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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Global business situation shows downward trend: GTIS

The overall worldwide business situation has followed a downward trend since its peak at 26 percentage points (pp) in November 2021, a recent International Textile Manufacturers Federation (ITMF) Global Textile Industry Survey (GTIS) showed. The question on business situation yields a negative result for the fifth consecutive time—since June 2022.

On average, 18 per cent of participating companies described their current business situation as ‘good’, 41 per cent judged it ‘satisfactory’, and 40 per cent considered it ‘poor’. The higher share of ‘poor’ compared to ‘good’ yields a negative value and business situation further deteriorated from -19pp in January 2023 to -22pp in March 2023. Interestingly, the share of participants judging the situation ‘satisfactory’ remained rather stable over time, at 42 per cent on average, according to the 19th ITMF GTIS, which was conducted in the second half of March 2023.

Companies around the world and across all segments are faced with a ‘perfect storm’-scenario. On the one side, many costs remain high (raw and intermediate materials) or are still rising like labour costs (higher minimum wages and high wage increases). Furthermore, higher capital costs (due to higher interest rates) are another burden for both the working capital and planned investments.

Energy costs only slowly are coming down due to time-lags in passing the lower spot-prices for energy. On the other hand, demand is relatively weak in most regions due to high inflation rates and cautious consumers that are also struggling with higher interest rates for consumer credits. Inflation rates are falling slower than expected due to rising price levels in general.

Many companies have passed on higher energy prices with a certain delay. It is feared that also higher labour costs will be passed on eventually, which could lead to price-wage-spiral that keeps the inflation rate higher than wanted and might force the central banks to keep interest rates increasing. Of course, the uncertainty about the repercussions of the smaller US banks that had to be rescued and about Credit Suisse, a large international bank in Switzerland, which had to be rescued by the state and its competitor UBS did not help to improve the overall mood.

Regional differences remain strong, improving from East to West. The business situation is still very challenging in Asia where very poor business situations were recorded in all three sub-regions. Trends in Asia are negative with exception of South-East Asia.

The indicator for business situation in Europe continues the steady downward path which commenced in the beginning of 2022. High volatility characterises the indicator for business situation in Africa. It now moved to positive territory. Both regions in the Americas reported a steady and continued business deterioration since mid-2022 but remained still in positive territory albeit close to zero (North America) or actually at zero (in South America).

Upstream segments are reporting the strongest weakening in business climate. After holding strongly in positive territory for the longest period, textile machinery manufacturers have now caught up with other segments and record a negative balance. Spinners experienced an improvement in business situation at the end of 2022 until January 2023, but this effect didn't last. In March 2023 they reported a new decline.

The situation for weavers/knitters and the segments further down the value chain is still negative, albeit not following a downward trend. Home textile producers constitute an exception as the indicator for business situation has now plunged to the lowest level ever recorded for this segment.

Source: fibre2fashion.com- Apr 13, 2023

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2023 global growth projected to drop to 2.1%: UNCTAD report

Developing countries are facing years of difficulty as the global economy slows down amid heightened financial turbulence, cautions the latest Trade and Development Report Update released by the United Nations Conference on Trade and Development (UNCTAD). It projects global growth this year will drop to 2.1 per cent compared to the 2.2 per cent projected in September 2022.

It assumes that the financial fallout from higher interest rates is contained to the bank runs and bailouts of the first quarter.

Annual growth across large parts of the global economy will fall below the performance registered before the pandemic and well below the decade of strong growth before the global financial crisis, it says.

UNCTAD estimates that interest rates hikes will cost developing countries more than $800 billion in foregone income over the coming years.

Developing countries are facing the crushing effect of soaring debt, interest rate hikes, high food prices and insufficient liquidity, an UNCTAD release said.

Many developing countries face a deepening development crisis as soaring debt levels and higher servicing costs squeeze productive investment in both the public and private sectors. A shortfall of international liquidity has already turned unforeseen shocks into a vicious financial cycle in some countries, UNCTAD noted in its report.

UNCTAD has found that 81 developing countries (excluding China) lost $241 billion in international reserves in 2022, an average decline of 7 per cent, with over 20 countries experiencing a drop of over 10 per cent and in many cases exhausting their recent addition of special drawing rights (SDRs).

