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IBTEX No. 60 of 2023 **March 31, 2023**

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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Chinese apparel exports up in 2022 as unit price rises 9%, volume down

China's apparel exports rose 7.05 per cent to $167.876 billion during 2022 despite economic slowdown and restrictions from the US. However, this increase in value was due to a rise in per unit price in the segment, which increased by 9.27 per cent to $4.24 in 2022 compared to $3.88 in 2021. Therefore, the increase in value does not reflect an increase in volume of apparel exports.

Apparel exports from China increased in 2022 from $156.764 billion in 2021, according to Fibre2Fashion's market insight tool TexPro.

Chinese apparel exports increased in 2021 too, when the value of exports increased by 25.80 per cent to $156.764 billion compared to $124.654 billion in 2020. However, this increase in value was again due to an increase in per unit price, which rose by 12.13 per cent to $3.88 in 2021 compared to $3.46 in 2020.

The average unit price of Chinese apparel exports recorded a declining trend until 2020, with a decrease of 3.08 per cent to $3.46 in 2020. Similarly, the unit price decreased to $3.56 and $3.64 in 2019 and 2018, respectively. The total value of Chinese apparel exports was recorded at $124.654 billion in 2020, $145.112 billion in 2019, $144.598 billion in 2018, and $155.904 billion in 2017, as per TexPro.

It is also worth noting that the low demand amid economic slowdown and US ban on products made from cotton originating from the Xinjiang region of China impacted the export demand in 2022.

Source: fibre2fashion.com- Mar 31, 2023

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Australia's home textile imports up as buyers' preferences change

After the COVID-19 pandemic, there has been a noticeable shift in the purchase preferences of Australian buyers in the home textile segment. Trade data has revealed that in the last year, imports of bed, camping, and bathroom and kitchen products increased, while the inbound shipments of made-ups and floor products decreased.

This change indicates that consumers are now more interested in outdoor recreational activities. Australia imported home textiles worth $2.381 billion in 2022, out of which bed imports accounted for $613.499 million or 25.76 per cent. In contrast, during the COVID year 2020, the total import of home textiles was $3.105 billion, with bed imports amounting to $492.118 million (15.85 per cent). This shows a significant increase in the import of beds after the pandemic, according to Fibre2Fashion's market insight tool TexPro.

The import of camping products also saw a rise, with $222.265 million (9.33 per cent) imported in 2022, compared to $136.551 million (4.40 per cent) in 2020. This indicates that buyers prefer to spend on products used for outdoor activities. Inbound shipments of bathroom and kitchen products also increased to $196.902 million (8.27 per cent) in 2022, from $146.594 million (4.72 per cent) in 2020.

According to TexPro, Camping products experienced a significant increase in imports, causing them to rank fourth among the top imported home textile products. In 2020, this category was fifth on the list. On the other hand, bathroom and kitchen products saw slower growth, dropping from fourth to fifth position in 2022.

Although the import of made-ups and floor products decreased in 2022, these products still maintained their position in the top five imported home textiles due to their large import size. Australia's import of made-ups decreased significantly to $690.543 million (29 per cent of total) in 2022 from $1,648 million (53.07 per cent) in 2020. Flooring imports were $247.264 million (10.38 per cent) in 2022 compared to $372.791 million (12 per cent) in 2020. These products ranked first and third, respectively, among the top five imported home textile products, as per TexPro.

Source: fibre2fashion.com- Mar 31, 2023

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Philippines' apparel exports at $368 mn in 2022; US largest market

In 2022, the Philippines exported apparel worth $368.74 million, with the United States being the largest market, accounting for 57.13 per cent of the total apparel exports. The Philippines shipped apparel worth $210.67 million to the US. Trade recovery seen after the COVID-19 disruption, continued in 2022.

The US was the top market for the Philippines' apparel exports, with more than half of the total share, indicating the country's dependence on the world's largest economy. South Korea was the second-largest market, accounting for only one-fifth of the top market's share. The Philippines exported apparel worth $35.877 million to South Korea in 2022, which was 9.73 per cent of the total shipment, according to Fibre2Fashion’s market insight tool TexPro.

Among the top five markets, the Philippines exported apparel worth $22.116 million (6 per cent of total) to Canada, $19.539 million (5.30 per cent) to Japan, and $16.719 million (4.53 per cent) to Italy.

The Philippines' apparel exports to the world increased by 25.17 per cent to $368.74 million during 2022, compared to the preceding year 2021. The outbound shipment recovered to $294.529 million in 2021 from $268.397 million in 2020. The COVID-19 pandemic led to a decline in exports during 2020. The trade was recorded at $372.130 million in 2019, as per TexPro.

Source: fibre2fashion.com - Mar 30, 2023

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Where is the 2023 Cotton Market Headed?

Uncertainty is ruling the cotton landscape as the 2023 planting season begins.

With all eyes on the Mar. 31 release of USDA's 2023 Prospective Planting report, a general sentiment among stakeholders is that U.S. cotton producers are expected to plant fewer acres to cotton than what was planted in 2022.

In discussions with cotton producers and economists during the recent 66th Annual Meeting of Plains Cotton Growers (PCG) in Lubbock, most agree that cotton planting decisions will be predominantly determined by rain and the weather during the planting season.

As cotton consumption is based on discretionary spending by consumers, global and regional economies also play roles in how the landscape will shift. China remains a dominant player in the cotton and textile marketplace. But, with not much transparency in data coming out of China, it is difficult to judge the actual revival in spending there.

PCG President Martin Stoerner notes that geopolitical situations, market volatility, weather in Texas, and the economy will all have respective roles to play in the global cotton situation. With inflation in the United States still lingering at 5%, additional interest rate hikes may be expected which could tighten spending which, in turn, influences retail sales and demand for non-essential commodities.

The impact of the economy and weather will likely be visible in the USDA Prospective Plantings report.

Source: cottongrower.com - Mar 29, 2023

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Egypt opens new textile factories in July: official

The spokesperson for the Ministry of Public Business Sector Mansour Abdel-Ghani announced that textile factories for the state project to develop the spinning and weaving sector will be opened in July.

Abdel-Ghani added that the Minister of Public Business Sector, Mahmoud Esmat, is following up the project by the day.

He said that the textile factory project is being implemented the Holding Company for Cotton, Spinning, Weaving, and Clothes.

It aims to maximize the yield of long-staple and extra-long Egyptian cotton, he added, and to add transformational industries such as oil presses, fodder, and more.

