties than had been anticipated.

Cotton is just a commodity, and all of agriculture is drastically affected by macroeconomic issues, contrary to the unchallenged comments of an uninformed Mississippi radio broadcaster. The weekly export sales report was good for the first time in 2023. Sales were decent at 114,500 bales, more than enough to meet USDA's sales target for the year. Export shipments, for only the second or third time during the marketing season, were strong enough (287,500 bales) to meet the pace required to meet USDA's export forecast of 12.0 million bales. However, shipments will have to average near that level for the remaining 21 weeks of the marketing year. A difficult hurdle indeed.

On-call sales continue to decline (mills fixing the price), and on-call purchases continue to increase (growers delaying the pricing decision). We have commented numerous times this year that growers have been willing to pay storage and carrying costs this year in hopes of higher prices. As we have seen, that hope has been nothing more than a wish gone sour.

Unfortunately for the grower, the ratio between on call-sales and on-call purchases continues to work against the grower. That is, the on-call report continues to suggest the bearishness being demonstrated by the market. That should be expected to continue.

In its March supply demand report, USDA left its estimates of the U.S. cotton situation unchanged. However, USDA increased world ending carryover some two million bales – a very bearish indicator that hit the market with both fists at week's end. USDA typically makes its major adjustment in its Chinese data base in March and did so again this month, decreasing the prior year Chinese consumption 1.25 million bales and thereby increasing Chinese beginning stocks the same amount. Finally, USDA increased its current year carryover of Chinese stocks some 2.0 million bales – essentially the amount it raised world ending stocks for the current season.

Growers must wait for a rally to 81 cents to price their remaining old crop. Mills should fix the price of only 10% of their outstanding fixations. There are no miracles here. Quality premiums should be slightly enhanced above the loan chart. New crop still has the weatherman staring it in the face, and that should offer growers another chance at 83-84 cents.

Source: cottongrower.com- Mar 10, 2023

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Cotton Highlights from March WASDE Report

USDA has released its March 2023 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

This month's 2022/23 U.S. cotton supply and demand forecasts are unchanged relative to last month. The projected marketing year average price received by producers is also unchanged at 83 cents per pound.

The global 2022/23 cotton supply and demand forecasts this month include lower consumption and trade, and higher production and stocks. Beginning stocks are almost 900,000 bales higher as historical consumption estimates for China and Uzbekistan are updated to align with data from official and other sources.

World cotton consumption in 2022/23 is 555,000 bales lower this month with reductions in Turkey, Pakistan, Indonesia, and Bangladesh. Projected imports are lower for each of these countries – and for China – while exports are lower for Brazil, India, and Argentina, with world trade totaling 785,000 bales lower.

Production is more than 700,000 bales higher as larger expected crops in China, Australia, and Uzbekistan more than offset reduced prospects for India. At 91.1 million bales, 2022/23 world ending stocks are projected 2.1 million higher than a month earlier and 5.0 million higher than in 2021/22.

