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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Asia expected to accelerate economic growth pace in 2023: Boao Forum

In the context of a global economic slowdown and the risk of increasing fragmentation of globalisation this year, Asia is expected to accelerate its pace of overall economic growth, continue to advance regional production, trade, investment and financial integration and cohesion, and seize the 'Asian moment' for global economic governance, according to Beijing-based Boao Forum for Asia.

The external resilience of Asian economies, reconfiguration of industrial chain, climate change responses and implementation of regional trade agreements are the four critical issues that merit significant attention, the non-profit said in a report. The Boao Forum for Asia, initiated by 25 Asian countries and Australia, is a non-profit organisation that hosts high-level forums for leaders from government, business and academia in Asia and other continents to share their vision on the most pressing issues in this region and the world at large.

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Source: fibre2fashion.com- Apr 01, 2023

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EURATEX warns of potential pitfalls of EU Textile Strategy

European Apparel and Textile Organisation (EURATEX), which represents the European textile industry, has welcomed the European Commission's textile strategy that was presented last year, but has warned that it is a delicate process to balance sustainability with competitiveness. The industry needs to make a successful green and digital transition to make companies stronger while ensuring the benefits outweigh the costs.

This premise had a serious blow due to the Russian war in Ukraine, which erupted at almost the same time when the strategy was launched, and dramatically changed the economic context, EURATEX said in a press release.

Energy prices increased by a factor of 10, putting the European industry at a significant disadvantage with its global competitors, leading to company shutdowns or relocations. Extended lockdowns in China and defensive trade policies in the US and elsewhere further generated uncertainty on the market and disrupted supply chains. Furthermore, EURATEX warned about potential pitfalls on the road ahead.

Firstly, the European Commission is currently drafting at least 16 pieces of legislation that will transform the textile industry into a strictly regulated sector. The quality of this new regulatory framework is critical to the success of the strategy. Upcoming rules need to be coherent, technically feasible, enforceable, and have a minimal cost for SMEs. EURATEX called for a realistic timetable and competitiveness test for each piece of legislation before adoption.

Secondly, textile companies need substantial funding to comply with this new framework. The funding should be earmarked exclusively to the sector and cover areas of innovation and digitalisation, skills development, support to start-ups, internationalisation, and access to affordable energy. EURATEX urged the commission to translate its current 'good intentions' into concrete decisions.

Thirdly, the EU strategy requires demand for sustainable textiles from individual consumers and public authorities (procurement). Concrete measures need to be taken to offer a competitive advantage to sustainable and high-quality textile products. This could include a different VAT rate, strict procurement rules, and closer cooperation between brands/retailers, producers, and consumers.

Finally, the EU strategy could fail if the global dimension of the textile industry is ignored. Up to 80 per cent of clothing products are produced outside the EU, and these products need to comply with the new framework. However, it remains unclear how to ensure a level playing field. Market surveillance needs to be stepped up massively, including online sales, but this would require significant efforts from member states, which are currently unavailable, the release added.

"We want to be a global leader in sustainable textiles, building on the entrepreneurship, quality and creativity of nearly 150,000 European textile companies. Creating this new framework is an incredible challenge, requiring a close dialogue between the industry and the regulator. But if well designed and carefully implemented, it can set a new era for the European textile industry," said Dirk Vantyghem, director general of EURATEX.

Source: fibre2fashion.com- Mar 31, 2023

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NCTO highlights key opportunities and challenges for US textile sector

The National Council of Textile Organisations (NCTO) chairman David Poston delivered the trade association's State of the US textile industry overview at NCTO's 19th annual meeting on March 30. Poston's speech highlighted the impacts of macroeconomic factors on the US textile industry and the resilience of the US textile industry; trade and investment data showing growth in the sector across the board; and NCTO's policy priorities for domestic textile manufacturers.

Key figures from the US textile industry in 2022

• The value of man-made fibre, textile and apparel shipments totalled an estimated US$D65.8bn, compared with $64bn in 2021.
• Exports of fibres, textiles and apparel were $34bn in 2022 compared to $28.4bn in 2021.
• The US is the third-largest global exporter of textile related products, totalling $34bn.
• US employment in the textile supply chain was 538,067 in 2022.

The address also pointed out the challenges that the US textile industry has faced including inflationary pressures, fluctuating consumer demand, and global supply chain disruptions.

The NCTO's policy issues were also featured, as Poston stated "The NCTO has been engaged in working with the Biden administration and our allies in Congress to achieve key policy priorities." The address referenced the NCTO's enhancing of government procurement of US textile-based products, the safeguarding of free trade agreements, and maintaining a strong position on China trade enforcement.

Poston concluded that "The business environment for the year ahead looks challenging. However, based on the growth we are seeing in capital expenditures, output, exports and investments in the Western Hemisphere, I remain cautiously optimistic." Recently, US Vice President Kamala Harris announced new investments worth US$585m in textiles and apparel, including sourcing commitments in Central America in a bid to escalate bilateral trade between the two countries. The NCTO welcomed the announcement.

Source: just-style.com - Mar 31, 2023

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Australia ranks first for cotton fibre exports to Indonesia

Australia has become the number one cotton fibre exporter into Indonesia cementing its status as the cotton fibre of choice. During an in-market visit to Indonesia this month, Cotton Australia and Australian Cotton Shippers Association (ACSA) representatives took the opportunity to build deeper relationships with spinners, mills and the wider textile industry, highlighting Australian cotton as the fibre of choice.

ACSA supply chain consultant Rob Cairns said Indonesia was a highly valued, increasingly important market for Australian cotton.