Abdel-Ghani indicated that the implementation of the project is taking place according to a precise schedule presented to Prime Minister Mustafa Madbouly during his recent visit to the Misr Spinning and Weaving Company in al-Mahalla al-Kobra last month.

Uplifting the Textile industry

Minister of the Public Enterprise Sector Hisham Tawfiq announced in 2018 that a comprehensive development plan for the spinning and weaving industry within the ministry's companies is underway, to be implemented over three years.

The plan will include development of cotton spinning companies through weaving, dyeing and processing, Tawfiq said.

The minister explained that the company's development plan aims to increase operational capacity in a single shift and increase the number of work shifts, thereby increasing production capacity.

He said that the company would see large investments, particularly for the dyeing and processing stages.

During his meeting with the company's board of directors and representatives for the employees, Tawfiq stressed the need to improve the costing and pricing systems for the products, develop an effective marketing plan and open new export markets.

He suggested raising awareness among workers about the development plan's objectives, which positively reflects on the performance of the company and the employees.

"We have to promote the textile and clothing industries to compete in the global market," he said.

Source: egyptindependent.com - Mar 29, 2023

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Cotton from Turkmenistan Requires 'Meaningful Reform'

A wide-ranging coalition that includes the American Apparel & Footwear Association, the Global Labor Justice-International Labor Rights Forum and Human Rights Watch urged the government of Turkmenistan Tuesday to step up its efforts to eliminate state-imposed forced labor in the country's cotton sector, in line with recommendations from the United Nations Human Rights Committee.

The Cotton Campaign, which conducted a recent review of the Turkmen cotton sector, said it remains concerned about the forced mobilization of civil servants, most of them women, to harvest the fiber under threat of penalties such as loss of wages, salary cuts and termination of employment. In a report provided to the UN body ahead of its 137th session, which ended last week, the organization noted that the government's annual rounding up of citizens to pick cotton, as well as its acts of retaliation against whistle-blowers and critics, are clear violations of the international covenant on civil and political rights.

Echoing calls from the Human Rights Committee earlier this month, the Cotton Campaign asked the government of Turkmenistan to take "urgent action" to enforce national laws prohibiting the use of forced and child labor, publicly instruct government officials "at all levels," establish complaint mechanisms for workers to report instances of forced labor, and allow independent monitors, journalists and other human rights defenders to freely document and report concerns about the use of forced labor.

"The committee's conclusions provide yet further authoritative evidence that the government of Turkmenistan's practice of forcing public sector employees, on a massive scale, to pick cotton every year violates international law," said Allison Gill, forced labor program director at the Global Labor Justice-International Labor Rights Forum, which hosts the Cotton Campaign, the group behind the recently ended boycott of cotton from Uzbekistan.

"The good news is that reform is possible," Gill said. "The government should start by ending reprisals against independent monitors who document labor conditions in the cotton fields. Allowing independent reporting is a crucial step to ending forced labor."

Turkmen officials have denied that forced labor occurs in the country. During the UN review, delegates said that the country doesn't have a policy to compel anyone into mandatory labor during the cotton harvest or any other crop. Because "cutting-edge" technology is used during the harvest, the mass mobilization of human resources is "not necessary."

Independent sources claim, however, that hand-picking remains prevalent, especially for the first part of the harvest, when cotton is at its most abundant—and most valuable, the Cotton Campaign said.

"Evidence collected by independent labor monitors—including video and audio recordings, testimonies of pickers, and official government documents—shows that every year, cotton is harvested with state-imposed forced labor, even though Turkmen officials publicly deny it," said Ruslan Myatiev, director of Turkmen News, a member of the Cotton Campaign. "The government has the power to change this system and a high-level acknowledgment of the problem will help demonstrate the political will to find solutions, instead of harassing and attacking anyone who dares to speak out."

The Cotton Campaign said that the Turkmen delegation, when speaking to the UN, engaged in "greenwashing" by namedropping companies like Gap and Ikea, which it said were involved in a 2016 audit of the country's harvest. But Ikea dropped Turkmen cotton the following year, citing the country's lack of progress on forced and bonded labor. In 2018, Gap joined 140 other brands and retailers in committing to shun cotton from Turkmenistan until it's no longer produced using state-imposed forced labor as "independently verified by the International Labor Organization, as well as determined by the Cotton Campaign."

The import and sale of products made with Turkmen cotton, meanwhile, is verboten in the United States, although several companies appear to be skirting the ban. Forced labor legislation in the European Union and elsewhere could further shrink available markets for the fiber.

It's a lesson Uzbekistan learned the hard way: As the number of brands and retailers swore off the country's cotton increased, exports of the fiber plummeted from 2.5 million bales a year to 700,000—a 70 percent drop-off—according to the U.S. Department of Agriculture.

"Turkmen cotton is explicitly banned in the U.S. and the import or sale of products made with forced labor are prohibited in increasingly more jurisdictions," said Raluca Dumitrescu, coordinator at the Cotton Campaign. "If Turkmenistan is interested in engagement with global brands, it must first take concrete steps towards meaningful reform."

Source: sourcingjournal.com - Mar 29, 2023

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Korea's online retail sales up 7.8 per cent YoY in Feb 2023: Ministry

South Korea's online retail sales saw a 7.8 per cent year-on-year (YoY) overall increase in February 2023, driven by a substantial rise in demand for fashion and clothing (up 12 per cent YoY) due to increased outdoor activities and overseas travel, according to the country's ministry of trade, industry, and energy (MOTIE). The country's offline retail sales expanded by 8 per cent YoY in February.

The country's total retail sales saw YoY growth of 7.9 per cent in February. The growth in sales is attributed to an increased number of operating days due to earlier Seollal holidays and a base effect from the Omicron outbreak.

Clothing and sports categories showed notably strong growth, especially in physical stores. Hypermarket store chains saw sales rise by 5.8 per cent YoY, with double-digit growth in sports (up 10.9 per cent YoY), clothing (up 14.5 per cent YoY), and miscellaneous (up 10.8 per cent YoY), as per the ministry.

Department store chains' sales increased by 8.6 per cent, as early sale for new spring season products and outdoor activities boosted demand for clothing. Women's casual clothes, kids/sports clothes, women's suits, men's suits, and miscellaneous all saw double-digit growth.

Furthermore, convenience stores also enjoyed a 10.2 per cent rise in sales, attributed to continued trends of small purchases and close-proximity shopping.

