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IBTEX No. 53 of 2023 March 17, 2023

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INTERNATIONAL NEWS

Why US-China Trade Tension Hasn't Held Back Globalization

The recent doom and gloom across the supply chain has called into question whether globalization was as beneficial for international trade as initially thought.

But one report from DHL and New York University's Stern School of Business indicates that globalization has proven to be resilient in the face of today's supply chain headwinds.

International flows of goods, services, capital, information and people have battled back in the face of recent supply chain shocks such as the Covid-19 pandemic and the war in Ukraine. By the middle of last year, international trade of goods was 10 percent above pre-pandemic levels, according to the DHL Global Connectedness Index.

The DHL Global Connectedness Index offers a comprehensive examination of the current state of globalization, analyzing 13 types of international trade, people, capital and information flows between countries. After a brief decline in 2020 to an index level of 125, the index rose back to above pre-pandemic levels in 2021 to 127. Current data reflecting the first nine months of 2022 points to a larger increase throughout last year.

"The latest DHL Global Connectedness Index data clearly debunks the perception of globalization going into reverse gear," John Pearson, CEO of DHL Express, said in a statement. "Globalization is not just a buzzword, it's a powerful force that has transformed our world for the better.

By breaking down barriers, opening up markets and creating opportunities, it has enabled individuals, businesses and entire nations to flourish and thrive like never before. As we continue to embrace globalization, we can build a brighter future that benefits us all, creating a world that is more interconnected, more prosperous and more peaceful than ever before."

China and U.S. see declining trade flow, but no global fracturing

While globalization appears to be on solid footing, the index illustrated that the two top global economies are undergoing a decoupling of sorts. The share of U.S. trade flows with China declined to 12 percent of overall trade in 2022, down from 14 percent in 2016.

Considering a sample of 11 categories across trade, capital, information and people, the share of U.S. flows taking place to or from China fell from 9.3 percent in 2016 to 7.3 percent in 2022 (or the most recent year with data available). Meanwhile, the share of China's flows to or from the U.S. fell from 17.8 percent to 14.3 percent. Areas where declines were seen include merchandise imports and exports, M&A transactions and scientific collaboration.

While the flows indicate noteworthy declines relative to 2016 levels, overall the changes are minor relative to the U.S. and China's total flows with the rest of the world. And even after these declines, the U.S. and China are still connected by far larger flows than any other pair of countries that do not share a border.

With that in mind, it appears the decoupling between the U.S. and China has not led to a wider fracturing of the world economy into rival blocs—indicating that globalization is likely not in danger of collapse.

The index cites "very limited" evidence of close allies of the U.S. and China reducing their focus on flows with the rival bloc. The share of U.S. allies' flows involving China and its close allies fell only from 8.8 percent in 2016 to 8.2 percent in 2022. And the share of China's allies' flows involving the U.S. and its close allies only fell from 40 percent to 38 percent.

Longer trade distances suggest regionalization isn't in the picture

Wider geopolitical tensions, along with concerns about supply chain resilience, have prompted many observers to predict a shift from globalization to regionalization, especially as businesses seek nearshoring alternatives. But the DHL Global Connectedness Index analysis shows that projections of such a shift have not yet come to fruition.

For one, trade flows stretched out over longer distances during the Covid-19 pandemic, with the average distance traveled approaching 5,100 kilometers in 2021—an all-time high. Average distance per trade route had surpassed 5,000 kilometers in 2019.

And the percentage of global merchandise trade happening within regions, rather than between them, has hovered at approximately 53 percent since 2016 after rising for four straight years.

Beyond just trade, the average distance traversed across capital, information and people flows has increased over the past two decades. The only category that displays a clear recent shift toward regionalization is people flows. This is due to the dramatic change in travel patterns during the Covid-19 pandemic.

"It remains an open question whether trade patterns will become significantly more regionalized in the future," said Steven Altman, senior research scholar and director of the DHL Initiative on Globalization at NYU Stern's Center for the Future of Management.

"Many companies and governments are focused on nearshoring to regionalize supply chains, and there are substantial business benefits that can come from regionalization. On the other hand, more than half of all trade already happens within regions, and the benefits of long-distance trade are still important, especially as inflation remains high, economic growth has slowed, and container shipping rates have come back down."

While global trade is expected to grow at a slower pace in 2023, that is mainly attributed due to weakened global macroeconomic conditions. As a result, the global trade-to-GDP ratio increased in 2021 and 2022, but is forecast to decline modestly this year.

The 2022 DHL Global Connectedness Index is based on over 4 million data points from 171 countries, accounting for 99.7 percent of the world's gross domestic product and 96 percent of its population.

Source: sourcingjournal.com- Mar 16, 2023

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Where Are the Supply Chain's Biggest Growth Opportunities?

Although the e-commerce boom of the Covid-19 pandemic may have decelerated since 2021, brands still consider digital sales to be the ultimate retail growth driver. But the overall priority list for businesses is seeing a bit of a shift as more firms aim to reconfigure their supply chains in an ever-changing landscape. According to the CGS 2023 Supply Chain Trend Report, 87 percent of approximately 350 executives from the fashion, apparel, footwear and home goods industries called online sales an "important" or "very important" growth opportunity.

While e-commerce remains top of mind for these softgoods companies, the second- and third-largest growth opportunities illustrate how the climate has changed for these industries. Sustainability and ESG initiatives are cited by 84 percent of respondents as vital, while 79 percent highlighted the need for diversification in new market segments/channels. The rhetoric for the latter has even gained significant traction recently among not just retailers, but trade associations as well, with Footwear Distributors of America CEO and president Matt Priest recently calling for companies to look for production options outside of China.