Source: cottongrower.com- Mar 10, 2023

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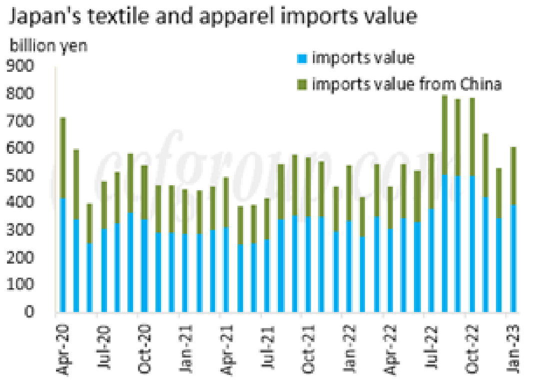
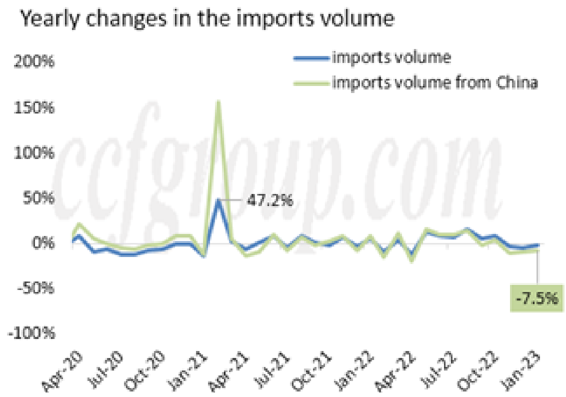
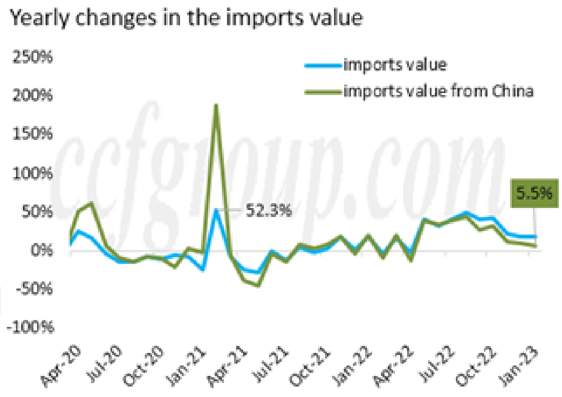
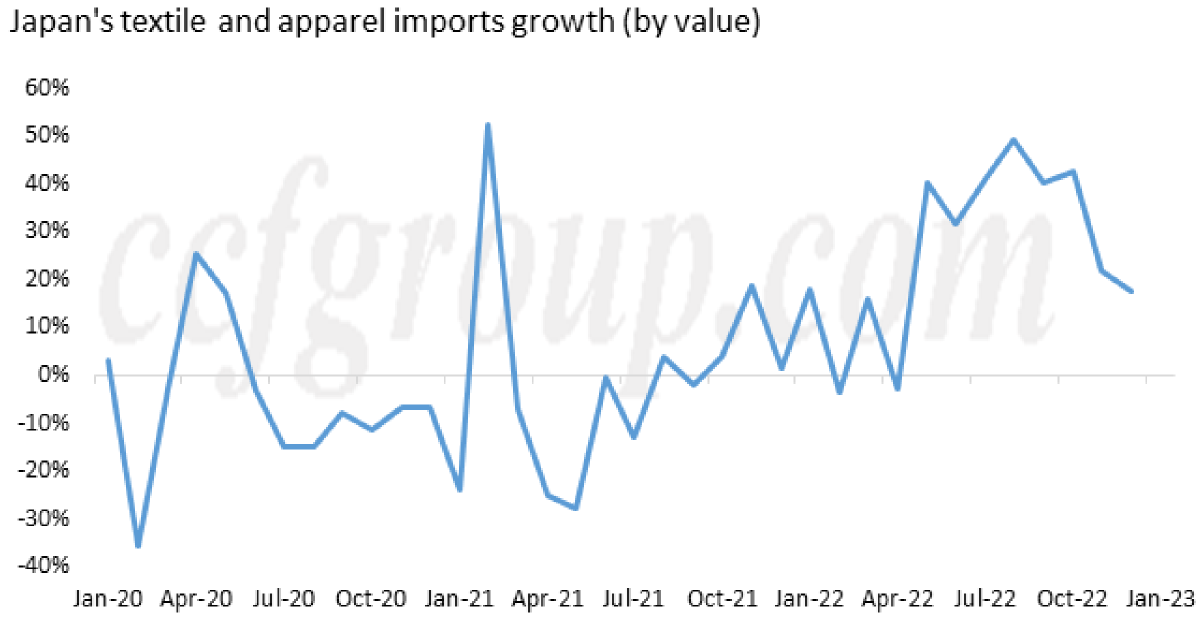
Japan's textile and apparel imports decline by 1.8% y-o-y in Jan

The latest data show that in January, Japan imported 224kt of textile and clothing, down 1.8% year on year, but an increase of 11.8% month on month. Among those, 120kt came from China, down 7.5% from last year but up 12.2% month on month.

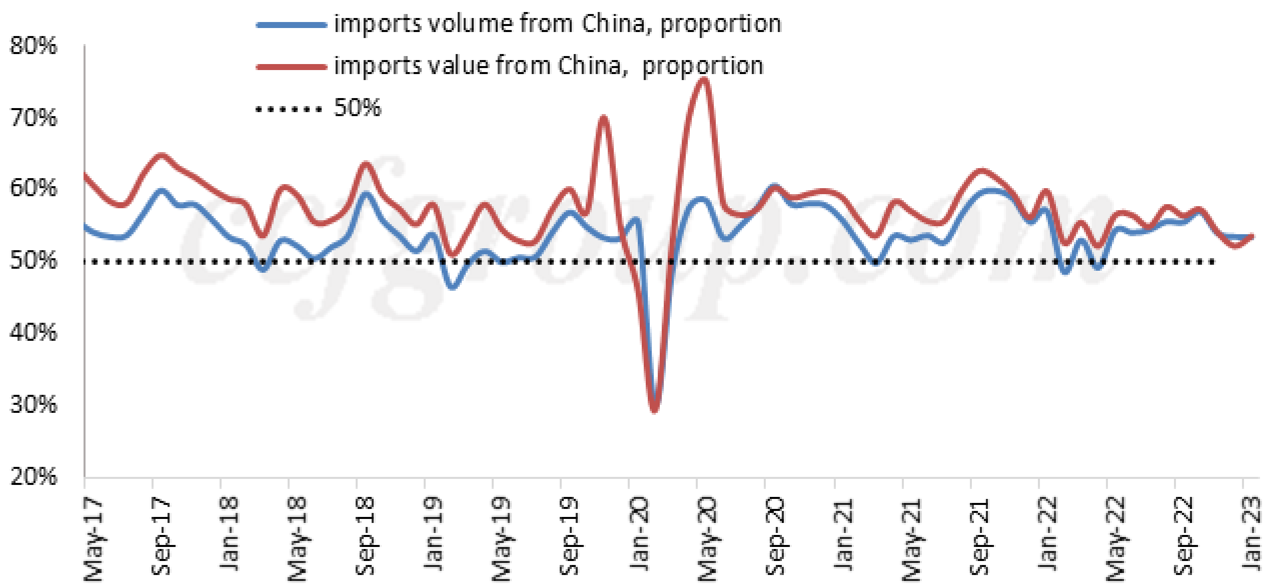








China's proportion in Japan's total textile and apparel imports



In terms of import value, the value of Japan's textile and apparel import in January was 396.3 billion yen, among which the apparel value reached 290.1 billion yen, up by 17.7% and 22.1% respectively.