The ministry surveyed 26 major retailers monthly, half of which were brick-and-mortar retailers while the others were online.

Source: fibre2fashion.com - Mar 30, 2023

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Vietnam needs $13.3 bn to develop seaport system by 2023: Ministry

Vietnam will need 312.6 trillion VND ($13.3 billion) to develop a seaport system by 2030, according to the transport ministry, which recently said 78 per cent of that capital would be reserved for developing ports and the rest for public maritime infrastructure.

Light houses in islands and archipelagos under Vietnam's sovereignty, infrastructure for marine safety, coastal information stations, search and rescue centres and a representative office of Nha Trang Maritime Administration in Truong Sa would also be built.

By 2024, the focus would be on upgrading Cai Mep-Thi Vai navigational channel to enable it to serve ships of up to 18,000 TEU, and upgrading channels for large ships to enter Hau, Van Uc and Chanh rivers.

By 2030, the focus would be on constructing breakwaters at Vung Ang Port in Ha Tinh province, sand barrier systems at Cua Viet and Cua Gianh as well as upgrading Cam Pha, Ba Ngoi, Hon La, Tran De, Diem Dien and Van Uc channels.

Vessel traffic services would be installed for the Hon Gai-Cai Lan channel and the channel into Hau river, a news agency reported.

By 2030, construction would start on a port in Nam Do Son (in Hai Phong) and ports in Cai Mep and Tran De.

Source: fibre2fashion.com - Mar 30, 2023

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Dwindling textile exports contribute to Pakistan's economic slowdown

Pakistan's desperate attempts to increase its dipping foreign reserves have received a big jolt, due to the steep decline in textile exports. Lower cotton production due to unprecedented floods, power crisis, and ill-suited government policies are said to have hurt the textile industry which amounts to 60 per cent of the total exports from Pakistan. This is going to hurt Pakistan's ailing economy further. Besides, over one million workers are set to lose their jobs as the textile sector had reported 14.8 per cent decline in textile exports.

Interestingly, the textile exports touched a 'record' USD 19.33 billion in 2021-22, and the Pakistan government had predicted exports worth USD 26 billion this year, according to Western media reports. However, textile exports have witnessed a downfall, with fears of it being below USD 16 billion this year, according to a report in Pakistan Tribune.

Textile is the world's seventh most traded commodity. This offered Pakistan, a leading cotton-producing country, a big source to earn foreign reserves and boost its economy. Cotton is a very important crop for rural livelihood in Pakistan as over 26 per cent of farmers grow it. Cotton is an important source for Pakistan's crucial textile industry.

It used to be the fourth largest cotton producer country in the world. However, its rank slipped to the seventh position now. Cotton output has shrunken due to the heavy floods that brought one-third of the country under water, according to Pakistan Tribune. "At least 79pc cotton area, especially in Sindh, was hit by floods as gates of ginning factories could not open there this year," said Javaid Suhail of the Pakistan Cotton Ginners Association (PGCA).

The total production of cotton bales in Pakistan in 2022 is 4.6 million, which shows a huge slump. In 2021, a total of 7.3 million bales were produced. This means Pakistan will now have to import cotton to meet the domestic requirement. Moreover, there has been a drop in demand for textile products from the US and European Union—both big markets for Pakistan textile materials. "Demand for the commodity has dropped by 20% to 12 million bales this year, as compared to 15 million bales last year," said Jassu Mal Leemani of PGCA.

Interestingly, Pakistan had exported a 'record' USD 19.33 billion of textile products in the previous season. This season, Pakistan could manage to export textile products worth just 7.3 billion between July and January this season.

The All-Pakistan Textile Mills Association (APTMA) has sought government intervention since the textile mills are working at just 50 per cent of their installed capacity. This has already caused many workers to lose employment and would lead to more job losses if things continue to remain the same.

The energy crisis is a major reason for the deteriorating condition of the textile industry. There have been long, regular power outages across Pakistan that hampered industrial production. Qasim Malik, the vice president of the Chamber of Commerce, said the "unannounced and unscheduled" power outages affected the textile supply chain. "The textile industry is in a state of emergency," he said.

Around 150 textile units in Pakistan shut down in the second half of 2022, which has left 2.5 million workers jobless. 14 Pakistan’s Prime Minister Shehbaz Sharif had in 2022 initiated an inquiry into power failures and promised to resolve the power crisis problem. However, nothing has changed, the textile industry said. Islamabad government is being severely criticised for its inaction and misplaced policies. Babar Khan, Chairman of the Pakistan Hosiery Manufacturers and Exporters Association, blamed the government for the dire situation of the textile industry and plummeting exports. “These dropping export figures are due to the government’s apathy and we fear this crisis will deepen further in the coming weeks,” he said.

Tahir Abbas of financial services firm Arif Habib Limited held restrictions by the State Bank of Pakistan as one of the major reasons for the poor condition of the textile industry. Hamid Zaman of APTMA said that spinning and textile units were forced to halt as the government’s commitment and initiatives did not match its actions. Pakistan's economy, which largely depends on textile exports for foreign currency and employment, is likely to see further downfall as cotton and textile outputs continue to decline.

Source: economictimes.com- Mar 30, 2023

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Vietnam's trade surplus at $4 bn, exports at $79.17 bn in Q1 2023

Vietnam has recorded a trade surplus of $4.07 billion in the first quarter (Q1) of 2023, according to the General Statistics Office (GSO). The country earned $79.17 billion in export revenue, down 11.9 per cent compared to the same period last year, while imports decreased by 14.7 per cent to $75.1 billion.

The US remained the largest importer of Vietnamese goods with a turnover of $20.6 billion, followed by China with $23.6 billion. However, Vietnam's trade surplus with the US was estimated at $17.5 billion, down 23.4 per cent year-on-year, while that with the EU reached $6.9 billion.

The domestic economic sector contributed $19.26 billion to the export revenue, a 17.4 per cent annual decrease, while the foreign-invested sector contributed the rest, down by 10 per cent. Among the exports, four types of goods earned over $5 billion, accounting for 52.8 per cent, while 14 other goods raked in more than $1 billion, making up 77.4 per cent, Vietnamese media reports said quoting the GSO data.

Vietnam's domestic sector spent $26.03 billion on imports, down by 13.3 per cent, while the foreign-invested sector poured $49.07 billion, a 15.4 per cent drop. Most of the imports were materials for production, equivalent to 93.5 per cent.