When CGS unveiled the 2022 version of the report last year, neither of the two new growth opportunities outlined were considered high priorities, with sustainability/ESG ranking sixth and diversification not even registering among the top eight opportunities. "Consumers were driving this sustainability shift, as they are now more willing to pay more for products that were sustainably produced," said Daniella Ambrogi, global marketing director at CGS.

"But these investments in sustainability aren't just consumer-driven anymore. Companies are making the shift as more ESG compliance regulations have emerged, and more technologies are available that can curb waste and emissions."

Cost reductions hit the supply chain

Increasing sustainability and ESG investments also ranks second as far as total business improvement priorities go, according to the report.

But tops among the survey's respondents is perhaps the most relevant to overall global concerns—reducing costs. With a global recession very much still in play, retailers are all looking for ways that they can cut expenses. The ranking comes as no surprise, especially when Amazon CEO Andy Jassy called cost-cutting the company's number one priority in 2023.

The emphasis on cost reduction is understandable when the greatest supply chain challenge respondents have to handle in 2023 is inflation/economic uncertainties, with 63 percent calling it a serious problem. Another 31 percent called it a moderate problem, illustrating that just about every actor in this environment is impacted to some degree. Another 55 percent point to labor shortages or rising labor costs as a serious concern, while 49 percent shared similar worries regarding price and margin pressures.

"There's an industrywide need to reduce costs to be profitable among brands, retailers, manufacturers and factories alike," Ambrogi told Sourcing Journal. "Manufacturers and brands have to work together to enable processes that make products cheaper and more cost-effective."
In yet another example of overall macro tides turning, Ambrogi noted that cost reduction wasn't an area of focus among respondents in last year's report.

Ambrogi told Sourcing Journal that companies seeking to step up to these challenges—whether it be expanding their e-commerce presence, bolstering sustainability and ESG initiatives or cutting costs—will need to ensure that the brand-manufacturer relationship improves going forward.
"To start the pandemic, the brands held the power, with many cancelling orders with manufacturers when they realized there wouldn't be demand for product," Ambrogi said. Relationships have recovered since then, but both sides must continue to build a more collaborative partnership. On the other side, manufacturers must be more prepared to deploy technologies required to bring their brand partners more visibility into the supply chain."

It appears more companies across the supply chain are operating with a sense of urgency to rectify this. Forty-seven percent of respondents told CGS that they have already strengthened their supply chain relationships, with another 44 percent saying they plan to do so.

In aligning all supply chain stakeholders, areas like supply chain visibility and demand planning are expected to improve as well. As many as 87 percent of execs said they are either taking action to improve supply chain visibility and demand planning, or at the very least planning to act.

Supply chain execs call digitalization 'average,' but are gaining confidence Digitalization initiatives within the supply chain would ideally deliver improvement in these areas as well, but companies by and large still consider themselves as middle of the pack. Fifty-six percent of companies described their digitization efforts as "average," the CGS survey said.

Only 8 percent of respondents called their supply chain digitalization efforts "excellent," while 22 percent said their work was "above average." Another 14 percent give themselves poor grades of "below average" or "very poor."

Most brands are at least trying to make newer solutions work for them—70 percent either have or plan to implement technology to support process digitalization, such as PLM, ERP, inventory management, demand planning, supply chain tracking or logistics management.

As businesses continue to adopt modern supply chain technology, they are gaining more assurance that the efforts will work out. Only 23 percent of respondents said they had high confidence in their supply chain, while 63 percent said they had moderate confidence. While these numbers might not seem promising on the surface, they are strong indicators of improvement from 2022. Just 54 percent of execs expressed either high and moderate confidence last year.

Although 12 percent of execs rated themselves as having low confidence in their supply chain operations, that number was nearly half (46 percent) of those that expressed low confidence in the year prior.

"2023 is actually the first full post-pandemic year where there's a sense that the supply chain can return to some form of normalcy," Ambrogi said. "In 2020, there was a misalignment in demand, in 2021, there was no product, and in 2022 everyone was overstocked."

Source: sourcingjournal.com- Mar 15, 2023

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Euro area's industrial production up 0.9% YoY in Jan 2023

In January 2023, industrial production increased by 0.9 per cent year-on-year (YoY) in the euro area and by 1.0 per cent YoY in the European Union (EU), as per the Eurostat. For the same month, the seasonally adjusted industrial production increased by 0.7 per cent in the euro area and by 0.3 per cent in the EU compared with December 2022. In December 2022, industrial production decreased by 1.3 per cent in the euro area and by 0.6 per cent in the EU, Eurostat, the statistical office of the European Union, said in a press release. In the euro area in January 2023, compared with December 2022, production of intermediate goods grew by 1.5 per cent, while production of durable consumer goods fell by 0.7 per cent, energy by 0.8 per cent, and non-durable consumer goods by 2.1 per cent.

In the EU, production of intermediate goods grew by 1.1 per cent, energy remained stable, while production of durable consumer goods fell by 0.9 per cent and non-durable consumer goods by 3.2 per cent. Among member states for which data are available, the highest monthly increases were registered in Ireland at 9.3 per cent, Sweden at 5.0 per cent, and Romania at 2.0 per cent. The largest decreases were observed in Denmark at -7.1 per cent, Hungary at -5.0 per cent, and the Netherlands at -4.3 per cent.

In the euro area in January 2023, compared with January 2022, production of non-durable consumer goods rose by 3.2 per cent, while production of durable consumer goods fell by 0.6 per cent, intermediate goods by 5.3 per cent, and energy by 7.6 per cent. In the EU, production of non-durable consumer goods rose by 4.7 per cent, while production of durable consumer goods fell by 2.5 per cent, intermediate goods by 5.3 per cent, and energy by 7.1 per cent.

Among member states for which data are available, the highest annual increases were registered in Ireland at 19.5 per cent, Denmark at 14.2 per cent, and Malta at 12.4 per cent. The largest decreases were observed in Lithuania at -12.0 per cent, Latvia at -9.8 per cent, and Slovakia at -8.6 per cent.