"In 2012-13, Australian cotton was ranked fifth for cotton imports into Indonesia. But at present, Australia is number one because of its quality and geographical location. Spinners and mills continuously tell us they admire the superior quality and sustainable growing practices of Australian cotton, making us their preferred choice. Our close proximity also means Indonesia can import cotton from Australia within 14-28 days – a much quicker turnaround than our counterparts in the northern hemisphere," said Cairns.

Indonesia imported 12 per cent of Australia's 2021-22 cotton crop, with Vietnam importing 43 per cent and India 9 per cent. "The in-market visits, our sustainable growing practices and quality of cotton is very important on the global scale because we are taking the market share from the United States and Brazil – and that's something Australian cotton growers should be really proud of," he added.

Cotton Australia's cotton to market brand relations manager Ashley Hollis joined the tour and had the opportunity to speak with international fashion and textile representatives during the visit, Australian Cotton said in a press release.

"It was a wonderful opportunity to visit Indonesia and represent Cotton Australia and our growers. As a brand advocate, I was able to speak with mills directly about what brands and retailers are wanting and needing for their consumers. Consumers are wanting a homegrown and high quality product and consumers are excited about our cotton and developing an understanding about the sustainability credentials it holds within the industry," Hollis said.

During the visit, Cotton Australia and ACSA representatives visited Indorama, the third largest spinning mill in Indonesia.

Australian cotton was an important part of Indorama's business, and due to the large volumes the business was able to support an on-site school. "We were fortunate to visit the school and the children at Indorama. The children would otherwise travel up to 40 km to the nearest school," Cairns said.

The in-market visits were made possible by ATMAC funding. The next in-market visits will include India and Bangladesh in May, followed by Vietnam in June.

Source: fibre2fashion.com - Mar 31, 2023

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Renewcell Expands Partnerships With Chinese Manufacturers

Textile-to-textile recycling company Renewcell is doubling down on Chinese manufacturing.

Renewcell, the producer of the 100 percent recycled textile pulp Circulose, unveiled Thursday “the next step” in its relationship with Chinese viscose manufacturer Tangshan Sanyou.

“I am very happy to announce this acceleration of our long-standing partnership with Tangshan Sanyou,” Renewcell CEO Patrik Lundström said in a statement. “They were the first commercial producer of Circulose-based fibers in the world, and the first to commit to sourcing significant volumes from us. Now, they aim to also be the first to commercialize 100 percent Circulose content fibers.”

Partners since 2018, the two companies intend to begin delivering commercial quantities of 100 percent Circulose-content viscose fibers to “select” fashion brands and manufacturers starting next year. The announcement came as the result of the successful validation of Circulose’s quality in production at Tangshan Sanyou’s commercial-scale manufacturing lines, Renewcell said. The two companies will cooperate to market the fibers globally under the Circulose brand name, it added.

Also this week, Renewcell unveiled a new partnership with Chinese lyocell fiber producer China Textile Academy Green Fibre Co. Ltd.

The two companies have signed a letter of intent outlining an upcoming offtake agreement between the parties. The future, legally binding agreement would set out commercial terms for the delivery of 18,000 metric tons of Circulose over five years, Renewcell said. CTA Green Fibre would use the Circulose as feedstock in the production of lyocell fibers for textile manufacturers and “global fashion brands,” it said. Ekman Group, Renewcell’s exclusive global trading partner, facilitated the agreement.

“With this agreement, we take a new step in demonstrating the applicability of Circulose in commercial-scale production of lyocell fibers,” Lundström said in a statement. “Lyocell is a high quality, low-impact fiber using closed loop production process which is highly sought after among our fashion brand partners that will now soon be available incorporating Circulose recycled from textile waste."

This week's two announcements arrived three months after news Renewcell had shipped its first batch of dissolving pulp from its new Renewcell 1 plant in Sweden. The company put the factory's initial capacity of 60,000 metric tons per year.

Source: sourcingjournal.com - Mar 31, 2023

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UK launches Developing Countries Trading Scheme in Cambodia

The United Kingdom recently launched its Developing Countries Trading Scheme (DCTS) in Cambodia. The scheme would enable the latter to keep gaining benefits and export goods to the UK market with zero-tariff incentives, simpler procedures, more liberalised rules of origin requirements and simplify the conditions attached to the scheme and participate in value chains involving materials from 95 countries, Samheng Bora, Cambodia's secretary of state in the ministry of commerce, said.

DCTS was launched at a ceremony in Phnom Penh presided over by Bora and Dominic Williams, British ambassador to Cambodia.

Bora said that the DCTS scheme would enable Cambodia to keep gaining benefits and export goods to the UK market with zero-tariff incentives, simpler procedures, more liberalised rules of origin requirements and simplify the conditions attached to the scheme and ability to participate in value chains involving materials from 95 countries.

"The trading scheme would help boost bilateral trade and increase high-quality goods that would be exported from Cambodia to UK," Bora said.

Bilateral trade volume between the two sides has reached $121 million for the first two months of 2023 after rising by 23.98 per cent to $977 million in 2022 from $788 million in 2021, while the former gained the surplus from its exports of $886 million and imports of $91 million.

Cambodia's primary export goods to the United Kingdom include apparel, textiles, footwear and bicycles, said a ministry of commerce release.

Source: fibre2fashion.com - Mar 31, 2023

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Uniqlo, Muji Owners Withdrawing From Myanmar: Report

Uniqlo owner Fast Retailing and Muji parent Ryohin Keikaku are reportedly the latest in a growing number of fashion brands to abandon sourcing in Myanmar.

Both companies had outsourced the production of clothing to the Southeast Asian nation, Nikkei Asia wrote on Thursday. Fast Retailing told the outlet, however, that it will look elsewhere for its GU-branded jackets and shirts following the 2023 fall/winter season. Ryohin Keikaku, which manufactured down jackets and other items in the country, will similarly cease its business relationships by August. Fast Retailing confirmed the news to Sourcing Journal, while Ryohin Keikaku did not respond to a request for comment.