In line with the scheme on restructuring the industry and trade sector till 2030, Vietnam aims to maintain an annual trade surplus growth of 6-8 per cent.

Source: fibre2fashion.com- Mar 30, 2023

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Bangladesh: Apparel export to EU countries increases by 35.69pc in 2022

The export of apparel items from Bangladesh to the countries in European Union (EU) increased by 35.69 per cent in 2022 compared to 2021. The import of apparels by EU countries from the world grew by 20.97 per cent during this time. The EU countries imported $22.89 billion of clothing from Bangladesh in 2022, as per the data of Eurostat.

With 22.20 per cent share of the EU's total RMG import, Bangladesh remains in the 2nd position to export highest quantity of garment apparel to the EU countries. Talking to BSS, Director of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Mohiuddin Rubel said that on the whole, the export of Bangladeshi RMG items to the EU market was good last year.

But, the high export trend of apparel items to the EU market which was evident during the January-June period of last year could not be maintained during the July-December period. "The main reason behind this was that the first six months were the post Covid-19 period for which the buyers purchased many RMG items. Furthermore, we did well since there was lockdown in China," he added.

He said that after that the impact of the Russia-Ukraine war was huge while the inflation also increased in the EU market leading to low demand for apparel items. "It also put an impact on our exports,"

Rubel also mentioned that the Bangladeshi exporters are facing tough time in maintaining their export growth in the EU market since the production cost went up. Data showed that EU's imports from the top sourcing country China grew by 17.01 per cent year-over-year. EU's import from China reached $30.14 billion in 2022.

On the other hand, EU's import from Turkey, the third largest apparel import source for the EU, increased by 10.09 per cent year-over-year and reached $ 11.98 billion. EU's imports from India and Vietnam increased by 21.02 per cent and 35 per cent respectively.

Source: en.prothomalo.com- Mar 30, 2023

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NATIONAL NEWS

The first Trade and Investment Working Group Meeting concludes in Mumbai

The 1st G20 Trade and Investment Working Group (TIWG) meeting concluded today in Mumbai in the presence of Commerce and Industry Minister, Shri Piyush Goyal. During this three-day working group meeting, over 100 delegates from G20 member countries, invitee countries, regional groupings and international organizations were present in Mumbai, the financial capital of India. The deliberations specifically revolved around accelerating global trade and investment, while simultaneously progressing towards achieving Sustainable Development Goals.

The priorities related to global trade and investment, which the Indian Presidency is pursuing, were discussed on March 29th and 30th across four technical closed-door sessions. On March 29th, the deliberations focused on making trade work for growth and prosperity, and way forward for building resilient Global Value Chains (GVCs). On March 30th, the TIWG priorities on integrating Micro, Small and Medium Enterprises (MSMEs) in global trade, and building efficient logistics for trade were discussed in the two working sessions. Theme-based experience zones on spices, millet, tea and coffee were set up at the venue, and an exhibition on textiles was also on display for the delegates to get a glimpse of India’s textile heritage. A cultural program was organized for the G20 delegates at Taj Palace, also the venue for Gala dinner hosted by India.

In his press interaction Shri Goyal highlighted the theme of India's G20 Presidency that aims to promote universal values and adoption of human-centric approach. While reminiscing Prime Minister Shri Narendra Modi’s vision for India’s G20 agenda of inclusive, ambitious, decisive and action-oriented economic growth, he further stated that India chose to take up G20 Presidency during a tough geopolitical and globally critical economic environment ,since 2023 marks the 75th year of India’s independence, this is an opportune time for the country to share its ancient wisdom with the world to find a middle path.

This ancient wisdom can be integrated with advanced technology for building “One Earth, One Family and One Future”. Shri Goyal added that throughout India’s illustrious past, the country has been the torchbearer of democracy, diversity and inclusion.

The Union Minister restated that TIWG has an important role in formulating concrete outcomes for inclusive growth that drive trade and investment across Global South, and not among G20 member countries only. He strongly advocated for equitable distribution of the benefits of global trade by and among all countries, including developing and least developed countries (LDCs) in order to progress towards a new world that is driven by collaboration, sustainable growth and solutions-oriented mindset.

Shri Goyal urged TIWG delegates to take inspiration from lotus, this year's G20 symbol and said that lotus is revered world over for its ability to bloom unblemished in the murkiest of waters, and together we can find solutions for inclusive economic growth during these volatile economic times.

On the second and third day of the TIWG meeting, while discussing priority issues, G20 member countries realized the need for collective action to integrate transparency in the administration of non-tariff measures, and cooperation among standardization bodies world over. The G20 member countries also noted that there is a need for mapping GVCs for building predictability and for enhancing their resilience.

In the sessions, several member countries affirmed the need for diversification of existing value chains and accelerating the participation of firms from developing countries and LDCs for a holistic economic growth. The need for making information and finances easily accessible for MSMEs was discussed in detail during the working sessions. In addition, several countries expressed that the digital entry barriers for MSMEs should be seriously reviewed for their efficient integration with the digital trade platforms.

The Secretary, Department of Commerce, Shri Sunil Barthwal remarked that the discussions in all the four sessions were enriching, and were mostly directed towards action and outcomes.

Trade and investment being vital tools for enhancing local supply of goods and services, Shri Barthwal added that the aim under India's G20 Presidency is to strengthen the shared understanding of challenges that are hindering the acceleration of global trade and investment, and collectively explore existing opportunities that can be harnessed to find common solutions — guided by this year's motto — Vasudhaiva Kutumbakam.

Source: pib.gov.in- Mar 30, 2023

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New Foreign Trade Policy to be announced on Friday amidst global slowdown

The government will announce the much-awaited new Foreign Trade Policy on Friday seeking to support exporters, especially those in the MSME sector, amidst a slowdown in global trade.

The focus of the new FTP, which is set to aim for an export target of $2 trillion worth of goods and services by 2030, will be on simplification and reforms, improving ease of doing business, reducing compliance burden, IT-enablement, promoting e-commerce and supporting district export hubs.

"Although Indian exporters are looking forward to a supportive FTP, new incentive schemes won't be many as the WTO does not allow direct export subsidies. The idea is to have a policy that will make the existing schemes more effective and simpler and make it easier and cheaper for exporters to operate," a source close to the development told businessline.