Source: ccfgroup.com- Mar 14, 2023

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China: Cord fabric market to maintain high prosperity in March-April

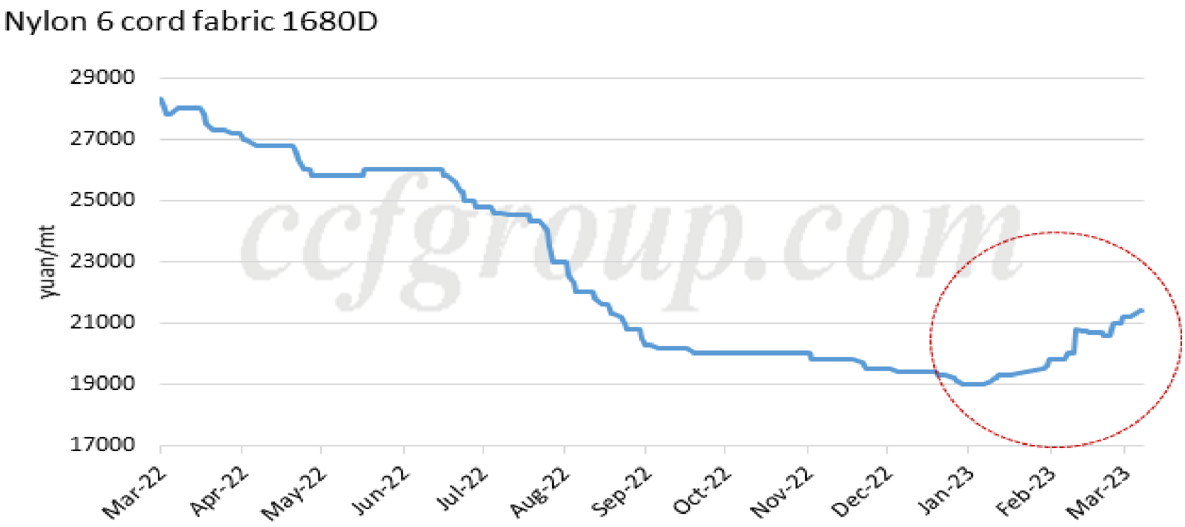
Nylon cord fabric performs well in Feb 2023

In February 2023, nylon downstream sectors' performance varies, and cord fabric market has a brighter performance of all. According to cord fabric factories' feedback, the market has warmed up since the Spring Festival, and China domestic demand is better than the export.

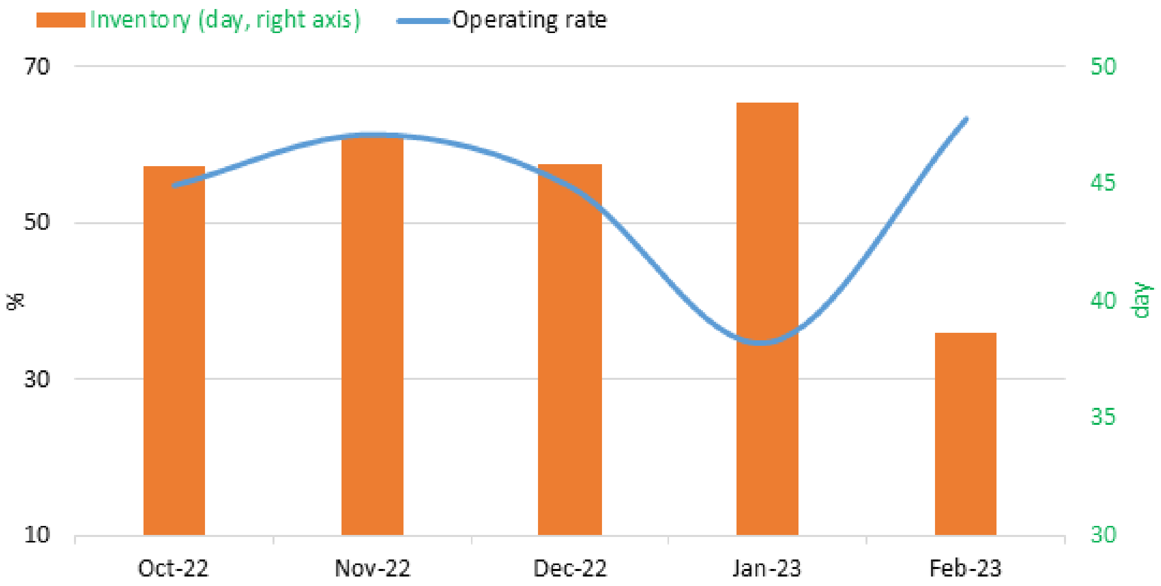
In early February, the mainstream specifications of cord fabric followed up raw materials, but then the tire factory had mostly not resumed production, coupled with the overall downturn in the industry before the Spring Festival, more cord fabric factories chose not to offer, or kept the same price before the holiday, in exchange for more orders. Therefore, cord fabric support was not enough, and the price tumbled after upstream fell in H1 Feb.