The retailers join clothing purveyors such as Aldi South, Benetton Group, C&A, Mango, Marks & Spencer, Primark and Tesco in divesting from Myanmar over human rights concerns, which escalated after the military ousted Aung San Suu Kyi's semi-democratic government in early 2021, throwing the country into chaos and violence as the junta sought to crush any resistance.

The rule of law, experts say, has progressively deteriorated. The Business & Human Rights Resource Center, a corporate watchdog, has documented nearly 200 cases of "widespread and systemic abuse" against garment workers, including wage theft, unfair dismissal, inhumane work rates and mandatory overtime. This is likely only the "tip of the iceberg" because of restrictions on civic freedom and fears of reprisal, it said. In September, the Ethical Trading Initiative (ETI), a multistakeholder organization whose roster includes brands such as H&M Group, Marks & Spencer and Zara owner Inditex, published a damning sectoral due-diligence assessment stating that the conflict has made effective due diligence on severe human rights impacts very difficult, and impossible for freedom of association.

The question of whether brands should stay or go isn't an easy one. Companies such as Bestseller and H&M Group say they worry pulling out will put tens of thousands of livelihoods in further danger. This issue was thrown into relief when two former Primark suppliers abruptly shuttered last month, leaving 2,000 employees without jobs and many without severance, though the retailer said it's working with the factories to ensure workers are paid what they're owed. Last week, another 400 were laid off in a "mass termination" by a different facility, state media reported, deepening an economic precarity that afforded, at most, a couple of dollars a day if they were lucky.

Those who are in the pro-leave camp, however, claim that since corporations can't guarantee the safety of the people who make their clothes, insisting on business as usual will only legitimize and enrich the military. They say that brands can contribute to a fund that protects workers from destitution instead of insisting on exploitation.

It's unclear if Fast Retailing and Ryohin Keikaku are abiding by a responsible exit framework, such as the one recently published by IndustriALL Global Union. In it, the global union federation urges companies withdrawing from Myanmar to ensure, with the help of workers' representatives, that due-diligence activities continue until orders are fulfilled, adequate severance is paid to those affected and that any pending workers' rights violations are remediated and remedied. The ETI said this month that it supports the disengagement plan. It recommended that brands that continue to source from Myanmar familiarize themselves with the principles given "how dynamic" the situation is.

On Tuesday, Myanmar's military-appointed election commission disbanded the National League for Democracy, the now-imprisoned Aung San Suu Kyi's political party, in a move designed to keep the junta in power. While the military previously said that it would hold a general election in August, it announced in February that it would be extending the post-coup state of emergency by another six months, delaying what some have decried as a sham vote anyway. Aung San Suu Kyi, meanwhile, is staring down a 33-year prison sentence for charges ranging from corruption to using unlicensed walkie-talkies.

Source: sourcingjournal.com - Mar 30, 2023

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Taiwan & Vietnam's textile industries boost global apparel supply: TTF

Taiwan's textile industry is playing a vital role in the global apparel industry's supply chain, and Vietnamese firms have been drawn to its sustainability, innovation, and fashion capabilities, according to the Taiwan Textile Federation (TTF). Vietnam, which has significant economic potential and abundant labour resources, has attracted the attention of many Taiwanese textile firms as the global economy undergoes various changes and becomes more regionalised.

Taiwan's textile industry is driving the development of Vietnam's textile sector by establishing a collaborative supply chain in the country. The partnership is expected to foster growth in both countries' textile industries while providing sustainable and innovative fashion products to consumers worldwide, TTF said in a press release.

FENC and Tung Ho Textile, two major Taiwanese textile companies, are focused on sustainability and social responsibility. FENC uses innovative technologies to create materials for a circular economy, such as producing 100 per cent recyclable polyester yarn from discarded plastic bottles and using marine plastic waste to create recycled nylon yarn.

FENC also uses carbon capture technology to turn waste gases into polyester raw material. Tung Ho Textile uses advanced Siro, Compact, Siro-Fuse, and Siro-Slub spinning technologies to create environmentally friendly yarns with excellent textures, thus allowing spun yarn to be environmentally friendly, functional, and comfortable.

In terms of innovation, Taiwan’s textile companies are actively researching and developing new technologies and are constantly introducing new products and technologies. They focus on transforming and upgrading the textile industry.

The next-generation, sustainable elastic fibre Soufflexz, developed by Zig Sheng Industrial Co, Ltd, offers four main features: comfort and elasticity, soft textures, sustainability and environmental protection, and light weight. The helical fibre structure makes the single-material polyester yarn more elastic than compound elastic fibres mixed with spandex.

Furthermore, Jintex Corporation Ltd is focused on sustainability in the garment industry by using single-material garments that can be recycled in a closed-loop system. The company takes environmental impact into account in every stage of production and uses sustainable, non-food biomass raw materials like waste straw and coconut shells for functional additives. By replacing petrochemical products with biocarbon, Jintex is able to achieve its low-carbon emission and sustainability goals.

In terms of fashion, Taiwan's textile companies excel in quality and design, which allows them to meet the needs of modern consumers. Remmington International Co, which has over 30 years of embroidery experience, started as a company sewing name tags on student uniforms. Now, with highly customised services and excellent technologies, it produces name tags for foreign militaries, police, and brands. By upholding its dedication to quality, Remmington International is becoming a trusted international brand for embroidery. The company constructed a plant in Vietnam in 2019 to expand its service flexibility and production capacity, the release added.

In the future, Taiwan's textile industry will continue to strengthen its product innovations and technical partnerships, thereby maintaining its advantage in the Vietnamese market. The Taiwan Textile Federation plans to hold a new product launch at the Dahlia conference room on the third floor of SECC during SaigonTex at 2 pm on April 6 this year. The federation will welcome visitors who are interested in learning more about the latest products and technologies of Taiwan's textile companies.