Indian exporters are going through a rough period at the moment due to a slowdown in global demand, owing to high global inflation, rising interest rates, and key economies moving towards recession.
Vision statement

For the first time, the FTP will have a vision statement that will lay down the strategy for export growth in the years to come. The statement may touch upon areas such as the evolving global system; setting the domestic context; trade strategy; MSMEs for exports; innovation and start-up ecosystem; integrating nari shakti (women power) into international trade and value chains; product & markets; service sector; cooperative federalism and improving institutions; and improving trade resilience (with reference to Black Swan events).

The policy may also come up with goals for 2047, such as increasing India's share in global trade to 10 per cent and raising share of exports in GDP to 25 per cent, the source said.

The new FTP was initially scheduled on April 1 2020, but it was postponed several times and the old policy was extended to deal with the uncertainties unleashed by the Covid-19 pandemic. The last extension of the FTP (2015-20) is set to expire on March 31 2023.

Apart from new chapters on e-commerce exports and district export hubs, one on dual items under Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) is also likely to be introduced.

India's exports of goods in the current fiscal have slowed down since July and are set to post only a small increase over last fiscal's exports of $422 billion.

Source: thehindubusinessline.com- Mar 30, 2023

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Free trade pact talks with UK continuing; trade stands on its own legs: Goyal

Amid a diplomatic row following protests by secessionist groups near the Indian mission in London, Union Commerce Minister Piyush Goyal, on Thursday, said talks on a Free Trade Agreement with the UK are continuing.

Talks are "going on very well" with the UK, Goyal said, adding, "trade stands on its own legs".

The Union Minister, however, made it clear that India will take into consideration respect for her sovereignty and territorial integrity, and will not tolerate any interference in her Indian affairs.

Also read: UK Export Finance earmarks ₹40,000 crore for India

When asked about the impact of the ongoing events on the trade agreement, Goyal seemed to suggest that negotiations continue.

"I can assure you that talks are going on very well with the UK, Canada, with the EU countries, we are also in dialogue with Israel," he told reporters here.

Goyal said there was no deadline to have an FTA with the UK, but a former PM of the country has announced an aspiration to conclude before Diwali of 2022.

"...we are back at the negotiating table, both sides are discussing at the official level," he said.

FTA talks

Goyal said there is a high interest for FTAs with India shown by many countries, and discussions are on at a "frenzied pace" with many countries, and quipped that he is not left with the bandwidth to discuss such agreements.

Meanwhile, Goyal also said that talks are also on with the European Free Trade Association (EFTA), following a request from four ministers of the grouping to meet the Indian commerce and industries minister.

"They have assured me that they will be coming with very attractive proposals in terms of opening up services and a deeper understanding of India's own concerns around our patent laws and the need to protect our domestic industry," Goyal said.

On a query on rupee trade with partners, and if the same is being pushed with G-20 countries during the ongoing meetings of the grouping's trade and investment group in the financial capital, Goyal said this subject is more of a bilateral subject, which is anchored by the RBI and the Ministry of Finance.

He added that many countries have evinced interest in having such an arrangement with India.

Goyal attended a dinner meeting with 100 delegates attending the G-20 meeting in the financial capital on Wednesday evening and is also addressing the delegates at the closing event later on Thursday.

Source: thehindubusinessline.com- Mar 30, 2023

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Textile industry welcomes extension of concessional customs duty on machinaries

The Union Finance Ministry on Thursday decided to extend the concessional customs duty on textile machineries till 2025.

The move comes after Southern Gujarat Chamber of Commerce and Industry (SGCCI) and Federation of Gujarat Weavers Association, and other textile industry bodies made representations to Union Textile Minister Piyush Goyal and the Union Finance Ministry officials on March 13 requesting them to extend the concessional customs duty on the import of textile machinery.

The concessional customs duty for key textile machinaries were to expire on March 31, 2023 after which 8.25 per cent customs duty were to be charged on these machinaries. However, the Union Finance Ministry, through a notification, extended the validity of the concessional customs duty till March 2025.

Welcoming the move, SGCCI president Himanshu Bodwala said, "We are very much satisfied with the decision... The move will help large number of investments in the textile industry and and the exports of the textile industry to reach the exports target of 250 billion US dollars by 2030.

Explaining the rise number of machinaries used by weaving industry in Surat over the years, Pandesara Weavers Cooperative Society Limited president Ashish Gujarati said, "In 2002, there were 10,000 high-speed weaving machines in Surat. Today Surat has over 80,000 waterjet weaving machines, 30,000 rapier with jacquard machines and 10,000 airjet and projectile machines. The total number of high-speed machines in India are 2,50,000 machines. Out of the total high-speed machines in India around 50 per cent are in Surat."

In their representation to the Goyal, the SGCCI had stated that the Indian textile industry is fragmented and 97 per cent of the production of downstream industry is being done by the MSME s which are decentralised across India. The weaving and knitting sectors produce 97 per cent of the fabrics in India in a decentralised manner.

Source: indianexpress.com- Mar 31, 2023

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Domestic demand to drive textile sector growth in FY24: CRISIL SME Tracker

The textiles industry is set for moderation in revenue growth in 2023-24 (FY24) as export demand, which usually accounts for a fourth of the total market, is expected to be limited due to a slowdown in key markets, though domestic demand will continue to grow at a steady pace.

This bodes ill for small and medium enterprises (SMEs), which make up close to 75 per cent of the textile value chain and are estimated to have seen robust revenue and profit growth in FY22 on the back of a post-pandemic surge in exports.

In FY23 a sharp rise in cotton yarn prices at the start of the year and moderation in export demand are expected to impact industry revenue and profitability. The revenues of SMEs in the spinning segment, which are more susceptible to fluctuations in raw material prices, are set to contract 9-11 per cent, led by a decline in yarn prices later.

In FY24, cotton yarn prices are projected to fall almost 15 per cent due to a high base and subdued export demand. This is expected to hurt price realisation.

In the readymade garment (RMG) segment, an easing of discretionary spending in leading consumer markets such as the US and EU will tone down revenue growth of key export-oriented RMG clusters such as Tirupur, Bengaluru and Mumbai to 6-8 per cent.

Clusters like Kolkata, Kanchipuram and Ludhiana, which depend more on the domestic market, are likely to outperform the export-centric clusters.

However, after a contraction in operating profit margins in FY23, players' profitability is expected to improve due to easing of input cost pressure.

Source: business-standard.com- Mar 30, 2023

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India remains a bright spot among global economies: Piyush Goyal

Commerce and Industry Minister Piyush Goyal on Thursday said India was in the 'bright spot' amid a series of economic challenges faced by many countries.