Meanwhile, borrowing costs, measured through sovereign bond yields, increased from 5.3 per cent to 8.5 per cent for 68 emerging markets. Overall, external creditors' pressure on developing countries to reduce fiscal deficits is expected to increase.

UNCTAD highlights that debt distress will result in a development crisis and wider inequalities, with 39 countries paying more to their external public creditors than what they received in new loans, causing an adverse impact on public investments and social protection.

Over the last decade, debt servicing costs have consistently increased relative to public expenditure on essential services. The number of countries spending more on external public debt service than healthcare increased from 34 to 62 during this period.

UNCTAD says that even if financial conditions stabilize, the slowdown in economic growth in many developing countries combined with the end of the cheap money era points to future rounds of debt distress.

Hence, UNCTAD has called for a bold agenda to support developing countries by overhauling global debt architecture, ensuring greater liquidity and through more robust financial regulations.

Source: fibre2fashion.com- Apr 14, 2023

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Euro area's industrial production jumps 2% YoY in Feb 2023

In February 2023, industrial production increased by 2.0 per cent year-on-year (YoY) in the euro area and by 2.1 per cent YoY in the European Union. The seasonally adjusted industrial production increased by 1.5 per cent month-on-month (MoM) in the euro area and by 1.4 per cent MoM in the EU. In January 2023, industrial production increased by 1.0 per cent in the euro area and by 0.4 per cent in the EU.

In the euro area in February 2023, compared with January 2023, production of nondurable consumer goods grew by 1.9 per cent, intermediate goods and energy both by 1.1 per cent, and durable consumer goods by 0.2 per cent, according to estimates from Eurostat, the statistical office of the EU.

In the EU, production of non-durable consumer goods grew by 2.4 per cent, energy by 1.2 per cent, intermediate goods by 0.6 per cent, and durable consumer goods remained stable. Among member states for which data are available, the highest monthly increases were registered in Belgium at 6.1 per cent, Luxembourg at 4.9 per cent, and Greece at 4.8 per cent. The largest decreases were observed in Slovenia at -3.6 per cent, Finland at -2.3 per cent, and Portugal at -2.0 per cent.

In the euro area in February 2023, compared with February 2022, production of non-durable consumer goods rose by 3.3 per cent, while production of energy fell by 3.3 per cent, durable consumer goods by 3.5 per cent, and intermediate goods by 4.9 per cent.

In the EU, production of non-durable consumer goods rose by 5.8 per cent, while production of energy fell by 4.2 per cent, durable consumer goods by 5.1 per cent, and intermediate goods by 5.4 per cent. Among member states for which data are available, the highest annual increases were registered in Ireland at 25.3 per cent), Malta at 17.1 per cent, and Denmark at 15.7 per cent. The largest decreases were observed in Estonia at -7.4 per cent, Lithuania at -6.9 per cent, Slovakia and Romania, both at -4.7 per cent.

Source: fibre2fashion.com- Apr 14, 2023

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Turkiye's apparel exports to US double in 5 years; $798 mn in 2022

Turkiye's exports to the US reached $3 billion during the first quarter (Q1) of the current year. Trade data shows that Turkiye's apparel exports to the US successfully maintained an upward trend over the last five years, even defying the impact of COVID-19 in 2020. Outbound shipments doubled to $798.461 million in 2022, up from $392.274 million in 2018.

Apparel exports to the US continued to grow in previous years, $435.846 million in 2019, $548.212 million in 2020, $670.220 million in 2021, and $798.461 million in 2022. Exports were recorded at $126.911 million in the first two months of the current year, according to Fibre2Fashion's market insight tool TexPro.

On a quarterly basis, exports stood at $199.795 million in Q4 2022, $210.178 million in Q3 2022, $193.781 million in Q2 2022, $194.706 million in Q1 2022, and $200.730 million in Q4 2021.

Fabric exports from Turkey to the US increased to $163.422 million in 2022, up from $129.050 million in 2021. Fabric exports dipped to $90.948 million in 2020 from $105.552 million in 2019 but rebounded in 2021 to reach $129.050 million. The trade was recorded at $114.158 million in 2018, as per TexPro.

Source: fibre2fashion.com – Apr 15, 2023

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41% of global companies optimistic about biz situation: ITMF Survey

On average across all regions, 41 per cent of companies expect a 'more favourable' business situation in six months' time and only 19 per cent expect it to be 'less favourable'—a regain in optimism since January 2023. The difference between these values yields a positive balance of 22 percentage points (pp), as per a recent survey by the International Textile Manufacturers Federation (ITMF).