Source: fibre2fashion.com - Apr 01, 2023

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Better Cotton strengthens ties with Tajikistan

Better Cotton, the world's largest cotton sustainability initiative, has signed a memorandum of understanding (MoU) with Tajikistan's ministry of agriculture to reinforce the pair's partnership and further support the production of more sustainable cotton across the Central Asian nation.

The MoU was signed by Better Cotton's director of fundraising, Rebecca Owen, and Tajikistan's minister of agriculture, Qurbon Khakimzoda, at this week's Tajikistan Investment and Development Forum, in London, Better Cotton said in a press release. With increased collaboration, the pair will prioritise the expansion of more sustainable cotton production, with a focus on both environmental and social outcomes. Notably, improving the quality of cotton fibre, farmer wellbeing and overall agricultural sustainability are in scope.

To achieve this, the MoU establishes that Better Cotton and the ministry will develop a strategic roadmap for more sustainable cotton production in Tajikistan, according to the Better Cotton Standard System, considering the requirements of the global market. The collaboration will see both parties conduct outreach and awareness activities across the country to promote the benefits of more sustainable growing practices, whilst the adoption of practical innovations will be explored to determine how domestic farmers can improve.

Fundamental to this shift will be the availability and allocation of financial resources. As such, Better Cotton will work with the ministry to identify new sources of funding and investment that can unlock new opportunities across the country's cotton sector. Better Cotton's programme in Tajikistan has already shown results. In the 2019-2020 cotton season, synthetic fertiliser use among Better Cotton Farmers was 62 per cent lower than Comparison Farmers, whilst yields were 15 per cent higher.

Rebecca Owen, director of fundraising, Better Cotton, "This MoU is the start of a strategic roadmap to expand sustainable cotton production in Tajikistan - creating opportunities to improve the livelihoods, well-being and market access for cotton farming communities."

Source: fibre2fashion.com - Mar 31, 2023

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NATIONAL NEWS

Foreign Trade Policy 2023 announced

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today launched the Foreign Trade Policy 2023 saying that it is dynamic and has been kept open ended to accommodate the emerging needs of the time. He stated that the policy had been under discussion for a long time and has been formulated after multiple stakeholder consultations. India's overall exports, including services and merchandise exports, has already crossed US$ 750 Billion and is expected to cross US$ 760 Billion this year, he said.

The Minister referred to the interaction that Prime Minister, Shri Narendra Modi with the exporters on 06th August, 2021 and encouraged them to increase exports and get more deeply involved in the global value chain. He lauded the vision and guidance of the Prime Minister who believed that given the size of the Indian economy and manufacturing & service sector base, the potential for the country to grow is manifold. He said that this vision is at the core of the policy.

The Minister noted that the remarkable achievement in the overall export figure of crossing US$ 760 Billion in these challenging times across the world has been the result of enthusiasm and encouragement pumped in by the Prime Minister. He said that this achievement is in sync with the target set in the roadmap in 2021 after the interaction with the Prime Minister.

He stressed that every opportunity for export must be captured and utilised effectively. He also mentioned that in the next 5 months during India’s G20 presidency there should be a massive concentrated outreach with the world both sector-wise and country-wise.

The release of the policy was also attended by Union Minister of State for Commerce & Industry, Smt. Anupriya Patel, Commerce Secretary, Shri Sunil Barthwal and Member Customs, Central Board of Indirect Taxes and Customs, Shri Rajiv Talwar. Director General of Foreign Trade, Shri Santosh Kumar Sarangi gave a detailed presentation on the policy.

The Key Approach to the policy is based on these 4 pillars: (i) Incentive to Remission, (ii) Export promotion through collaboration - Exporters, States, Districts, Indian Missions, (iii) Ease of doing business, reduction in transaction cost and e-initiatives and (iv) Emerging Areas – E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy.

Foreign Trade Policy (2023) is a policy document which is based on continuity of time-tested schemes facilitating exports as well as a document which is nimble and responsive to the requirements of trade. It is based on principles of 'trust' and 'partnership' with exporters. In the FTP 2015-20, changes were done subsequent to the initial release even without announcement of a new FTP responding dynamically to the emerging situations. Hereafter, the revisions of the FTP shall be done as and when required. Incorporating feedback from Trade and Industry would also be continuous to streamline processes and update FTP, from time to time.

The FTP 2023 aims at process re-engineering and automation to facilitate ease of doing business for exporters. It also focuses on emerging areas like dual use high end technology items under SCOMET, facilitating e-commerce export, collaborating with States and Districts for export promotion.

The new FTP is introducing a one-time Amnesty Scheme for exporters to close the old pending authorizations and start afresh.

The FTP 2023 encourages recognition of new towns through "Towns of Export Excellence Scheme" and exporters through "Status Holder Scheme". The FTP 2023 is facilitating exports by streamlining the popular Advance Authorization and EPCG schemes, and enabling merchanting trade from India.

Process Re-Engineering and Automation

Greater faith is being reposed on exporters through automated IT systems with risk management system for various approvals in the new FTP. The policy emphasizes export promotion and development, moving away from an incentive regime to a regime which is facilitating, based on technology interface and principles of collaboration.

Considering the effectiveness of some of the ongoing schemes like Advance Authorisation, EPCG etc. under FTP 2015-20, they will be continued along with substantial process re-engineering and technology enablement for facilitating the exporters. FTP 2023 codifies implementation mechanisms in a paperless, online environment, building on earlier 'ease of doing business' initiatives. Reduction in fee structures and IT-based schemes will make it easier for MSMEs and others to access export benefits.