Source: fibre2fashion.com- Mar 17, 2023

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UK's clothing imports up 23% to £21 bn in 2022 despite Ukraine crisis

The United Kingdom's clothing imports stood at £21.256 billion ($25.86 billion) during 2022 which was 23.50 per cent higher than the imports of 2021, the Office for National Statistics (ONS) informed in its latest report. The county had imported clothing worth £17.034 billion in 2021. The growth in the inbound trade showed recovery despite the impact of the Ukraine crisis.

The country had imported clothing worth £20.059 billion in 2018, which increased slightly to £20.947 billion in 2019, but slipped to £20.790 billion in 2020 due to the pandemic, as per the ONS.

UK's textile fabric imports were noted at £6.359 billion during 2022, which was 6.07 per cent higher than the inbound shipment of £5.995 billion in 2021. The import was recorded at £5.593 billion in 2018, £5.758 billion in 2019 and £8.734 billion in 2020.

Similarly, the imports of textile fibre increased to £545 million in 2022 against £458 million in 2021. Earlier, the country imported textile fibre worth £484 million in 2018, £468 million in 2019 and £335 million in 2020.

Source: fibre2fashion.com- Mar 17, 2023

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EU to reduce members' GHG emissions by 40% over 2005 levels by 2030

The European Parliament recently adopted the revision of the Effort Sharing Regulation, which sets binding annual reductions for greenhouse gas (GHG) emissions for road transport, heating of buildings, agriculture, small industrial installations and waste management for each EU member state and currently regulates roughly 60 per cent of all EU emissions.

The revised law increases the 2030 GHG reduction target at the European Union (EU) level from 30 per cent to 40 per cent compared to 2005 levels.

For the first time, all EU countries must now reduce GHG emissions with targets ranging between 10 per cent and 50 per cent.

The 2030-targets for each member state are based on GDP per capita and cost-effectiveness. Member states will also have to ensure every year that they do not exceed their annual GHG emission allocation, a press release from EU said.

The law strikes a balance between the need for EU countries to be flexible to achieve their targets while ensuring a just and socially fair transition, and the need to close loopholes so the overall EU reduction target is met.

For this reason, there are limits on how many emissions member states can save from previous years, borrow from future years as well as on how much they can trade allocations with other member states.

The text now also has to be formally endorsed by the European Council.

The Effort Sharing Regulation is part of the 'Fit for 55 in 2030 package', which is the EU's plan to reduce GHG emissions by at least 55 per cent by 2030 compared to 1990 levels in line with the European Climate Law.

Source: fibre2fashion.com- Mar 16, 2023

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Germany's GDP projected to improve slightly in 2023, 2024: Kiel

The outlook for the German economy has brightened slightly with gross domestic product (GDP) expected to grow by 0.5 per cent this year and 1.4 per cent next year.

The rates are revised upwards by 0.2 for 2023 and 0.1 percentage points for 2024 compared to the winter forecast, as per the spring forecast of Kiel Institute.

Inflation pressure is stubborn and affects the entire goods spectrum. As a result of higher prices, real wage costs are lower than they have been for a long time, and public sector revenues are bubbling up. Inflation is expected not to return to around 2 per cent before 2024.

“The economic compass is pointing upwards again, but the momentum remains subdued.

The recent sharp drop in gas prices is initially providing little stimulus to the economy in this country; it is primarily easing the burden on the government budget, which now must step in with fewer subsidies as part of the so-called energy price brakes.

As a result, lower import prices are replacing the stimulus from state energy subsidies, which has a similar effect on the macro economy,” commented Stefan Kooths, vice president and head of Economic Research at the Kiel Institute, on the current spring forecast for Germany.

While energy price momentum is weakening at the consumer level, prices of other goods are accelerating with an inflation rate recently beyond 7 per cent. Overall, inflation is estimated to be 5.4 per cent in 2023 and around 2 per cent in 2024.

Bubbling revenues and less spending on energy subsidies are taking pressure off public budgets. Their deficit in relation to nominal GDP is expected to shrink from 2.6 per cent in 2022 to 1.4 per cent in 2024. The debt level will decline from 66.4 per cent to 63.5 per cent during this period.

High energy prices and a subdued global economy are weighing on German exports. However, the recovery in the euro area and emerging markets in particular will have a stimulating effect from the middle of the year.

In addition, companies in the manufacturing sector are benefiting from their high order backlogs, which they can now work off in view of easing supply bottlenecks. Overall, the Kiel Institute expects exports to grow by 0.5 per cent this year and 3.5 per cent next year.

Source: fibre2fashion.com- Mar 16, 2023

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Australia's consumer sentiment takes a hit amid looming inflation news

Consumer sentiment in Australia is holding near 30-year lows in March 2023, according to the Westpac Melbourne Institute Consumer Sentiment Index survey. The reading of the index stood unchanged at 78.5 in March. The survey found that 58 per cent of respondents recalled news related to inflation, compared to 37 per cent for economic conditions, 35 per cent for budget and taxation, 30 per cent for interest rates, and 20 per cent for employment.

The majority of respondents viewed news related to inflation, interest rates, and the economy as unfavourable. The Reserve Bank of Australia's (RBA) decision to raise the official cash rate by 0.25 percentage points (ppts) in March further weighed on consumer confidence.

Furthermore, the March rate hike was widely anticipated by consumers, with little difference in sentiment amongst those surveyed before and after the decision, as per the survey.

Most consumers continue to expect further rate rises. Amongst those surveyed after the RBA decision, 74 per cent expect rates to move higher over the next year with 45 per cent expecting a rise of 1 ppt or more—down only slightly from 80 per cent and 53 per cent respectively in the February survey.