The two positive 'shocks' explaining the expectations upswing in January 2022, i.e., a much better energy situation than expected (especially in Europe) and additional global growth impulse from China's sudden ending of its zero-COVID-policy, have not (yet) translated into real gains and ease of business for most producers. The additional increase in optimism recorded in March 2023 stands in strong contrast to the current continued deterioration of the current business situation, according to the 19th ITMF Global Textile Industry Survey (GTIS).

Nevertheless, the persistent optimism about the mid-term future signals that many companies are still of the opinion that business should improve in the second half of 2023. Whether companies think that the situation cannot get much worse and therefore are hoping for a better business environment or whether they are anticipating a well-founded normalisation of business activities remains to be seen.

After a period of boom and bust in 2021-2022 a normalisation can be expected. Inventories along the supply chain have been coming down closer levels deems 'normal' in recent months. With inflation rates coming down—albeit slower than hoped—consumers should feel more comfortable, especially given the fact that unemployment rates are and remain very low in many important consumer markets. Of course, the very fast rise of interest rates caused problems for consumers and manufacturers alike. But higher interest rates could also be seen as one part of a more normal business environment as well.

The indicator for business expectations is positive in all regions. It was negative in the three Asian sub-regions and Europe (including Turkiye) for a very long time but has now broken into positive territory in all these places.

North and Central America recorded a level close to 0 pp for at least six months. This is not coming as a surprise as the business situation in this region was very good since the start of the GTIS in May 2021. Hence, it is normal that companies do not expect an even better business environment.

South America (i.e., mainly represented by Brazil) has always been the most optimistic region in this survey. This indicator for business expectations has nevertheless decreased a little but is still expected to be favourable in September 2023. The sentiment across segments is very similar. They have all recorded a strong and sustained increase in optimism in the last few months, except weavers/knitters. Companies in this segment reported improved expectations on average but the share of weavers/knitters anticipating the situation to be less favourable by September 2023 is still greater than those that are optimistic about it.

Source: fibre2fashion.com– Apr 14, 2023

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US freight transportation services index rises by 1.4% in Feb 2023

The US freight transportation services index (TSI) rose by 1.4 per cent in February this year over January, rising after a one month decline, according to the US department of transportation's Bureau of Transportation Statistics (BTS). From February last year to February this year, the index fell by 0.8 per cent.

Freight TSI is based on the amount of freight carried by the for-hire US transportation industry.

The level of for-hire freight shipments in February measured by the freight TSI (138.7) was 2 per cent below the all-time high level of 141.5 in August last year. The January index was revised to 136.8 from 137.8 in last month's release.

The freight TSI increased due to seasonally-adjusted increases in rail intermodal, water, air freight and trucking, while rail carload and pipeline declined. The Institute for Supply Management manufacturing (ISM) index was up by 0.3 point to 47.7 in February, indicating continued contraction in manufacturing.

The February freight index increase followed a January decrease and was 0.7 per cent above the December level. This was only the third increase in seven months, for an overall decrease of 1.1 per cent since July, a BTS release said.

It was the 12th month-over-month increase in 18 months, for a total increase of 3.3 per cent since August 2021.

The February freight TSI is 11.9 per cent above the pandemic low in April 2020; it has increased in 21 of the 34 months since that low.

The index is now 1.8 per cent below its previous record level of 141.2 set in August 2019, despite increasing in 21 of the 42 months since that earlier peak.

Source: fibre2fashion.com – Apr 14, 2023

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Italy's industrial production index falls in Feb; biz confidence grows

Italy's industrial production index decreased by 0.2 per cent in February with respect to January for the second month in a row. Between December 2022 and February this year, however, the index had increased marginally by 0.3 per cent.

Perspectives for the country's economy remain positive. In March, consumer confidence increased further and business confidence growth resumed after having stabilised in February.

The country's exports last year performed in line with the European Union (EU) average and better than those of France and Germany.

In January this year, seasonally-adjusted data increased marginally for exports compared to December last year. Exports remained, however, on higher value than in January 2022, the country's official statistical agency said in a release.