Duty exemption schemes for export production will now be implemented through Regional Offices in a rule-based IT system environment, eliminating the need for manual interface. During the FY23-24, all processes under the Advance and EPCG Schemes, including issue, re-validation, and EO extension, will be covered in a phased manner. Cases identified under risk management framework will be scrutinized manually, while majority of the applicants are expected to be covered under the 'automatic' route initially.

Towns of Export Excellence

Four new towns, namely Faridabad, Mirzapur, Moradabad, and Varanasi, have been designated as Towns of Export Excellence (TEE) in addition to the existing 39 towns. The TEEs will have priority access to export promotion funds under the MAI scheme and will be able to avail Common Service Provider (CSP) benefits for export fulfillment under the EPCG Scheme. This addition is expected to boost the exports of handlooms, handicrafts, and carpets.

Recognition of Exporters

Exporter firms recognized with 'status' based on export performance will now be partners in capacity-building initiatives on a best-endeavor basis. Similar to the 'each one teach one' initiative, 2-star and above status holders would be encouraged to provide trade-related training based on a model curriculum to interested individuals.

This will help India build a skilled manpower pool capable of servicing a $5 Trillion economy before 2030. Status recognition norms have been re-calibrated to enable more exporting firms to achieve 4 and 5-star ratings, leading to better branding opportunities in export markets.

Promoting export from the districts

The FTP aims at building partnerships with State governments and taking forward the Districts as Export Hubs (DEH) initiative to promote exports at the district level and accelerate the development of grassroots trade ecosystem. Efforts to identify export worthy products & services and resolve concerns at the district level will be made through an institutional mechanism – State Export Promotion Committee and District Export Promotion Committee at the State and District level, respectively.District specific export action plans to be prepared for each district outlining the district specific strategy to promote export of identified products and services.

Streamlining SCOMET Policy

India is placing more emphasis on the "export control" regime as its integration with export control regime countries strengthens. There is a wider outreach and understanding of SCOMET (Special Chemicals, Organisms, Materials, Equipment and Technologies) among stakeholders, and the policy regime is being made more robust to implement international treaties and agreements entered into by India.A robust export control system in India would provide access of dual-use High end goods and technologies to Indian exporters while facilitating exports of controlled items/technologies under SCOMET from India.

Facilitating E-Commerce Exports

E-commerce exports are a promising category that requires distinct policy interventions from traditional offline trade. Various estimates suggest e-commerce export potential in the range of $200 to $300 billion by 2030. FTP 2023 outlines the intent and roadmap for establishing e-commerce hubs and related elements such as payment reconciliation, book-keeping, returns policy, and export entitlements.

As a starting point, the consignment wise cap on E-Commerce exports through courier has been raised from ₹5Lakh to ₹10 Lakh in the FTP 2023. Depending on the feedback of exporters, this cap will be further revised or eventually removed. Integration of Courier and Postal exports with ICEGATE will enable exporters to claim benefits under FTP.

The comprehensive e-commerce policy addressing the export/import ecosystem would be elaborated soon, based on the recommendations of the working committee on e-commerce exports and inter-ministerial deliberations. Extensive outreach and training activities will be taken up to build capacity of artisans, weavers, garment manufacturers, gems and jewellery designers to onboard them on E-Commerce platforms and facilitate higher exports.

Facilitation under Export Promotion of Capital Goods (EPCG) Scheme

The EPCG Scheme, which allows import of capital goods at zero Customs duty for export production, is being further rationalized. Some key changes being added are:

- Prime Minister Mega Integrated Textile Region and Apparel Parks (PM MITRA) scheme has been added as an additional scheme eligible to claim benefits under CSP(Common Service Provider) Scheme of Export Promotion capital Goods Scheme(EPCG).
- Dairy sector to be exempted from maintaining Average Export Obligation – to support dairy sector to upgrade the technology.
- Battery Electric Vehicles (BEV) of all types, Vertical Farming equipment, Wastewater Treatment and Recycling, Rainwater harvesting system and Rainwater Filters, and Green Hydrogen are added to Green Technology products – will now be eligible for reduced Export Obligation requirement under EPCG Scheme

Facilitation under Advance authorization Scheme

Advance authorisation Scheme accessed by DTA units provides duty-free import of raw materials for manufacturing export items and is placed at a similar footing to EOU and SEZ Scheme. However, the DTA unit has the flexibility to work both for domestic as well as export production. Based on interactions with industry and Export Promotion councils, certain facilitation provisions have been added in the present FTP such as

Special Advance Authorisation Scheme extended to export of Apparel and Clothing sector under para 4.07 of HBP on self-declaration basis to facilitate prompt execution of export orders – Norms would be fixed within fixed timeframe.

Benefits of Self-Ratification Scheme for fixation of Input-Output Norms extended to 2 star and above status holders in addition to Authorised Economic Operators at present.

Merchanting trade

To develop India into a merchanting trade hub, the FTP 2023 has introduced provisions for merchanting trade. Merchanting trade of restricted and prohibited items under export policy would now be possible. Merchanting trade involves shipment of goods from one foreign country to another foreign country without touching Indian ports, involving an Indian intermediary. This will be subject to compliance with RBI guidelines, and won't be applicable for goods/items classified in the CITES and SCOMET list. In course of time, this will allow Indian entrepreneurs to convert certain places like GIFT city etc. into major merchanting hubs as seen in places like Dubai, Singapore and Hong Kong.

Amnesty Scheme

Finally, the government is strongly committed to reducing litigation and fostering trust-based relationships to help alleviate the issues faced by exporters. In line with "Vivaad se Vishwaas" initiative, which sought to settle tax disputes amicably, the government is introducing a special one-time Amnesty Scheme under the FTP 2023to address default on Export Obligations. This scheme is intended to provide relief to exporters who have been unable to meet their obligations under EPCG and Advance Authorizations, and who are burdened by high duty and interest costs associated with pending cases.