This 45 per cent proportion seems excessive given that the governor has discussed the prospect of a pause. Westpac and markets are not looking for further increases of more than 0.5 ppt. Consumers may become less negative as current fears of a more threatening interest rate outlook ease.

The 'economic outlook, next 12 months' sub-index declined 2.3 per cent to 73.3, the weakest read since August 2020, when Victoria entered its 'second wave' COVID lock-down.

Interestingly, the 'economic outlook, next five years' sub-index posted a solid 5.6 per cent lift to 95.3. The sub-index continues to hold at more resilient levels than other components, the March rise putting it a touch above its long run average.

Confidence around jobs has been a lone positive feature in an otherwise bleak consumer landscape over the last year but continues to show signs of weakening in 2023. The Westpac Melbourne Institute Unemployment Expectations Index rose a further 2.9 per cent in March, having jumped 10.6 per cent in February (recall that higher index reads mean more consumers expect unemployment to rise in the year ahead). At 122.9, the index is still below the long run average of 129 but there does look to be a shift afoot.

Some of the fall in buyer sentiment may also reflect concerns that prospects of a price-led improvement in affordability are fading. Consumer expectations for house prices continue to lift. Despite the latest rise in interest rates and expectations of more to come, the Westpac Melbourne Institute House Price Expectations Index posted a robust 8.6 per cent rise in March, reaching an eleven-month high. At 111.7, the index is now firmly in 'net positive' territory (index reads above 100 mean more respondents expect prices to increase than decline over the next 12 months), although still below the long run average of 127.

"This marks the second consecutive month of extremely weak consumer sentiment. Index reads below 80 are rare, back-to-back reads even rarer. Indeed, both the COVID shock and the Global Financial Crisis saw only one month of sentiment at these levels. Runs of sub-80 reads have only been seen during the late 1980s/ early 1990s recession and in the 'banana republic' period of concern in 1986, when the Australian dollar was in free-fall after the Federal government lost its triple-A rating," said Bill Evans, chief economist, Westpac Group.

Source: fibre2fashion.com- Mar 16, 2023

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Global home textile market to be a $140 billion industry by 2027: Study

Canada-based Transparency Market Research has published a comprehensive analytical report on the global status of the home textile sector. The research covering 2019 to 2027 states, the market growing at a CAGR of 5 per cent will be worth $ 140 billion. In another report published by Markets & Research, the UK-based agency, the market is predicted to be worth $174.14 billion by 2028. The global home textile market in 2022 was valued at $125.58 billion.

Various advancements in technologies have transformed conventional textiles into high-performance textiles by adding various functionalities and improving the durability of products that have increased their demand among customers. Therefore, all such technological innovations are predicted to drive demand for home textiles in forthcoming years.

The textile industry is undergoing a revolution with the increased use of technical fabrics. From being anti-allergic to being quick-drying and ultra-soft to having high absorption, these advanced materials offer a range of benefits. The incorporation of these technical fabrics into clothing and textiles has made it possible to create products that not only look great but also promote health and comfort.

The use of sustainable fibers helps reduce the environmental footprint of textiles, as they are often grown and processed with fewer chemicals and pesticides. Additionally, many sustainable fibers have a low impact on water and energy resources, making them an attractive option for consumers looking to live a more sustainable lifestyle.

Diversifying portfolios

The top 12manufacturers are: Berkshire Hathaway, Welspun India, Springs Global S.A., Trident Group, Ralph Lauren Corporation, American Textile Company, Franco Manufacturing Company, Shenzhen Fuanna Bedding and Furnishing, LUOLAI Lifestyle Technology, Shanghai Shuixing Home Textile, Loftex and Sunvim Group Company. Due to the pandemic, many home textile manufacturing companies suffered losses and even shutdown. Major impact was seen on the supply chain of home textile market as lockdown lead to decline in exports and imports of home textile products.

While in 2021, the market rebounded because of the online retail in the market and the company's manufacturing innovative products for the changing needs of their customers. Players are diversifying services to maintain market share. Because of increasing demand for modern and well-furnished living spaces, all such market players are focusing on research and innovations for the production of advanced products.

Housing projects and home renovations driving growth

Rising real estate businesses across the world is resulting in increasing demand for home renovation and improving projects. All these factors have led to a surge in demand for home textiles as textiles are an easy and often sustainable way to create change. Thus an increase in consumer spending on home renovation and decoration has encouraged the growth of the global home textile market.

However, the market is confronted with some challenges specifically, high cost of logistics, threat from counterfeit products, etc. The market is projected to grow at a fast pace during the forecast period, due to reasons like a growth in e-commerce, demand for eco-friendly home furnishing, surging demand for non-woven fabric, technological innovations, etc. Manufacturers have stopped using chemical dyes and are instead using natural fibres because their customers prefer natural products.

Source: fashionatingworld.com- Mar 14, 2023

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Global textile fibers market expected to reach $66.5 Bn by 2030

The global market for textile fibers is expected to reach $66.5 billion by the year 2030, growing at a compound annual growth rate (CAGR) of 6% over the analysis period of 2022-2030, according to a recent report by Research And Markets.

The market, which was estimated to be worth $41.7 billion in 2022, has been affected by the COVID-19 pandemic and subsequent global recession, but future prospects remain optimistic.

The United States market for textile fibers is estimated to be worth $11.4 billion in 2022, while China, the world's second-largest economy, is projected to reach a market size of $14.6 billion by 2030, growing at a CAGR of 9.7% over the same period. Japan and Canada are also expected to experience growth at rates of 3.3% and 4.8%, respectively, over the 2022-2030 period. In Europe, Germany is forecasted to grow at a rate of approximately 4% CAGR.

The Asia-Pacific region remains the dominant consumer of textile fibers, while synthetic fibers are expected to post healthy expansion. The scarcity and volatility of natural fibers production drive demand for synthetic fibers. The cotton fibers market is also discussed, along with cellulosic fibers and their sources.