However, with the downstream resumption of work and production beyond expectations, China domestic tire plants' opening rate returned to more than 70% in late February, inventories also fell from the high level in January, forming an effective demand support for cord fabric factory.

In February, cord fabric factories enjoyed high sales/production ratio, as some plants' backorders were scheduled to mid to late March. The phased demand repair eased the market pressure of the cord fabric, but whether the industry prosperity can improve further or the industrial profitability restored, still remains a major challenge in 2023.



China tyre plant operating rate and inventory



Reasons for a bad 2022

In 2022, cord fabric market had showed a one-sided downward trend due to the shrinking tire market demand.

First, demand from both China domestic market and export had changed greatly. Export orders, which had flown into China market in 2021 due to a better recovery in China and serious impact in other regions, had been lost in 2022 with other regions recovering while China suffered stronger pandemic control. China domestic sales were also influenced by the lockdown policy, less residents' outings, and low tire replacement. In addition, China's infrastructure expansion slowed, reducing demand for construction vehicles and heavy trucks

Second, the supply of cord fabric still grew in 2022. There was no new capacity in 2021, while some polyester cord fabric plants had switched production to nylon cord, and this part of capacity continued to contribute additional supply in 2022, leading to a supply surplus amid sluggish demand.

High prosperity may extend in Mar and Apr 2023

In the long run, downstream auto sales determine the demand for cord fabric, while in the short term, the tire plant's operating rate reflects the actual demand for cord fabric.

As of early March, the capacity utilization rate of China domestic tire factories was at the level of 75-80%. Among them, semi-steel tires plants' operating rate is higher than all-steel tires, mainly because the sales of light vehicles are better than heavy vehicles.

At present, tire factory still has a certain backorders, but the amount of new orders has decreased compared with February, but it is expected to maintain a high prosperity in March and April.

Source: ccfgroup.com- Mar 14, 2023

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Turkey's garment exports to Saudi Arabia jump threefold in 2022

Turkiye's garment exports to Saudi Arabia rebounded sharply following a period of strained diplomatic and trade relations after the 2018 assassination of Saudi journalist Jamal Khashoggi. Bilateral trade, including garment exports, had been impacted by tensions between the two nations. However, both countries have taken steps to normalise their relations, resulting in a three-fold increase in garment exports in 2022.

Garment exports from Turkiye to Saudi Arabia declined to $172.870 million in 2020, compared to the $268.612 million shipment value in 2019. The trade was also severely impacted by the COVID-19 pandemic. The shipment further decreased to less than 10 per cent in 2021 due to trade restrictions, crashing to just $14.415 million from $172.870 million in 2020, according to Fibre2Fashion's market insight tool TexPro.

However, efforts by both nations to normalise their relations have had a positive impact on trade. Leaders' visits also played an important role in the normalisation of relations. Turkiye's garment exports to Saudi Arabia surged 342 per cent to $62.730 million in 2022, as per TexPro. Reports suggest that the recovery in trade continued into the first two months of the current year.

Garment exports remained negligible until mid-2022, with a shipment value of only $5.038 million in Q2 2022. However, it increased significantly to $23.231 million in Q3 and $30.231 million in Q4 of 2022.

Source: fibre2fashion.com- Mar 15, 2023

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Indonesia to curb import of used shoes, clothes to protect MSMEs

Indonesia's cooperatives and small and medium enterprises (SME) minister Teten Masduki recently criticised the sale and purchase of imported used clothes or import thrifting. He said the government would continue to try to curb the import of used shoes and clothes to protect micro, small and medium enterprises (MSMEs) in the textile and garment sector.

Through the ‘Proud of Indonesian Products’ movement, the government has issued a policy mandating 40-per cent spending on MSME products in goods procurement.

The policy could make national economic growth reach 1.85 per cent and create 2 million jobs without new investment, Statistics Indonesia (BPS) has estimated.

If similar efforts are made regarding household consumption, the national economic growth will improve further, the minister was quoted as saying by a news agency.

Masduki urged the customs department to be more stringent and improve monitoring of illegal import of used clothes that was banned last year.

Such clothes are sold in Pasar Senen, Gedebage and Pasar Baru, he added.