In February, exports to non-EU27 countries increased by 17 per cent and imports decreased by 6.8 per cent compared with the same month of the previous year.

In March, according to preliminary estimates, the Italian harmonised index of consumer prices (HICP) increased by 8.2 per cent on annual basis keeping unchanged the positive differential with euro area inflation.

The number of unemployed people in February decreased, while employed and inactive persons remained stable. Employment stabilised in February with respect to the previous month synthetising an increase for men and self-employed and a decrease for women and temporary workers.

The unemployment rate remained unchanged at 8 per cent during February this year.

Source: fibre2fashion.com – Apr 14, 2023

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China's Q1 foreign trade hits $1.44 trn, up 4.8% YoY

China's foreign trade surged 4.8 per cent year-on-year (YoY) to 9.89 trillion yuan (around $1.44 trillion) in the first quarter (Q1) of 2023, as per the General Administration of Customs (GAC). The country's exports rose by 8.4 per cent YoY to 5.65 trillion yuan, while imports rose 0.2 per cent to 4.24 trillion yuan.

China's biggest trading partner, the Association of Southeast Asian Nations (ASEAN), saw its trade with China rise 16.1 per cent YoY to 1.56 trillion yuan, accounting for 15.8 per cent of China's total foreign trade value. China's imports and exports to the European Union, US, Japan, and South Korea, which accounted for 35.6 per cent of its foreign trade, reached 1.34 trillion yuan, 1.11 trillion yuan, 546.41 billion yuan, and 528.46 billion yuan, respectively, during the same period, local media reports said quoting the GAC.

China's imports and exports with economies involved in the Belt and Road Initiative surged by 16.8 per cent YoY to account for 34.6 per cent of its foreign trade between January and March. Meanwhile, trade with other participating countries of the Regional Comprehensive Economic Partnership grew by 7.3 per cent compared to Q1 2022.

Source: fibre2fashion.com - Apr 14, 2023

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Brazil 2nd largest cotton supplier for China with 29% share

The Brazilian President, Luiz Inacio Lula da Silva, is currently visiting China with the aim of deepening economic ties between the two countries and exploring new opportunities. Brazil and China are major trade partners, with Brazil being the second-largest cotton supplier to China after US.

In 2022, China imported cotton worth $5.233 billion, and Brazil's contribution was valued at $1.534 billion, representing 29.33 per cent of the total cotton import for that year. Conversely, China is a significant source of apparel imports for Brazil.

Brazil was the largest supplier of cotton for China after the US, which supplied 58.30 per cent of its total cotton imports, as per Fibre2Fashion's market insight tool TexPro.

China's cotton imports from Brazil have shown a consistent increase over the past six years. In 2017, the value of imports was only $121.515 million. However, it rose significantly by 199.23 per cent to $363.616 million in 2018, followed by another increase of 156.07 per cent to $931.126 million in 2019. In 2020 and 2021, the imports further rose to $1,040.909 million and $1,211.373 million, respectively.

On the other hand, China supplied 51.65 per cent of the apparel imported by Brazil, which was valued at $1.615 billion in 2022. In the same period, Brazil imported apparel worth $834.268 million from China. However, Brazil's apparel import from China has been decreasing in recent years. It was $1,034.531 million in 2018 but decreased by 11.46 per cent to $916.012 million in 2019, followed by a further decline of 34.06 per cent to $604.054 million in 2020, and a 9.28 per cent drop to $547.989 million in 2021, as per TexPro.

Brazilian President has said that he will invite Chinese President Xi Jinping to show him projects for which the south American country wants to attract Chinese investment, according to media reports.

Source: fibre2fashion.com - Apr 14, 2023

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Bangladesh explores textile sourcing opportunities in India

Bangladesh, which exports garments worth $3.9 billion a month, targets $100 billion annual exports in the coming years and is looking for suppliers of yarn and fabric from India.

Bangladesh, which currently imports yarn and fabric from China, India, and Vietnam, wants to increase its sourcing from Tamil Nadu and six delegates from BGMEA and Bangladesh Garments Executive Association visited the State recently and had an interactive meeting with Indian Texpreneurs Federation.

As many as 85 Indian textile entrepreneurs from the Federation attended the meeting and discussed the demand for blended fabrics and value added yarns, sustainability related certifications, sustainable practices, sourcing more from India, ready to cut processed fabrics, and demand for woven fabrics in Bangladesh.