The minister said some reports suggested that India was going to be the fastest-growing economy in the coming times and had been able to consistently maintain high growth and meet the Covid-19 challenges efficiently.

"Developed economies, particularly, are in the midst of high inflation, low growth, job losses. Many developing nations are facing foreign exchange crisis. Amidst all these challenges, India is the bright spot," Goyal said on the final day of the G20's first trade and investment working group in Mumbai.

The trade and investment working group meeting, chaired by Commerce Secretary Sunil Barthwal over three days, aimed to address the challenges in areas, such as trade, sustainability, building resilient supply chains, inclusive growth, and sustaining growth in years to come.

The final day of the meeting saw deliberations over integrating the micro, small, and medium enterprises globally, building efficient logistics for trade, and leveraging digital infrastructure, which has been one of India's strengths over the past few years.

"We aim to use technology in every sphere to serve the people of India in a big way. Today, we are showcasing our developmental model to the rest of the world," Goyal said.

FTA progress

Goyal said the ongoing free trade agreement (FTA) negotiations with the United Kingdom (UK), Canada, and the European Union (EU) were going well. A launch date towards a trade agreement with the Gulf Cooperation Council (GCC) is also being discussed.

Apart from that, India is in discussion with countries such as Israel and Bangladesh towards initiating FTA talks. The European Free Trade

Association (EFTA), consisting of four nations — Iceland, Switzerland, Norway, Liechtenstein — ministers were also visiting India in April to explore FTA talks.

"...they (EFTA) have assured me that they will be coming with attractive proposals, in terms of opening up services and a deeper understanding of India's own concerns around our patent laws and the need to protect our domestic industry," he said.

Source: business-standard.com- Mar 30, 2023

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Global economic slowdown may affect optimism in Indian cotton trade

India's cotton and yarn markets face challenges due to global economic concerns, which may limit demand from downstream industries and affect exports. While cotton prices rose by half to one per cent in spot and future markets on Tuesday due to ICE cotton trading higher, cotton yarn remained stable due to weak demand in South India. In North India, cotton yarn is under pressure due to the absence of buyers.

Experts predict that cotton yarn markets may see some support in April, but there is unlikely to be a significant increase in prices as natural fibre prices are already high.

Indian markets received around 180 lakh bales of 170 kg cotton so far, which is 50 lakh bales lower than the same period last season, which saw 230 lakh bales. In February 2023, the Cotton Association of India (CAI) revised downward the cotton production estimate to 313 lakh bales, slightly up from last season's final estimate of 307 lakh bales but lower than the previous month's estimate of 321.50 lakh bales.

As a result, around 40 per cent of the crop is left with farmers. Despite lower arrivals, cotton prices did not rise due to the disparity between Indian and international prices. This disparity discouraged exports from India, which only managed to export 8 lakh bales of cotton so far. CAI had expected 30 lakh bales of cotton to be exported during the current season, compared to 43 lakh bales in the previous season. However, the expectation may not be met due to continued price disparity.

It should be noted that the cotton industry has suffered a consumption loss in the current season due to a reduction in production by spinners. This was largely due to lukewarm demand from downstream industries and price disparities, which discouraged spinners from increasing their production.

In response to the costlier cotton, many large-sized spinners in North India have switched to polyester-cotton and poly spun yarn. The CAI has confirmed a lower consumption projection from 318 lakh bales to 300 lakh bales, and industry experts predict that consumption may further decrease due to lower production.

The lower production was somewhat offset by poor demand for garments from both the export and domestic markets. Furthermore, the lower export of cotton was compensated for by the reduction in the production of the natural fibre.

A prominent trader from Gujarat Chetan Bhojani told Fibre2Fashion, "Cotton prices are unlikely to increase significantly because of disparity at every level. Ginners and spinners are facing disparity so they are running production will limited capacity. Market uncertainty also reduced market pipeline. If buyers from downstream industry come back to market in April to build stock for off-peak arrival season, cotton prices may improve but upward movement may be very limited."

Cotton yarn market sources are expecting better demand next month, but demand from end-consumer is still uncertain. They feel that cotton yarn market was running on domestic demand and export demand is still not encouraging. Recent upheaval in financial market of the US and Europe also shook the market sentiments. Exporters expect better orders from global brands from June onwards but high inflation, increasing interest rates and economic worries may disappoint them.

Source: fibre2fashion.com- Mar 29, 2023

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Textile industry welcomes nil Customs Duty for shuttleless looms

The textile industry has welcomed the decision of the government to bring shuttleless looms under nil Basic Customs Duty.

Ravi Sam, chairman of Southern India Mills' Association, said in a press release that weaving was the weakest link in the textile value chain and was largely in the unorganised sector.

Just about 10 % of the looms in the country were shuttleless looms. This resulted in lower value addition and high cost of production. Though Export Promotion Capital Goods (EPCG) scheme was in existence, it did not benefit the weavers much who faced difficulties in fulfiling the export obligation within the stipulated time.

Bringing shuttleless looms under zero duty would help the weaving sector modernise.

The Union Budget for 2023-24 increased Basic Customs Duty on all textile machinery, spares, and accessories from 5 % to 7.5 % from April 1 though the industry had sought retention of the duty at the existing levels. Except for the spinning machinery, spares and accessories, the other machinery were mostly imported.

Now, the government had reversed the duties to 5 %. In the absence of Technology Upgradation Fund Scheme that expired on March 31 last year, the decision of the government would bring in investments and improve the competitiveness of the weaving, knitting, garmenting, and technical textile segments, he said.

Source: thehindu.com- Mar 30, 2023

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What are the issues with the new Quality Control Orders for fibres?

The story so far: Quality Control Orders (QCO) have been issued for fibres — cotton, polyester and viscose — that constitute the basic raw materials for majority of the Indian textile and clothing industry. While the standards were available earlier too, these are now revised and made mandatory for a few, and yet to be finalised for others. International manufacturers of these fibres, who supply to India, are also mandated to get a certificate from the Bureau of Indian Standards (BIS), which is the certifying authority for the QCOs.

Why are fibres covered under QCOs?

The Indian textile and clothing industry consumes both indigenous and imported fibres and filaments. The imports are for different reasons — cost competitiveness, non-availability in the domestic market, or to meet a specified demand of the overseas buyer. The main aim of the QCO is to control import of sub-quality and cheaper items and to ensure that customers get quality products. The entire supply chain, from the textile manufacturers to exporters, has so far focused on quality standards prescribed by the buyers.