Source: fibre2fashion.com- Mar 15, 2023

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Dhaka clears draft pact allowing Bhutan to use Bangladesh as transit

The Bangladesh cabinet has approved a draft agreement with Bhutan, allowing the latter to use the former's land and sea ports and territory as transit points for export and import of goods, cabinet secretary Mohammad Mahbub Hossain recently said. Bhutan will separately deal with India to cross the neighbour's territory to reach Bangladesh, he said.

"The cabinet has endorsed the draft 'Agreement on the Movement of Traffic-in-Transit and Protocol between the government of the People's Republic of Bangladesh and the Royal Government of Bhutan," he told a press conference.

Bhutan can transport its products through Bangladesh by trucks, he was quoted as saying by Bangla media reports.

Source: fibre2fashion.com- Mar 15, 2023

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NATIONAL NEWS

India-European Union trade council's first ministerial meet by June

India and the European Union (EU) will hold the first ministerial meeting of the Trade and Technology Council (TTC) in the next two months to strengthen cooperation in strategic technologies and building resilient supply chains.

"The meeting will be organised before summer (June). However, the dates are yet to be finalised. The working groups are currently engaged in finalising the agenda of the meeting," said an EU official.

The ministerial meeting will be co-chaired on the EU side by Executive Vice-Presidents Margrethe Vestager and Valdis Dombrovskis, and on the Indian side by Minister of External Affairs Subrahmanyam Jaishankar, Minister of Commerce and Industry Piyush Goyal, and Minister of Electronics and Information Technology Ashwini Vaishnaw.

In April last year, India and the EU established the TTC, a strategic mechanism to focus on trusted technology and security in the wake of rapid geopolitical changes — a move that is expected to deepen their strategic relationship.

Ministerial meetings of the council will take place at least once a year, with the venue alternating between both sides.

The agreement on the launch of the council was reached at a meeting between Prime Minister Narendra Modi and the President of the European Commission Ursula von der Leyen.

This is the first such council for India with any of its trade partners and the second for the EU, following the first one with the US. However, the EU official said the Council with India will be "materially" different from that with the US.

Last month, both sides constituted three trade working groups under the council that will cover key issues, such as strategic technologies, digital governance, and connectivity; green and clean energy technologies; and trade, investment, and resilient value chains.

The working group of strategic technologies, digital governance, and digital connectivity will work jointly on areas such as digital connectivity, artificial intelligence, 5G/6G, high performance and quantum computing, semiconductors, Cloud systems, cybersecurity, digital skills, and digital platforms.

As far as green and clean energy technologies are concerned, the focus will be on investment and standards in green technologies.

Areas to be explored could be clean energy, circular economy, waste management, and plastic and litter in the ocean.

The trade, investment, and resilient value chains group will work on the resilience of supply chains and access to critical components, energy, and raw materials.

"It will also work to resolve identified trade barriers and global trade challenges by promoting cooperation in multilateral fora. It will work towards the promotion of international standards and cooperation on addressing global geopolitical challenges," both sides said in a joint statement last month.

In June last year, India and the EU relaunched negotiations for a free trade agreement (FTA), investment protection agreement, and an agreement on geographical indications.

Currently, both sides are engaged in the fourth round of talks in Brussels. Originally, both sides started discussions for an FTA in 2007, but abandoned talks in 2013 over differences.

However, both sides have shown political commitment to conclude the FTA. Germany Chancellor Olaf Scholz during his first visit to India last month said he would personally intervene to ensure that the negotiations don't drag on.

Jaishankar said last month that the FTA with the EU will be a game changer and that India is looking forward to a mutually advantageous conclusion to the negotiations for the trade deal within a "short, planned timeline".

Unlocking Potential In Bilateral Trade

- India-EU announced Trade and Technology Council in April last year
- Last month, both sides constituted three trade working groups under the council
- Both sides separately negotiating a free trade agreement (FTA)
- Fourth round of FTA talks currently undergoing in Brussels

Source: business-standard.com- Mar 14, 2023

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Govt taking steps to make India $5 trn economy 'at an early date': FinMin

The government on Tuesday informed the Rajya Sabha that it is taking steps to make India a USD 5 trillion economy earlier than the International Monetary Fund's forecast year of 2026-27.

The IMF's World Economic Outlook earlier said the size of the Indian economy will increase from USD 3.2 trillion in 2021-22 to USD 3.5 trillion in 2022-23 and cross USD 5 trillion in 2026-27.

"The government has been taking steps to make the country a USD 5 trillion economy at an early date," Minister of State for Finance Pankaj Chaudhary said in a written reply to the Upper House.

Observing that the outbreak of the COVID pandemic in 2020 and the Russia-Ukraine conflict in 2022 has impacted the world output, increased inflation in several countries and raised uncertainty in the world economy, he said, "lower uncertainty in the global economic outlook will help India become a USD 5 trillion-dollar economy earlier".

Some of the important measures taken by the government in the past to boost economic growth include the making of the National infrastructure pipeline of projects, push to capital expenditure, implementation of the Production Linked Incentive (PLI) scheme, finalisation of the National Monetization Pipeline of public sector assets and formulation of National Logistics policy, he said.