Source: fashionatingworld.com- Mar 15, 2023

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OECD unemployment rate stays at record low of 4.9% in Jan 2023

The unemployment rate for the Organisation for Economic Co-operation and Development (OECD) remained at 4.9 per cent in January 2023, the seventh consecutive month at this record low since the start of the series in 2001. The unemployment rate was stable in 12 of 38 OECD countries, but close to its record low in only seven countries, including Canada, France, Germany, and the US. The number of unemployed persons declined to 33.2 million, remaining close to the record low reached in July 2022.

In January 2023, the OECD unemployment rate for women fell slightly from 5.2 per cent to 5.1 per cent, now 0.5 percentage point higher than the rate for men, which remained broadly stable, according to a news release. However, the aggregate gender gap between women and men in the OECD area masks wide differences across countries. Relative to men, the unemployment rate for women was higher in 18 OECD countries, with the largest gender gaps recorded in Colombia, Costa Rica, Greece, Spain, and Turkiye.

By contrast, the unemployment rate for women was lower in 16 OECD countries. No gender gap was observed in January 2023 in Austria, Hungary, Mexico, and Norway. The OECD unemployment rate was broadly stable for younger workers and workers aged 25 and above.

In the European Union and the euro area, the unemployment rate remained stable, close to their records low, at 6.1 per cent and 6.7 per cent, respectively. The unemployment rate was stable or decreased in half of the euro area countries. The largest decline was observed in Greece, where the unemployment rate reached its lowest level since December 2009, returning to the declining path observed since January 2022. However, Lithuania and Portugal recorded marked increases.

Outside Europe, the unemployment rate fell in Korea and Turkiye, and was broadly stable in the other non-European OECD countries. By contrast, it increased in Australia and New Zealand. More recent data show that in February 2023 the unemployment rate edged up to 3.6 per cent in the US while it remained unchanged for the third consecutive month at 5.0 per cent in Canada.

Source: fibre2fashion.com- Mar 16, 2023

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Bangladesh, Thailand keen to explore FTA prospects to boost trade ties

Thailand and Bangladesh recently agreed to explore prospects of a free trade agreement to further enhance bilateral trade. A qualitative feasibility study on the issue is being undertaken by Bangladesh's commerce ministry, Bangladesh officials told their Thai counterparts at the third foreign office consultations in Dhaka.

Both sides agreed to hold the joint trade committee meeting in Dhaka this year to review the bilateral trade and investment portfolio.

Bangladesh requested Thailand to remove non-tariff barriers and reduce or waive off duties on its products for a better trade balance.

Foreign secretary Masud Bin Momen led the Bangladesh delegation, while Sarun Charoensuwan, permanent secretary in the ministry of foreign affairs led the Thai side.

Momen hoped that the draft memorandum of understanding on testing and standardisation of products would be finalised at the earliest, according to a news agency.

Source: fibre2fashion.com- Mar 16, 2023

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Vietnam's GDP growth projected to slow down to 6.3 per cent in 2023

Vietnam's economy experienced a strong rebound in 2022, with growth reaching 8.0 per cent, exceeding its average rates of 7.1 per cent from 2016 to 2019. However, reflecting domestic and external headwinds, gross domestic product (GDP) growth is expected to slow to 6.3 per cent in 2023.

The public sector's contribution to growth was limited due to weak execution of public investment programmes. While employment recovered to pre-COVID-19 levels in 2022, weaker global demand led to slowing orders and exports in the fourth quarter (Q4) of 2022, and to renewed labour market pressures.

Vietnam's financial sector experienced increased pressure in 2022 while fiscal balances are estimated to register a surplus, according to the Vietnam Economic Update, March 2023, released by the World Bank.

"Given softer external demand, contribution of net exports will weigh on growth. The economy is expected to benefit from the partial implementation of the capital investment of the 2022-2023 Economic Support Program. An agile monetary policy—closely coordinated with fiscal policy objectives—would help keep domestic inflation under control," the World Bank report said.

Risks to the outlook are broadly balanced. On the downside, weaker than expected growth in Vietnam's major export markets—the US, China, and the eurozone—could affect export prospects. Potentially higher inflation could affect domestic demand. Further tightening of global financial conditions could affect Vietnam's financial sector, which suffers from weaknesses in the balance sheets in the corporate, banking, and household sectors, affecting domestic investor and consumer sentiment, and from incomplete reforms.

Implementation challenges could also hamper the execution of the planned public investment programme. On the upside, improved growth prospects in China, the US, or European Union and stronger than expected global demand could lift exports and hence growth above the baseline projection.

“Vietnam has the fiscal space to implement measures to boost growth, unlike many other countries. Effective implementation of priority public investments is key to support growth, both in the short-term and in the longer-term. Also, fiscal and monetary policies must be synchronised to ensure that support to the economy and macroeconomic stability are achieved effectively,” said Carolyn Turk, World Bank Country director for Vietnam.