What challenges does the new mandate bring?

India imports annually 50,000 - 60,000 tonnes of viscose fibre and its variants such as Modal and Tencel LF from nearly 20 countries. In the case of polyester, almost 90,000 tonnes of polyester fibre and 1.25 lakh tonnes of POY (Polyester Partially Oriented Yarn) are imported annually.

The overseas fibre manufacturers sell not only to India but to other countries too. The supply of some fibres to India is in small quantities. Getting the certificate from the BIS involves a cost and and hence not all are interested in getting the certificate. The Indian textile manufacturers who are dependent on these suppliers for the raw material will have to either look at other suppliers or lose orders.

For instance, a bed linen exporter in Tiruppur district imports polyester filament with functional properties from Turkey based on the demand of his European buyers. Though the imported filament constitutes just 6% of the product, the buyer has specified the source for the filament. Since the

Turkey company is not interested in getting the BIS certificate, the exporter in Tiruppur has lost an order to Pakistan. Furthermore, BIS officials have to visit the manufacturing unit abroad before issuing the certificate and this process is yet to be completed for all suppliers who have applied for the BIS registration. There is no clarity on the fibres that were shipped before the certification and which will reach India in the coming days.

The textile buyers, be it domestic or international, have established a supply chain over the years and when there are constraints because of certification, the value chain is disrupted.
What is the way forward?

Be it viscose or polyester, some varieties of the fibre have special functional properties and separate HS (Harmonised Commodity Description and Coding System) code when imported. But, these are bundled in the QCO and thus have uniform quality standards. The textile industry imports just small quantities of such fibres and restricting its availability will deny Indian consumers of niche products. The textile industry is of the view that import of speciality fibres that are used as blends with other fibres should be made available without restriction.

Also, any overseas applicant for the BIS certificate should get it without delay after inspection. Several textile units use lower grade fibres that are generated from rejects and wastes and these are not covered under the QCO. There is also a fear of costs going up for basic garments. Further, polyester spun yarn mills in the MSME sector need capital support to set up labs to test products. The QCO should be implemented only after the ambiguities are cleared and the anomalies set right, says the industry.

The BIS standards are mandatory for viscose staple fibre from March 29 and for five polyester products, including polyester staple fibre and polyester spun yarn from April 3.

- Quality Control Orders (QCO) have been issued for fibres — cotton, polyester and viscose — that constitute the basic raw materials for majority of the Indian textile and clothing industry
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- The textile buyers, be it domestic or international, have established a supply chain over the years and when there are constraints because of certification, the value chain is disrupted.

Source: thehindu.com- Mar 31, 2023

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Dumping duty unlikely on Indonesian viscose

Dropping the move to impose the duty would be a relief for domestic textile manufacturers, which were facing the prospect of trade disruptions, lower competitiveness, and economic losses.

The Union finance ministry may not impose anti-dumping duty (ADD) on viscose staple fibre (VSF) from Indonesia as it may worsen the shortage of the key raw material for India's textile industry, two people aware of the development said.

The commerce ministry's Directorate General of Trade Remedies (DGTR) recommended a duty of $0.512/kg on these imports in December as part of a government initiative to enhance the quality of textiles. However, about a dozen members of Parliament, including those from the ruling party, wrote to finance minister Nirmala Sitharaman recently that it would raise the import price of viscose fibre by as much as ₹40 per kg.

"DGTR had recommended anti-dumping duty on VSF imports only from Indonesia and not across. We import from two-three countries, including Indonesia, Austria, [and] China. The anti-dumping duty was recommended only in the case of Indonesia as the investigation found a case of injury to the domestic industry," one of the two people cited above said on condition of anonymity.

Dropping the move to impose the duty would be a relief for domestic textile manufacturers, which were facing the prospect of trade disruptions, lower competitiveness, and economic losses.

"The finance ministry takes into consideration the recommendation of DGTR and also the public interest. The finance ministry has not announced the duty, and the period where the decision was expected to come is now over. So, anti-dumping duty on VSF is unlikely. The duty was limited to Indonesia as there was a huge surge," the person added.

The MPs had written to Sitharaman that viscose-blended cotton is the future and forms a critical raw material for the spinning and weaving industry, producing apparel, accessories, and technical textiles. They also pointed to problems with VSF availability.

“In this financial year, the domestic VSF demand was 700,000 tonnes, and the availability was only 540,000 tonnes. This move (proposal of ADD on VSF) could raise the import price of viscose fibre by as much as ₹40 per kg," they added.

The person cited earlier said the government is focusing on quality, but that does not mean it isn’t looking to maintain availability. “I am not saying no to imports, but sub-standard imports should not be encouraged. But at the same time, assured availability of raw material also needs to be guaranteed," the person added.

The second person cited above said the duty on VSF was recommended amid efforts to improve quality, and it is not expected any more. “The industry understands that there is a need for quality, but the government must realize that our buyers cannot be affected. There is tough competition from Bangladesh and Vietnam, and if buyers get a better deal, they will not source from India. It can’t be quality by force. The government should take an interim step where there may be a voluntary approach to it for a year," the person added.