All pending cases of the default in meeting Export Obligation (EO) of authorizations mentioned can be regularized on payment of all customs duties that were exempted in proportion to unfulfilled Export Obligation. The interest payable is capped at 100% of these exempted duties under this scheme. However, no interest is payable on the portion of Additional Customs Duty and Special Additional Customs Duty and this is likely to provide relief to exporters as interest burden will come down substantially. It is hoped that this amnesty will give these exporters a fresh start and an opportunity to come into compliance.

Source: pib.gov.in- Mar 31, 2023

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Textile industry welcomes FTP

The Foreign Trade Policy (FTP) announced on Friday and which will come into effect from Saturday (April 1) is a growth oriented one, according to the textile industry here.

T. Rajkumar, chairman of the Confederation of Indian Textile Industry, says the new policy will bring transformative changes in India's trade through technology, automation, and continuous process re-engineering. It will pave the way for Indian exporters to take care of the various emerging global and economic challenges.

Textile and apparel sector contribute to about 9 % of the country's total merchandise exports. Logistics time plays an important role for textile and garment exporters and online approvals will reduce the processing time for the sector.

According to Federation of Indian Export Organisations president A. Sakthivel, the new FTP will boost trade, manufacturing activities, exports, and ease of doing business and promote rupee as global currency. It maintains policy continuity with a window for the trade and industry to represent to the government the challenges that come with the emerging situation in world trade.

Reduction in user charges for MSMEs under Advance Authorisation and EPCG, e-certificate of origin, paperless filing of export obligation discharge applications would not only reduce the transaction time and cost for the exporters, but also help execute export contracts on time, he said.

Chairman of Cotton Textiles Export Promotion Council Sunil Patwari said the new amnesty scheme for one-time settlement of defaults in export obligation by Advance and EPCG authorisation holders would benefit the exporters.

Revising the export performance threshold would ensure higher recognition and brand image for the "Status Holders". He urged the government to enhance the time to avail of pre and post shipment credit to exporters, remove import duty on raw cotton, and re-instate Interest Equalisation Scheme to original levels of 3% for 410 items.

Ravi Sam, chairman of Southern India Mills' Association, said continuing the EPCG scheme and Special Advance Authorisation Scheme for the textile and clothing industry was a welcome move as the industry heavily depended on import of textile machinery and also raw materials to bridge the gap in the supply-demand.

Capping interest to 100%, excluding additional and special additional duty from the export obligation and waiving penalty, would benefit the spinning sector. Further, decentralising export promotion activities by making each district an export hub with e-commerce and inclusive growth initiative would benefit the MSME exporters, he said.

Source: thehindu.com- Mar 31, 2023

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Texprocil seeks to enhance time limit for shipment credit

The Cotton Textile Export Promotion Council has urged the government to enhance the time period for availing pre- and post-shipment credit to exporters and re-instate interest equalisation scheme to original levels of 3 per cent for 410 items.

Welcoming the new foreign trade policy, the Council urged the government to increase in RoDTEP rates for certain categories of made-up products (Home Textiles) falling under Chapter 94.

Sunil Patwari, Chairman, Texprocil, said though there are many initiatives in the FTP 2023 address many of the issues faced by exporters, there are still some areas that need to be addressed immediately to promote export of cotton textiles.

The government should extend the facility of duty-free imports of trimmings, embellishments and other specified items to exporters of made-ups and remove the import duty on raw cotton, he said.

Patwari said FTP has no end date with allowance provided for any dynamic or real time amendments. Other policy features such as moving from incentives to remission, focussing on export promotion through collaboration with exporters, states, districts and Indian Missions will help exporters.

Ease of doing business

Promoting ease of doing business and emphasising on emerging areas such as e-commerce and export hubs will provide necessary relief to the exporters who were badly hit due to the various disruptions in the economic activities.

The FTP has further introduced the new amnesty scheme for one-time settlement of defaults in export obligation by Advance and EPCG authorisation holders.

The government's approach to bring digitization of applications related to Advance Authorisation/ EPCG/DFIA/Import & Export Licensing, automatic system-based approvals of applications will improve the ease of doing business and reduce transaction costs for exporters, said Patwari.

The move to make rupee a global currency and allowing international trade settlement in the domestic currency will help in internationalising the Indian currency in the long run. The FTP benefits have been extended to e-commerce exports, which are estimated to grow to $200-300 billion by 2023, he said.

Source: thehindubusinessline.com- Mar 31, 2023

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Exports did not increase beyond particular band with incentive schemes, says DGFT

The Foreign Trade Policy 2023, announced on Friday, seeks to focus on tax remission (rather than incentives), promote districts as export hubs, extend measures to aid MSMEs and boost exports of e-commerce. In an interaction with businessline, Director General of Foreign Trade Santosh Sarangi explains the details of some of the initiatives and how these can help the country aim for $2 trillion of exports by 2030. Excerpts:

FTP 2023 talks about moving way from incentive regime to remission-based regime. Could you please elaborate?

Moving away from incentive regime to remission-based regime is one of the major pillars of the FTP. Remission regime is based on the entitlement of exporters where taxes and duties paid in the process of exports are not to be exported. They are to be refunded. We will strengthen the remission-based regime. And this will be fully compatible with WTO provisions.

But won't moving away from incentive regime have an adverse effect on the country's exports?

Our incentive-based schemes have been going on for a long time. However, our exports did not increase beyond a particular band when those schemes were being implemented. But when we stopped subsidy and moved to remission schemes, we saw that exports increased quite a bit. We believe that our exporters should adopt principle of Aatmanirbhar Bharat and try to increase their competitiveness in open market.