Source: fibre2fashion.com- Mar 15, 2023

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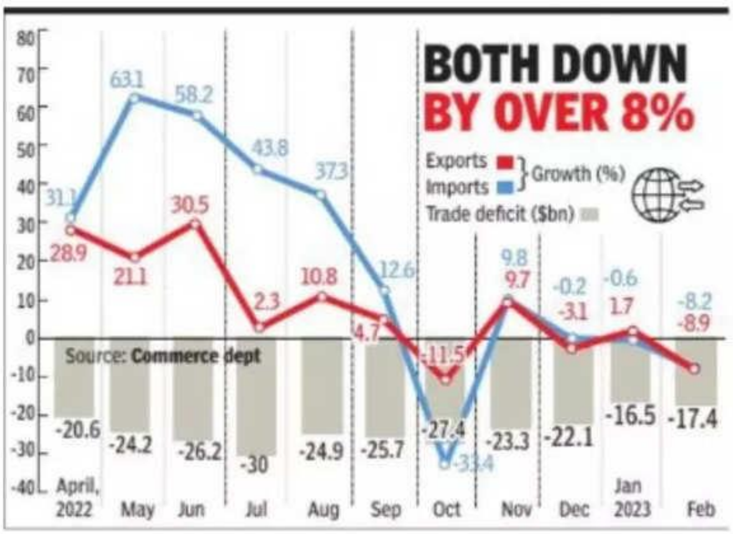
NATIONAL NEWS

Trade deficit narrows as exports, imports fall

India's goods exports and imports shrunk by over 8% each in February, weighed down by the gloomy global environment and fall in commodity prices, helping narrow the trade deficit. Despite the recent weakness in numbers, the government is hopeful of ending the current financial year with record exports, which may be in the region of $435-440 billion, topping last year's level of $422 billion.

Latest numbers released by the commerce department estimated that in February, goods exports fell 8. 9% to $33. 9 billion, the steepest decline since October, while imports were 8. 2% lower at $51. 3 billion. While exports have contracted during three of the last five months, factoring in the revision in data, imports declined for the third straight month.



The government is, however, optimistic due to buoyant services exports, which jumped almost 37% to $36. 9 billion in February, while imports rose 12% to $14. 6 billion. "We have kept the momentum despite global headwinds. Exporters have kept the momentum.

Services exports are doing extremely well. We will be doing better than the $750billion target (for goods and services exports)," commerce secretary Sunil Barthwal told reporters.

On the goods side, merchandise exports rose by 7. 5% to $406 billion during April February 2022-23, while imports are estimated to have increased 18. 8% to $653. 5 billion, resulting in a trade deficit of $247. 5 billion.

The rise in exports was led by petrol and diesel shipments, which were estimated to have soared almost 50% to over $86 billion, although they fell around 29% in February due to softening of oil prices. India's top export item — engineering goods — however, has had a tough year falling close to 4% during the 11-months ended February and was nearly 10% down in February.

During February, 17 of the top 30 export products saw a decline with electronic goods beating the trend after a 30% rise to $1. 9 billion. During April-February, electronics exports were estimated to be 50% higher at $20. 7 billion. A part of the increase is on account of smartphones, whose exports during April-January are estimated at Rs 67,333 crore (around $8 billion).

On the import front, the decline in February as well as during the year so far has been led by gold, with pharma and fruits & vegetables being the other contributors. During February, gold shipments were estimated to be 45% lower at $2. 6 billion and were almost 30% lower at $31. 7 billion during April-February.

Source: timesofindia.com- Mar 16, 2023

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PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME

Ministry of MSME, through Khadi and Village Industries Commission (KVIC), is implementing Prime Minister's Employment Generation Programme (PMEGP) for assisting entrepreneurs in setting up of new units in the non-farm sector. It aims to provide employment opportunities to traditional artisans/ rural and urban unemployed youth at their doorstep.

Under PMEGP, General Category beneficiaries can avail of Margin Money (MM) subsidy of 25% of the project cost in rural areas and 15% in urban areas. For beneficiaries belonging to Special Categories such as Scheduled Castes, Scheduled Tribes, OBCs, Minorities, Women, Ex-servicemen, Physically Handicapped, Transgenders, beneficiaries belonging to Northeastern Region, Hill and Border areas, and Aspirational Districts, the Margin Money subsidy is 35% in rural areas and 25% in urban area. The maximum cost of project is Rs. 50 lakhs in the manufacturing sector and Rs. 20 lakhs in the service sector.

Since 2018-19, 2nd financial assistance of upto Rs. 1 cr. for upgradation and expansion of well-performing existing PMEGP/REGP/MUDRA units have been introduced with subsidy of 15% (20% for NER and hilly areas).

Since its inception in 2008 and till 13.03.2023, more than 8.58 lakhs enterprises have been assisted generating a total estimated employment of around 70 lakhs. Around Rs. 21,509 cr. has been disbursed till date as Margin Money subsidy under PMEGP.

The BE allocation for 2022-23 is Rs 2500 cr., while the BE allocation for 2023-24 is proposed at Rs. 2700 cr.

The details on number of individuals in Andaman and Nicobar Islands who have applied and got benefited under PMEGP during the last three years and the current year is given below:

Click here for more details

Source: pib.gov.in- Mar 16, 2023

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States identified for PM MITRA scheme to be announced soon: Piyush Goyal

The Ministry of Textiles will shortly name the States identified for implementation of Prime Minister MITRA (Mega Integrated Textile Region and Apparel) scheme, Union Minister of Textiles Piyush Goyal said on Wednesday.

Inaugurating a three-day Global Textile Conclave, organised by Confederation of Indian Textile Industry, the Minister said the States are identified through the challenge route and the PM MITRA parks will provide the best eco system for the textile industry to be collectively present in one location, with plug-and-play infrastructure, and improve the competitiveness of the textile value chain. It will also give boost to the five F (farm, fibre, factory, fashion, foreign) vision of the Prime Minister.

Listing the schemes implemented by the Ministry for the textile industry, he said recently an additional amount of ₹500 crore was allocated for the Scheme for Rebate of State and Central Taxes and Levies on Export of Garments and Made-ups (RoSCTL) from the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme.

The vision for 2030 is to achieve economic value of $250 billion in production and $100 billion in export of textiles, apparel, and related products and this is achievable though the industry faced a small set back in the current year, he said.

Mr. Goyal also urged the industry to focus on sustainability and circular economy.