Source: livemint.com- Mar 31, 2023

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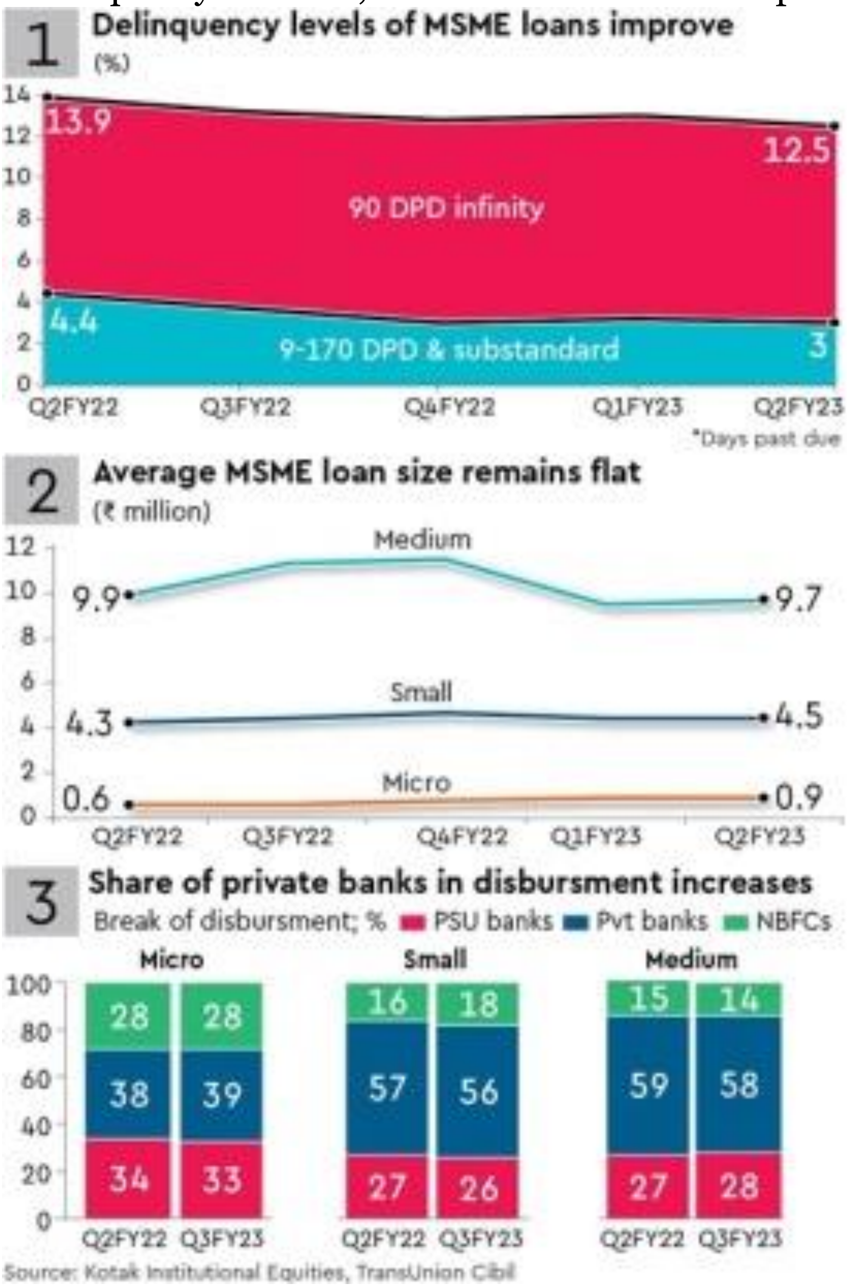
MSME delinquency falling

Asset quality of micro, small and medium enterprises (MSMEs) continues to be stable as delinquency ratios have declined across lenders in the three months to December 2022.



Credit growth has been supported, to some extent, by the Emergency Credit Line Guarantee Scheme (ECLGS) scheme. Disbursements have grown at a healthy clip of 24%, led by 54% growth in the micro segment.

However, the average ticket size of new disbursements hasn't changed much, especially for state-owned banks.

Source: financialexpress.com- Mar 29, 2023

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T.N. favours new cotton corporation under PPP model, says Minister

The Tamil Nadu government has favoured establishing the Cotton Corporation of Tamil Nadu with a public-private partnership (PPP) model and a separate commission for procuring cotton and selling directly to the spinning mills would be considered at an "appropriate time".

"If the Cotton Corporation of Tamil Nadu is set up in PPP model, jointly with representatives from private spinning mills, organisations such as the Southern India Mills' Association (SIMA) and representatives from cooperatives mills, it will be good. We will consult with the Chief Minister and will definitely do it," Minister for Handlooms and Textiles R. Gandhi said in the Assembly on Friday.

He was responding to a query by DMK legislator K. Selvaraj (Tiruppur South) during the Question Hour in the House. Speaking on the issue, DMK's I.P. Senthil Kumar (Palani) contended such a separate commission would help cotton farmers get a fair price.

Pointing out that cotton was being procured from other States and spinning mills were being severely affected by the cost, Mr. Kumar said such a commission would immensely benefit cotton farmers as well as the spinning mills.

In a detailed reply, Mr. Gandhi said while the demand was about 120 lakh bale, only 5 lakh bale was being produced by farmers in Tamil Nadu previously, but this had increased to about 15 lakh now. While 7 lakh bale was being imported, about 1 lakh bale is being procured from other States, he said.

The Minister recalled that one of the first demands he received in Coimbatore since he assumed office was a demand of over 20 years seeking to waive the 1% market cess on cotton, and when conveyed to the Chief Minister, he announced the waiver. Mr. Gandhi also recalled the efforts taken by the Chief Minister towards the waiver of the 11% import duty on cotton.

Source: thehindu.com- Mar 30, 2023

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Punjab subsidises rate of cotton seed, Centre raises it

When Punjab has declared a 33% subsidy on Bt cotton seed for promoting crop diversification, the central government has increased the price of Bollgard-II (BG-II) seed by Rs 43 for the 450-gram packet, taking the rate from Rs 810 to Rs 853.

An acre of field needs two packets of BG-II seed. The offer of 33% subsidy to those farmers who own up to 5 acres is expected to contain the complaints of spurious seeds, since the beneficiaries will have to buy only the certified variety and upload the bill on a portal to receive the amount into their bank accounts. Those selling spurious seeds without any bill will lose their market.

Spurious seeds and fertilisers were behind the successive pest attacks on cotton crop. "The subsidy in Punjab will absorb the 5.3% increase in price, but it'll get tougher for the state agriculture department to increase the area under cotton," claim the farmers who suffered two successive crop failures and have little buying capacity left. The state government targets covering 3 lakh hectares under cotton, for which it is ready to provide the cotton growers with canal water from April 1.

In the last two years, Punjab cultivated cotton in 2.5 lakh hectares every time and produced 29 lakh quintals in the last season, while the production this season is expected to be only 8 to 9 lakh quintals. The production in the year 2019-20 was about 50 lakh quintals. Pest attack in 2015 started taking the acreage down with yield. Earlier, many farmers would get Bt cotton seed from Gujrat or contact the direct marketers of various companies, who made tall claims that the seeds were resistant to white fly and pink bollworm.

A farmer from Bathinda said: "After two years of losses due to natural disaster or pest attack, we have decided to return to paddy cultivation. We can't take more risk." Agriculture director Gurvinder Singh saidt: "Even though the Centre has increased the price of BG-II cotton, the Punjab government's subsidy will soften the impact. The subsidy is meant to eliminate spurious seeds from the market. We hope to increase the area under cotton to 3 lakh hectares from 2.5 lakh hectares."

Source: timesofindia.com- Mar 30, 2023

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