Even when exporters get incentives, if work is not done to strengthen supply chain, then it doesn't work. That is why there is a lot of thrust on the PLI scheme and the National Logistics Policy. These will help our suppliers become more competitive, reduce logistics cost and allow us to be more competitive globally. This is what is needed for export growth.

What is the idea behind district as export hub scheme? How much resources will be allotted and how will it different from the one district one product scheme?

District export hub initiative will bring in focus facilitation of exports at the district level. To begin with, we will focus on 75-100 districts (out of about 750 districts). In the first year, we will create institutional mechanisms. We will get regional office of DGFT to work with the district team to prepare proper district export action plan and to have regular meetings to address problems of exporters. Money allocation will happen after district export action plan is in place.

As an initiative, district export hub is similar to ODOP, but it will also cover services and more than one product. For example, if medical tourism is seen as an area with high potential, it can be covered under DEHS.

How will the amnesty scheme for exporters pan out?

The amnesty scheme has been introduced for one time settlement of default in export obligation by Advance Authorisation and EPCG authorisation holders.

All pending cases of the default in meeting Export Obligation (EO) of authorisations, between 2009 and 2014, can be regularised by the authorisation holder on payment of all customs duties that were exempted in proportion to unfulfilled EO and interest at the rate of 100 per cent of such duties exempted. No interest will have to be paid on the portion of Additional Customs Duty and Special Additional Customs Duty.

We will create an online platform for people who intend to avail this where they can register themselves. Once they register, they will get six months to do this. We will give them about 15-20 days to register and then six months. The online platform will be in place by the first week of April.

How is the fee regime being changed to help MSMEs?

The earlier regime had higher application fee for the AA and EPCG schemes. For getting licences of ₹ 10 crore, the industry had to pay licence fee of ₹1 lakh. Now, we have ensured that MSMEs don't have to pay that kind of fees. Application fee for them will range from ₹1,000 to ₹5,000. This will benefit about 55-60 per cent of MSME exporters.

How will e-commerce zones facilitate exports?

An inter-ministerial group, comprising officials from departments of revenue, post and the DGFT, is working on that. The zones will try to facilitate processing and packaging. Exports can be allowed through green channel, The return policy will also be made easier. The zones will also provide banking channel facilitation including pre-shipment and post-shipment credit. All these measures are likely to help boost e-commerce exports.

Source: thehindubusinessline.com- Mar 31, 2023

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Govt reinforces the amendment of provisions of the Exporter Importer Code

The Centre has reinforced the amendment of the provisions of the Exporter Importer Code (IEC) wherein a company or an individual needs to update IEC details in the Directorate General of Foreign Trade (DGFT) portal every year. Originally, this code was a one-time affair like a PAN card. Without the IEC, a company or an individual cannot import or export goods.

A notice by the DGFT said that an IEC holder has to ensure that the details in its IEC are updated electronically every year April-June period. In case, where there is no change in IEC details, the same also needs to be confirmed online.

Further, an IEC shall be de-activated, if it is not updated within the prescribed time. An IEC so de-activated may be activated, on its successful update. An IEC may be also flagged for scrutiny. The IEC holder is required to ensure that any risks flagged by the system are timely addressed, failing which the IEC shall be de-activated, the notice said.

Also read: Govt proposes FTP benefits, dedicated zones to boost e-commerce exports

While a section of the trade welcomed the amendment stating it would help in better tracking of genuine importers and exporters, another section felt that it would put pressure on the IEC holder to update it every year.

A source said that IEC is a mandated document for any import/export or importer/exporter to process their exim cargo through Customs. This is required for monitoring, statutory, and statistical purposes by the issuing authority - the DGFT under the Ministry of Commerce.

It used to be a one-time/lifetime certificate assigned by DGFT and post introduction of GST, there was a requirement for all IEC holders to revalidate their IEC aligning with the GST Number.

Many trade facilitation measures extended to exporters and importers are linked online to IEC, which automatically triggers facilitation with some checks and balances.

In a notification issued in August 2021, the DGFT mandated that all IEC holders ensure that information in their IEC is updated electronically every year during April and June. This has been reinforced by the DGFT as it is an initiative to prune out inactive/incorrect IEC and to have a better monitoring system.

Though such yearly updation is online and cost-free, there are some concerns if by oversight the updation is missed out by some IEC holders. There is also an opinion that there is nothing wrong as serious players would in any case follow such requirements, the source said.

Another source said that if inadvertently not updated, the system will automatically block any export or import filing.

Source: thehindubusinessline.com- Mar 31, 2023

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Foreign Trade Policy (FTP) 2023 Highlights

FTP Highlights

- Four new towns of export excellence declared
- Continuation of export promotion schemes
- Reduction in user charges for MSMEs under EPCG/AA schemes
- Rationalisation of status holder export thresholds to benefit smaller exporters
- FTP benefits for settlement of trade in Indian rupees
- All FTP benefits for e-commerce exports
- Value limit for export through courier increased to ₹10,00,000 per consignment
- PM Mitra scheme to be eligible for EPCG benefits
- Battery electric vehicles, green hydrogen, etc to have reduced EPCG export obligation
- Dairy to be exempt from maintaining average export obligation
- Special Advance Authorization Scheme for the apparel sector
- Revamp e-certificate of origin to provide for self-certification
- Paperless filing of export obligation discharge applications

Source: thehindubusinessline.com- Mar 31, 2023

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Why the answer to India's export and employment worries may lie in R&D

In his thoroughly engaging book (The Struggle and the Promise: Restoring India's Potential), Naushad Forbes underlines the message that has been the focus of his monthly column in Business Standard: The importance of innovation, and research and development (R&D). Within that broader discussion, he looks specifically at how poorly India's companies rank when it comes to R&D expenditure in relation to sales and to profits, and how much they now lag behind companies in other countries. This, despite India's pattern of industrial development having started out as more technology- and skill-intensive than in the typical developing economy.