Source: thehindu.com- Mar 15, 2023

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India expanding rupee trade with several countries: Piyush Goyal

India is expanding the rupee trade with several countries, many of which are at an advanced stage of dialogue and finalisation, said Union minister Piyush Goyal. He was addressing audiences at the CII Partnership Summit 2023 in New Delhi, India. Singapore and India have recently partnered on Unified Payments Interface (UPI), and the government hopes to do the same with the UAE in the near future.

With India's ministry of micro, small, and medium enterprises (MSMEs) engaging with digitalisation, the country is developing its digital promise in the form of digital public goods for the use of the rest of the world, India's ministry of commerce and industry said in a press release.

"It is a time to leverage friendships and partnerships to solve the many problems that the world is facing today. India today offers many competitive advantages over other competing economies. We are focusing more on high quality of goods as well as leveraging economies of scale, particularly given the large domestic market that we offer to businesses and investors who come and work in India and to our friends in their economic engagement with India," said Goyal.

He added that a strong and responsive international institutional framework is called for in the case of financing global economic recovery.

Source: fibre2fashion.com- Mar 15, 2023

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Foreign Trade Policy may be finally revised after eight years from April 1

The much-delayed reboot of India's Foreign Trade Policy, which has been unchanged since 2015 and whose revision has been due for three years, may finally be announced by the end of this month, Commerce Secretary Sunil Barthwal said.

Last September, the Commerce Ministry had planned to announce a new trade policy but abandoned those plans and extended the 'Foreign Trade Policy 2015-20' by six more months till March 31.

"During these six months, we have looked at various aspects of that policy and undertaken a visioning exercise, keeping our aspirations to achieve $1 trillion of merchandise and services exports each," Mr. Barthwal said. "So within that framework, we have worked out the Foreign Trade Policy and we are expecting that it would be released by the end of the month," he added.

Curbing import bill

Pointing to the decline in India's goods import bill in the last couple of months, the Secretary said this was a reflection of efforts steered by Commerce and Industry Minister Piyush Goyal to contain unnecessary imports.

"We have been working with all ministries and have shared the import figures for each product to examine if they are essential and non-essential imports. If a generic drug needs an active pharmaceutical ingredient from China, it is essential," Mr. Barthwal explained, adding that it is also being examined if there is adequate domestic manufacturing capacity to substitute imports.

"But it will depend on the global supply chain links too. Price differential also has to be seen," he said, adding that the ministries have been urged to discourage imports where possible once they analyse their necessity.

Source: thehindu.com- Mar 15, 2023

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Cotton crop estimates further lowered to 313 lakh bales

Ahmedabad, March 16 Led by a dip in production in the cotton growing regions of Telangana and Maharashtra, India's cotton crop for the 2022-23 season (October-September) is estimated to hit a low of 313 lakh bales (each of 170 kg), as against the earlier projection of 321.50 lakh bales. Last year's cotton crop was estimated at 307 lakh bales.

The Cotton Association of India (CAI)'s crop committee meeting held on Wednesday estimated that output in Telangana has dipped by three lakh bales, in Maharashtra by two lakh bales, in Haryana and Karnataka by one lakh bales each, and by 50,000 bales in Punjab and Tamil Nadu, leading to an overall decline of 8.5 lakh bales on the earlier estimate.

This is set to fuel prices, which are ruling higher at around Rs 8,000 per quintal in the spot markets in Rajkot, while arrivals stood at 1,800 quintals on Thursday. Ginned and processed cotton prices for Gujarat (Shankar-6) 29mm variety was quoted at Rs 61,300 per candy (each of 356 kg).

However, the CAI has projected that consumption will be maintained at 300 lakh bales. Total availability is estimated at 356.89 lakh bales, which includes 313 lakh bales of crop and about 12 lakh bales of imports, besides 31.89 lakh bales of carryover stock from the previous season.

On the consumption side, exports are projected at 30 lakh bales, while domestic demand is estimated at 300 lakh bales, thereby, leaving a closing stock of 26.89 lakh bales, one of the lowest in recent years.

According to CAI President Atul Ganatra, "The worrying factor is cotton arrivals at the same time last year stood at 206 lakh bales, whereas arrivals are down by 51 lakh bales this year, as compared with the same period last year."

Further, arrivals stood at 154.84 lakh bales up to February 27, which is around 50 per cent of the crop.

The crop in the largest grower, Gujarat, is estimated at 94 lakh bales, followed by Maharashtra at 78 lakh bales, while Telangana will have a crop size of 38 lakh bales, followed by Karnataka at 20 lakh bales.

In North India, output in Rajasthan is estimated at 27 lakh bales, in Haryana at 11 lakh bales, in Madhya Pradesh at 19 lakh bales, and in Andhra Pradesh at 11.5 lakh bales.

As of February, about 6 lakh bales had been imported, while exports stood at 8 lakh bales.

Source: thehindubusinessline.com- Mar 16, 2023

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Centre increases the budget outlay of Amended Technology Upgradation Fund

The Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply to a question in Lok Sabha today informed that, the allocation of Textiles Sector in Budget 2023-24 is Rs. 4,389.34 crore. This is higher than the R.E of 2022-23 which is Rs. 3,579.61 crore.

Government has increased the budget outlay of Amended Technology Upgradation Fund (ATUF) from Rs. 650 crores in RE 2022-23 to Rs. 900 crores in BE 2023-24.

As regards other steps for the development of textiles sector, initiatives and schemes/programmes of the Ministry of Textiles cover all key areas viz. Research, innovation and development; Textiles infrastructure development; Education, training and skill development, Market development, Exports promotion, Improvements on quality controls and standards etc. Some of the major schemes implemented by the government include: PM Mega Integrated Textile Region and Apparel (PM MITRA Parks), Production Linked Incentive (PLI) Scheme, Silk Samagra, Development of Handicraft Sector, Development of Handloom Sector, SAMARTH – Scheme for Capacity Building in Textile Sector, Development of Jute Textile Scheme, Integrated Wool Development Programme (IWDP), and National Technical Textile Mission (NTTM) etc. These schemes and programmes are oriented towards promotion and development of Textile Sector on Pan-India basis.