According to Prabhu Dhamodharan, convenor of the Federation, Bangladesh wants to increase its apparel exports and source more woven fabric, and processed, ready-to-cut fabric of different fibres from India. The industry and trade in India will have to make use of the opportunity and need to be competitive to China in prices to tap the potential.

About 40 spinning mills and 60 fabric companies in the State are already supplying to Bangladesh. “They need raw material and we have the scope to supply,” he said.

The Bangladesh delegation visited clusters such as Surat and Delhi too.

Source: thehindu.com - Apr 13, 2023

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NATIONAL NEWS

India-UK FTA: Next round of talks on April 24-28, says Commerce Ministry

The next round of India-UK Free Trade Agreement (FTA) negotiations is scheduled on April 24-28, the Commerce Ministry said, indicating normalcy in trade relations between the two countries. "Bilateral interaction between the two Trade Ministers was held on March 1, 2023, to take stock of the progress in India-UK FTA negotiations. Eight rounds of negotiations have been completed till the end of March 2023," a Commerce Ministry official said.

Earlier this week, government sources had clarified that India had not suspended the FTA talks over the UK's failure to denounce vandalism by Sikh separatists outside the Indian High Commission in London last month, as reported by some sections of the British media. India and the UK have been negotiating an FTA since January 13, 2022, and had set a target of doubling bilateral trade to $100 billion by 2030.

"Problems and concerns keep emerging between countries and get settled. Trade moves on a separate track. The decision to derail trade is taken only after very serious consultations and it doesn't happen casually," a source said.

Ambitious pact

The source added that there is always a possibility that negotiating rounds may get delayed for a week or so due to some unavoidable engagements or developments at either end, but it must not be construed as a problem between the two countries. "When India decides to stop trade relations with a country, it would let it be known officially," the source said. The proposed India-UK FTA is an ambitious one covering 26 policy areas. "As many as 13 chapters have been closed so far," the Commerce Ministry official said. Investment is being negotiated as a separate agreement (Bilateral Investment Treaty), to be concluded simultaneously with the India-UK FTA.

Source: thehindubusinessline.com- Apr 13, 2023

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Sunak, Modi agree to expedite progress on India-UK FTA; Resolve 'outstanding issues': Downing Street

British Prime Minister Rishi Sunak spoke to Prime Minister Narendra Modi on Thursday and agreed to expedite progress to resolve "outstanding issues" in the India-UK free trade agreement (FTA) negotiations.

The phone call came against the backdrop of a media report earlier this week that claimed that India had halted the FTA negotiations with the UK until it sees tougher action against pro-Khalistan groups behind the attack on the Indian High Commission in London last month.

The reports had been swiftly denied on both sides.

In a readout of the call between the two leaders, Downing Street said that Sunak reiterated his condemnation of the “unacceptable” violence outside the Indian High Commission in London last month and updated Modi on the steps being taken to ensure the security of Indian diplomatic staff.

The Indian flag at the High Commission in London was pulled down during a protest by pro-Khalistani elements last month.

Prime Minister Modi raised the issue of the security of Indian diplomatic establishments in the UK during the telephonic conversation with his British counterpart Sunak and called for strong action against anti-India elements, a statement said in New Delhi.

According to it, Modi also sought progress on the return of economic offenders wanted in India. India is pursuing the extradition of beleaguered businessman Vijay Mallya and fugitive diamond merchant Nirav Modi from the UK.

Mallya, who fled to the UK in 2016, is wanted in India over a default of ₹9,000 crore that was loaned to Kingfisher Airlines by several banks. Nirav Modi is facing charges in the estimated $2 billion Punjab National Bank loan scam case.

According to the Downing Street spokesman, the two leaders agreed to follow up their discussions at the G7 meeting in Japan next month and the G20 Summit being hosted by India later in the year.

“The leaders reflected on the close friendship between the two countries, and agreed great progress was being made on the 2030 UK-India Roadmap," a Downing Street spokesperson said.

"Discussing ongoing negotiations on a UK-India Free Trade Agreement, the leaders reflected on the huge opportunities a deal would offer to Indian and British businesses and consumers. Both agreed to direct their teams to expedite progress to resolve outstanding issues and ensure a world-leading deal that would see both economies thrive,” the spokesperson said.