The minister further said that capital expenditure will be speeded up by PM Gatishakti for integrated planning of infrastructure and synchronised project implementation across all concerned central ministries, departments and state governments.

The Union Budget 2023-24, Chaudhary said, "further sustains the growth momentum with an increase in capital investment outlay for the third year in a row by 33 per cent to Rs 10 lakh crore (3.3 per cent of GDP)".

The other initiatives to boost the economy include enhanced outlay for PM Awas Yojana, the launch of the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services; an increase in agriculture credit target to Rs 20 lakh crore with a focus on animal husbandry, dairy and fisheries; and setting up of Agriculture Accelerator Fund to encourage agri-startups by young entrepreneurs in rural areas, among others.

The minister also said that the direct capital investment by the Centre is being complemented by the provision made for the creation of capital assets through grants-in-aid to states.

The 'effective capital expenditure' of the Centre is budgeted at Rs 13.7 lakh crore (4.5 per cent of GDP) for 2023-24, he said, adding "the newly established Infrastructure Finance Secretariat will oversee the increase in private investment in infrastructure".

In order to improve logistics performance, he said, one hundred critical transport infrastructure projects for last and first-mile connectivity for ports, coal, steel, fertiliser, and food grains sectors have been identified and will be prioritised for development.

Source: business-standard.com- Mar 14, 2023

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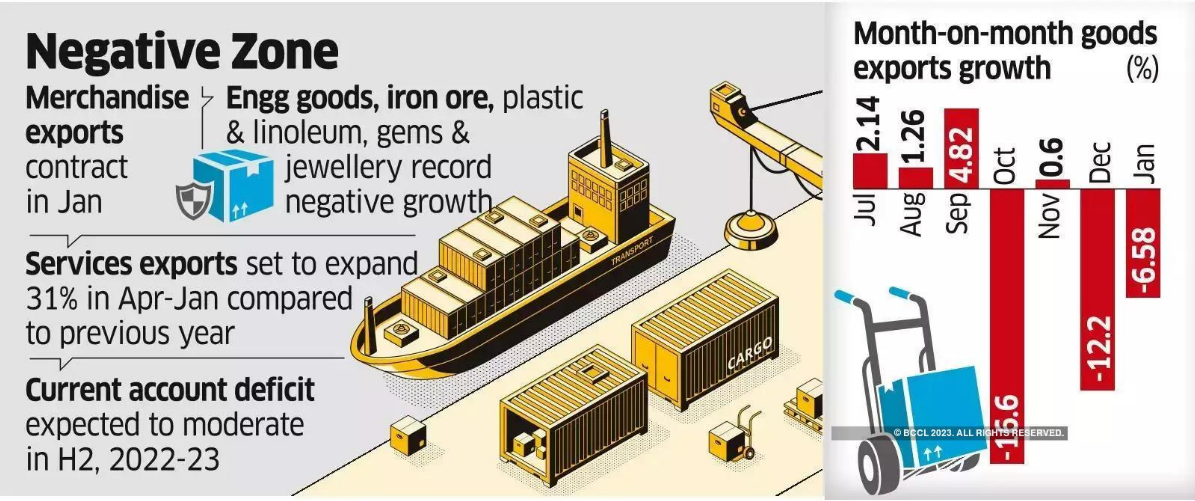
India seen to sail towards record goods exports this FY amid turbulent waters

India's premier export financing institution expects merchandise exports to hit a record high in this fiscal year ending March 31, even as geopolitial concerns dent the growth run rate of outbound shipments.

The Export-Import Bank of India, or India Exim Bank, pegs India's merchandise exports for January-March at $110.9 billion, leading to record exports of $447.3 billion for the full year. Non-oil exports are forecast to amount to $87.7 billion during the same period.



India achieved an all-time high annual merchandise export of $422 billion in FY22. The Netherlands has displaced China from the third spot as India's exporting partner in April-December FY23 and India has diversified its export destinations over time with the share of South Africa, Brazil and Saudi Arabia rising while those of China and the US fell.

"The new diversified markets including those of Brazil, South Africa and Saudi Arabia have led to the increase in exports by up to two times... The ongoing trade negotiations with UK, EU, Canada, Israel etc, will also add further impetus to our exports," A Sakthivel, President, Federation of Indian Export Organisations, had said earlier.

However, the bets of record numbers come despite the fact that tightening of global financial conditions and persistent geopolitical woes continue to be a major hindrance, which is already reflected in weak manufacturing exports.

"India’s exports could be shadowed by deepening global energy crisis, tighter global monetary and financial conditions, continued slowdown in select major trade partners and continued uncertainty around the Russia Ukraine conflict," India Exim Bank said.

India's merchandise exports fell 6.58% year-on-year to $32.91 billion in January on the back of slowing global demand, contracting for the second month. Trade deficit touched a 12-month low of $17.75 billion in January as imports shrank 3.63% for the second consecutive month. Imports during the month amounted to $50.66 billion, according to the data. Merchandise exports had declined 12.2% to $34.48 billion in December 2022.