The book considers several reasons for this (restrictive government policy, small size of companies, etc) but seems to settle on the verdict by Ashok Desai (a former columnist with this paper), that a major reason for the lack of technological dynamism in Indian firms has been management. At the function to launch the book on Friday, there was a brief discussion on whether this had something to do with caste.

An article in The Economist magazine in January last year had looked at the caste composition of Indians who get to the top of big, tech-oriented American firms, with Brahmins scoring very well. This contrasted (the magazine had pointed out) with the caste composition of India's "promoter"-driven corporate sector, where people from the Vaishya castes dominated. Could an explanation for the different approaches to R&D (the Forbes dichotomy, if you will), and which castes succeed where, lie in the knowledge-oriented nature of Brahmin occupations, compared to the Vaishya/Bania caste networks in India and their primary business focus on cash flow?

The author was not convinced, arguing that even the software services firms run in India by Brahmins spend very little on R&D. In his book, he gives the reason: They are services companies, not product firms. While he is right, it is true that these companies have steadily upped their revenue per employee to twice or even three times what it used to be. This tells us that they are doing much higher value-added work than in their initial days.

That cannot be said across the board for India's corporate sector, although it is true that product quality has improved vastly (due in part to competition from foreign companies). On their part, India's pharmaceutical firms have succeeded in reverse-engineering drugs coming out of patent protection; and the telecom firms have innovated to deliver their services at extremely low cost. But these remain the exceptions.

Why is this important? The answer is that India has followed, and is likely to continue following, a development path different from that of the countries of East Asia, which launched themselves with a flood of low-cost products from labour-intensive factories. Success in these industries is unlikely for India because there is scale manufacturing in only a handful of sectors, and they are not labour-intensive (like automobiles). There is also a peculiar duality: The poor educational attainments of much of factory labour co-existing with an abundance of cheap, educated, white-collar workers. The latter have underpinned the success of services exports, which have grown rapidly even when merchandise exports have stagnated. Thus, we have single-digit growth for merchandise exports in the last two years, but 60 per cent growth for services exports.

Ordinarily, the large deficit in merchandise trade would have pushed down the rupee's external value and made low-cost, labour-intensive manufacturing competitive. But the increasing flood of dollars from services exports props up the rupee and loads the dice against labour-intensive manufacturing, which already suffers from higher-cost infrastructure and the absence of scale. Even if "China plus One" offers some new labour-intensive opportunities, India's trading success may lie more with value-added exports, for which Dr Forbes's point about innovation and R&D becomes crucial.

This may not provide the many millions of jobs India needs, but the failure on the jobs front is a by-product of the missed opportunities of the past. Today, the future of employment might lie, counter-intuitively, in agriculture if India can adopt higher-value, employment-intensive farming practices that will increase productivity, jobs, and wages. For success in world-beating manufacturing, India has to invest in firm-level R&D and innovation.

Source: business-standard.com- Mar 31, 2023

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Low demand brings cotton yarn prices down in north India

North India's cotton yarn prices have eased by ₹2-5 per kg today due to lower demand from downstream industries. Cotton yarn prices have also decreased in Ludhiana and Delhi markets, but traders expect better demand in the next month, and they anticipate an upward movement in cotton yarn prices in the next fiscal. However, the Panipat market has noted a steady trend in prices, while 18 count recycled PC yarn prices were feeling the pressure due to lower demand from Uttar Pradesh.

In Ludhiana, cotton yarn prices have further decreased by ₹2 per kg due to weak demand from buyers. "Buyers were absent from the market as the current fiscal is ending. The demand is likely to pick up next week. Buyers will plan for production in next fiscal," a trader from Ludhiana market told Fibre2Fashion.

The 30 count cotton combed yarn was sold at ₹276-286 per kg (GST inclusive); 20 and 25 count combed yarn were traded at ₹266-276 per kg and ₹270-280 per kg respectively; and carded yarn of 30 count was noted at ₹255-265 per kg in Ludhiana, according to Fibre2Fashion's market insight tool TexPro.

In Delhi, cotton yarn prices have eased by ₹5 per kg due to muted demand as buyers remained silent in the last few days of March. "The market will bottom out very soon. Cotton yarn witnesses better lifting in the first month of new fiscals.

The prices are likely to see some improvement," a trader from Delhi told F2F. In this market, 30 count combed yarn was traded at ₹280-285 per kg (GST extra), 40 count combed at ₹310-315 per kg, 30 count carded at ₹255-260 per kg and 40 count carded at ₹285-290 per kg.

The Panipat recycled yarn market noted a steady trend in prices, but demand from end consumers was very limited, leading to bearish trading. The 18-count recycled PC yarn was feeling pressure due to heavy stock, which mills produced in large quantities in anticipation of good demand from Uttar Pradesh. However, demand was lower than expected, as per trade sources.

In Panipat, 10s recycled PC yarn (grey) was traded at ₹88-92 per kg (GST extra); 10s recycled PC yarn (black) was traded at ₹60-65 per kg; 20s recycled PC yarn (grey) at ₹100-105 per kg and 30s recycled PC yarn (grey) at ₹150-155 per kg. Comber prices were noted at ₹140-142 per kg and recycled polyester fibre (PET bottle fibre) was noted at ₹73-75 per kg, as per TexPro.

North India's cotton prices remained steady amid sluggish demand. Cotton arrival was also stable at 9,000 bales of 170 kg. According to the traders, cotton arrival will be limited as the season is ending and north Indian farmers do not have a large stock to sell. Demand was also limited due to price disparity. Cotton was traded at ₹6,125-6,225 per maund of 37.2 kg in Punjab and Haryana and ₹6,325-6,425 per maund in upper Rajasthan, and at ₹58,500-60,500 per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com- Mar 30, 2023

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