Source: pib.gov.in- Mar 14, 2023

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MICRO AND SMALL ENTERPRISES CLUSTER DEVELOPMENT PROGRAMME

Ministry of MSME has approved 540 projects including 212 projects pertain to setting up of Common Facility Centers (CFCs) and 328 projects for Infrastructure Development (ID) under Micro and Small Enterprises Cluster Development Programme (MSE-CDP), out of which 92 Common Facility Centers (CFCs) projects and 200 Infrastructure Development (ID) projects have been completed so far. The detail of approved projects as well as completed projects is enclosed (Annexure).

Under MSE-CDP, the provision of maximum assistance of Rs. 18.00 crore (90% of maximum permissible project cost Rs. 20.00 crore) for Common Facility Centers (CFCs), Rs. 8.00 crore (80% of maximum permissible project cost Rs. 10.00 crore) for Infrastructure Development (ID) project and Rs. 12.00 crore (80% of maximum permissible project cost Rs. 15.00 crore) for Flatted Factory Complexes (FFCs) was provided as per old guidelines, which has been changed to Rs. 21.00 crore (70% of maximum permissible project cost Rs. 30.00 crore) for Common Facility Centers (CFCs), Rs. 10.50 crore (70% of maximum permissible project cost Rs. 15.00 crore) for setting up of new Industrial Estate/Flatted Factory Complex and Rs. 6.00 crore (60% of maximum permissible project cost Rs. 10.00 crore) for up-gradation of existing Industrial Estate / Flatted Factory Complexes as per the new scheme guidelines.

The detail of funds released under MSE-CDP during each of the last three years and the current year and the actual amount spent is appended below:

Click here for more details

Source: pib.gov.in- Mar 16, 2023

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Next round of India-Canada talks on trade agreement likely in April

The next round of negotiations for the proposed interim trade agreement (FTA) between India and Canada is expected to be held in April, a senior commerce ministry official said on Wednesday. Krishan Kumar, Joint Secretary in the department of commerce, said negotiations are at an advanced stage in goods and services, and in other areas.

"Six rounds have completed. The seventh round may be held in April," he told reporters here.

In March last year, the two countries re-launched negotiations for an interim agreement, officially dubbed as an early progress trade agreement (EPTA).

Apart from traditional areas, the agreement may cover areas like SMEs, trade and gender, environment and labour.

"We have already exchanged goods offer and discussions are starting to improve the services offer," he said.

Briefing reporters, Commerce Secretary Sunil Barthwal said that talks for a free trade agreement with the UK and European Union are moving in a progressive direction.

India and the UK launched negotiations for the FTA in January last year. On the progress on the Indo-Pacific Economic Framework (IPEF) talks, it was informed that productive and constructive text-based discussions held under IPEF pillars supply chain, clean economy and fair economy during the special round held here in February.

The Indian delegation at present is participating in the second round of negotiations being held in Bali from March 13-19.

Source: economictimes.indiatimes.com- Mar 15, 2023

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Rlys plans concessions for truckers on dedicated freight corridors

The ministry of railways is likely to offer a slew of concessions to truck operators on dedicated freight corridors (DFCs) in a bid to capture the modal freight share from national highways, Business Standard has learnt.

Sources in the ministry said 25-30 per cent relief in the existing roll-on, roll-off (RoRo) charges may be in the offing, along with higher concessions on traffic captured for empty wagons.

The railway board and Dedicated Freight Corridor Corporation (DFCC) have been deliberating on the issue after the latter said that existing RoRo rates were too high for truckers to make the shift from roadways to railways.

The railways currently has a 27 per cent share in national logistics, which has been consistently falling over the previous decades. Under the National Rail Plan, the ministry plans to have a 45 per cent share in national logistics, with close to 3,000 million tonnes of yearly freight volumes (currently 1,418 mt). For this, the national transporter needs to rapidly capture finished goods and industrial traffic, which predominantly is ferried via roads.

In RoRo, trucks, with or without goods, are loaded on trains through a ramp provided at the dead-end of a loop on BRN wagons (specialised open wagons built solely for transportation of trucks). Before loading, the trucks are weighed and passed under a height gauge to ensure that they conform to the regulations for safe passage.

"While the segment is new for us, there is significant demand for RoRo services from the private sector, because the truck operator saves money on three counts through this mode — fuel cost, highway toll, and wear and tear of the vehicle. Currently, the traffic on RoRo is minimal because the present rates aren't feasible," a DFCC official told Business Standard.

RoRo solves last-mile connectivity woes in many finished goods by reducing scope of damage and delays during shifting of goods from one transport to another. Presently, these services are operational on DFCC tracks and Konkan Railways.

The ministry had notified charges for the RoRo segment on DFCs in July 2022. Under the present charges, a 500-km trip for a wagon with a rigid body vehicle (or truck) would cost the truck operator Rs 33,556. A full train of these specialised BRN wagons would have 43 wagons.

In the following months, DFCC had sought special dispensation from the board to set its own station-to-station (STS) rates, which was disallowed by railways citing technical reasons. On February 21, the board issued a letter to DFCC that fresh rates may be worked out on a case-to-case basis depending upon the assured traffic, cost of running the rakes, investment in terminals, and modifications required in rakes.

The ministry official quoted above said after eight months, these deliberations were likely to see closure soon.

The ministry believes that RoRo on DFCs could be a game changer for the current logistics landscape in the country, with the corridors providing an average speed of close to 55 kms per hour (kmph), which is over thrice the current average off regular Indian Railway tracks (18 kmph), including yarding and stabling.

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

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