Data for India's February merchandise exports is expected later today.

The Reserve Bank of India has in its most recent commentary on growth shown optimism on most indicators except for exports. The RBI-led rate-setting panel said, "External demand is likely to be dented by a slowdown in global activity, with adverse implications for exports."

What is pushing India's export ambitions is the services exports, which however is not immune to external exogenous factors and bleak economic outlook in advanced economies.

An estimated 49.1% rise in services exports in January helped improve India's trade deficit. Overall trade deficit narrowed to $1.27 billion in January, the lowest in 19 months.

"The main engine behind this export growth is the services sector, which has been growing at historically high growth rate of about 30%," commerce secretary Sunil Barthwal said last month. "We are optimistic that this growth momentum would continue despite strong global headwinds."

Commerce and industry minister Piyush Goyal has recently been very vocal about record goods and services exports. He said overall exports will cross $750 billion in this financial year and India is expanding rupee trade with several countries, many of which are at an advanced stage of dialogue and finalisation.

India is also betting on the free trade agreements to shore up exports. New Delhi has inked trade pacts with the UAE and Australia recently, and is in talks with the UK, EU and Canada for similar agreements.

Source: economictimes.com- Mar 15, 2023

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India makes more digital transactions than US, China, Europe combined: DPIIT Secretary

India does more real-time online digital transactions than the US, China and Europe put together, Department for Promotion of Industry and Internal Trade (DPIIT) Secretary Anurag Jain has said.

"India has a paperless, presence-less and cashless solution for everything. The public digital infrastructure of India is unique. It is based on open systems, open architecture and open network, which allows everyone to plug in and removes entry barriers," he said at an interactive session on 'Inclusion on the Back of Technology: Best Practices' at the CII Partnership Summit on Tuesday.

Training required

Technology has become an integral part of financial inclusion, J Venkatramu, MD and CEO, India Post Payments Bank pointed out in his presentation at the session, according to a press statement issued by CII. "A lot of training is required for end-users towards embracing technology. Financial literacy camps and enabling users to use smartphones has been an inflection point for banking. Going forward, capacity building efforts for end-users will provide greater impetus for embracing technology," he added.

There is a need to enable lending for social enterprises and monetising impact, noted Grameed Capital CEO, Royston Braganza. He said India is showing global leadership in reaching the underserved. If financial inclusion and technology are brought together, it would result in a world where everything can be achieved everywhere, all at once, he added.

Stressing on the importance of building cyber resilience, Ravi Aurora, Executive Director, Global Policy Affairs & Community Relations (USA), Mastercard, said that data principles must be centred around benefiting the user. Having a set of security mechanisms in terms of tokenisation and anonymisation is important to create a security infrastructure to maintain trust, he added.

Source: thehindubusinessline.com- Mar 14, 2023

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Cuba open to trade in rupee with India as it could ease financial transactions: Cuban Minister

Cuba is open to carrying out rupee trade with India as it could help it "deal with US blockade" that makes it difficult to carry out financial transactions, Cuban Minister of Foreign Trade and Investment Rodrigo Malmierca Diaz said in an interview with businessline.

"We have been talking with the Indian government and commercial banks to find a solution to our problems with financial transactions. Trading in Indian rupee could be useful to us as we import substantially from India. So we are open to it," the Minister said.
Great potential

Diaz, who is in India to attend the CII Partnership Summit in New Delhi, said there was a great potential to increase trade and investment ties between the two countries by working with enterprises from both sides.

Bilateral trade between Cuba and India declined significantly due to Covid-19 pandemic with exports to Cuba at $26.57 million in 2021-22 and imports from the country at $1 million.

"The political relation between India and Cuba are excellent. This year we celebrate 63 years of our diplomatic relations. We need to push forward economic relationship to the same level,"he said.

The Cuban government is talk with Indian authorities, chambers of commerce and entrepreneurs and is very optimistic about the possibilities to continue developing economic relations, he said.

Promising sectors

Highlighting the sectors that hold promise, Diaz said that renewable energy, bio-tech, agriculture products, such as rice and pharmaceuticals had a lot of potential.

"In the renewable energy sector, India has the technology and know-how. Indian enterprises are interested in working with us. We are working on this to promote a change for our generation that depends much in burning fossil fuel,"he said.

In biotech and pharmaceutical, too, there is a lot of scope for growth. “Both countries have enterprise with high R&D. I am very encouraged. Both the Indian government and enterprises are showing a lot of interest,” he said.

Source: thehindubusinessline.com- Mar 14, 2023

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Knit fair in Tiruppur from March 22 to 24

The India Knitwear Association will organise the 49th edition of its international exhibition India Knit Fair in Tiruppur from March 22 to 24.

A. Sakthivel, chairman of the Association, told presspersons on Monday that the theme of the event this year is “Sustainability and Come and Explore MMF Potential.” Over 70 exhibitors will display products in stall area of 14,000 sq.ft. and the fair will have nearly 150 sourcing and liasion consultants as visitors.

The India Knit Fair Association has tied up with several buying/sourcing organisations and invited their members and sourcing consultants. Post-COVID, the buyers are sourcing mainly through sourcing agents and offices in the country..

Hence, the Association has reached out to them through the organisations that it has tied up with this year, he said. Some of the overseas buyers have also evinced interest in visiting the fair. Nissenken Quality Evaluation, Japan, will participate in the exhibition and support the industry with inputs to meet the needs of Japanese buyers.

Apart from these, efforts are on to improve awareness about manmade fibre garments among the exporters in Tiruppur. Fashion forecast seminars and fashion shows will also be held as part of the three-day event, he said.

The IKFA has invited Secretary Textiles Rachna Shah to inaugurate the fair, Mr. Sakthivel added.

Source: thehindu.com- Mar 14, 2023

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CITI's GTC 2023 in Jaipur, India to cover entire textile value chain

The Confederation of Indian Textile Industry (CITI) is organising the 3rd edition of Global Textile Conclave (GTC) from March 15-17, 2023, in Jaipur, India as part of its ongoing trade promotion initiatives. The theme of the event is ‘Strategies for Balancing Sustainability & Profitability in Textile Value Chain’. It will cover the entire textile value chain from ‘farm to fashion’. Fibre2Fashion is the digital partner for the event.

Piyush Goyal, Union minister of textiles, commerce and industry, consumer affairs and food and public distribution, will be the chief guest at the event, while Darshana Vikram Jardosh, minister of state for textiles and railways, will be the guest of honour.

The three-day event will entail interactions with global businessmen from the textile and clothing industry, presentations by international trade experts, buyer-seller meets, exhibitions, award function, launch of special publication and reports.

The event will not only offer the participants the opportunity to interact with a very select group of 400-500 peers from global textile and clothing industry, but will also provide them a platform to brainstorm, share and gain key insights over a period of 3 days into the present and future of this resurging, dynamic sector, the organiser CITI said on its website.

The event will delineate the disruptive ideas, innovative technologies, and best practices for a sustainable growth in the textile and clothing industry. Separate sessions with ‘partner states’, ‘partner countries’, and senior government officials will also be conducted. CITI is also organising the 1st CITI Textile Sustainability Awards and India Textiles & Apparel Fair to coincide with the GTC 2023.

The 1st and 2nd editions of the Global Textiles Conclave organised by CITI during 2018 and 2021, respectively, were well appreciated in terms of quality deliberations and attendance of delegates from around the globe, CITI added.

Source: fibre2fashion.com- Mar 14, 2023

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South India's cotton yarn stable amid poor demand, labour shortage

Cotton yarn prices in South India remained stable today, despite slower demand from the downstream industry. In Mumbai and Tiruppur, cotton yarn was sold at previous levels.

However, spinning mills in South India were aggressively selling yarn in Maharashtra, while weaving and garment industries were facing a labour shortage due to the absence of migrant workers after the Holi festival.

Mumbai's market noted a weaker demand from the downstream industry, which put extra pressure on spinning mills. South Indian mills were actively looking to buy yarn in Bhiwandi and other power loom hubs of Maharashtra.

“Traders and millers were trying to assess the impact on the prices. Labour shortage was also another issue for the textile sector,” a trader from Mumbai told Fibre2Fashion.

In Mumbai, the 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,525-1,540 and ₹1,400-1,450 per 5 kg (GST extra) respectively.

The 60 count combed warp was priced at ₹342-345 per kg. Meanwhile, the 80 count carded (weft) cotton yarn was sold at ₹1,440-1,480 per 4.5 kg, the 44/46 count carded cotton yarn (warp) was priced at ₹280-285 per kg, the 40/41 count carded cotton yarn (warp) was sold at ₹260-268 per kg, and the 40/41 count combed yarn (warp) was priced at ₹290-303 per kg, according to Fibre2Fashion's market insight tool TexPro.

In the Tiruppur market, there were no indications of improvement in sentiments, and labour shortages may put pressure on the entire value chain. Despite this, cotton yarn prices remained stable, as millers were not interested in cutting prices.

The 30 count combed cotton yarn was traded at ₹280-285 per kg (GST extra), 34 count combed at ₹292-297 per kg, and 40 count combed at ₹308-312 per kg. Meanwhile, the cotton yarn of 30 count carded was sold at ₹255-260 per kg, 34 count carded at ₹265-270 per kg, and 40 count carded at ₹270-275 per kg, as per TexPro.

In Gujarat, cotton prices were steady at ₹61,000-61,500 per candy of 356 kg. Trade sources said that cotton prices remained steady amid slower demand. The prices increased on Monday after a sharp decline during the previous week.

Ginners have shown a loss of interest in cotton production after last week's fall. Therefore, if cotton prices do not improve soon, ginners may go for annual closure as the season enters its final phase.

Source: fibre2fashion.com- Mar 14, 2023

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