In New Delhi, MEA spokesperson Arindam Bagchi said on Thursday that the next round of talks between India and the UK on the proposed free trade agreement will take place later this month. Bagchi said the talks will take place around the period from April 24 to 28.

With reference to an attack by pro-Khalistan separatists at the Indian High Commission in London on March 19, the Downing Street spokesperson said that the British Prime Minister “reiterated his condemnation of the unacceptable violence outside the Indian High Commission in London”.

“He stressed that extremism had no place in the UK and updated on the steps being taken to ensure the security of Indian High Commission staff,” the Downing Street spokesperson said.

“The leaders shared their best wishes to those celebrating Vaisakhi in the UK and India tomorrow. Both looked forward to seeing each other at the G7 in Japan next month, as well as at the G20 in India later this year,” the spokesperson added.

“Both the UK and India are committed to delivering an ambitious and mutually beneficial FTA and concluded the latest round of trade talks last month,” said a UK Department for Business and Trade spokesperson.

According to official UK government statistics, the India-UK bilateral trading relationship was worth GBP 34 billion in 2022 — growing by GBP 10 billion in one year. These statistics are expected to be dramatically enhanced with a successful FTA.

Source: thehindubusinessline.com- Apr 14, 2023

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India will provide robust policy framework with retrospective changes: Piyush Goyal

Commerce and industry minister Piyush Goyal said that India will provide a robust and forward-looking policy framework with retrospective changes, and called for setting up high targets in the India-Italy partnership citing new potential in light of the recently elevated Strategic Partnership.

“The minister also mentioned that India will provide a very robust and forward-looking policy framework with retrospective changes,” the commerce and industry ministry said in a statement on Friday. At the CEOs Business Interactive session organised by the Confederation of Indian Industry (CII), he also said that there are about 700 Italian companies operating in India and this is the most opportune time to be in India.

Goyal said that India has witnessed 55% growth in the overall exports in the last two years. India-Italy bilateral trade was above $13 billion in 2021-22. During April-January 2022-23, India’s exports to Italy were $7.15 billion, while imports were $4.6 billion.

As per the statement, the Italian business was represented by giants like Sparkle, Elettronica, Piaggio, Lamborghini and ITA, among others. “They also mentioned that Italian companies are exploring various investment opportunities present in India,” the ministry said.

Goyal, who is visiting Italy, also met Adolfo Urso, Minister for Enterprises and Made in Italy and discussed a range of issues of mutual interest. “Both ministers acknowledged the complementarities and synergies between Make in India and Made in Italy initiatives and encouraged business communities of India and Italy to invest in each other's market and exchange on technology and innovation,” the ministry said.

Goyal pitched for enhancing Italian investments in dedicated freight corridors, ports, airports, and high-speed railway lines. Both sides highlighted the need to promote investments in sustainable mobility.

Source: economictimes.com- Apr 14, 2023

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Shri Piyush Goyal meets Italy's Deputy Prime Minister & Foreign Minister Mr. Antonio Tajani

Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles Shri Piyush Goyal met the Deputy Prime Minister and Minister of Foreign Affairs and International Cooperation in Foreign Office, Government of Italy, H.E. Mr. Antonio Tajani yesterday to review the entire gamut of bilateral trade and economic relations. Shri Goyal arrived in Rome yesterday for his two-day visit to Italy.

The Ministers exchanged views on how the India-Italy trade & economic partnership can be leveraged for growth across diverse sectors. During the meeting, both Ministers expressed happiness over elevation of the bilateral relations to the level of Strategic Partnership following the recent state visit of the Prime Minister of Italy, Ms. Giorgia Meloni to India.

Mr. Tajani suggested the formation of a Joint Working Group in the strategic areas such as space, technology, defence, agriculture, etc. to follow up on the important developments under these areas.

Both Ministers further expressed satisfaction at the high growth in bilateral trade between India and Italy, which has reached around US$ 16 Billion in 2022 and resolved to expand it further. Shri Goyal briefed Mr. Tajani on the progress made on India-EU FTA negotiation.

The Ministers underlined the importance of achieving a free, balanced and fair Free Trade Agreement and hoped that it would be concluded soon. They also agreed to the convening of the next session of the Joint Commission on Economic Cooperation (JCEC) in Rome in the last week of September 2023.

Mr. Tajani suggested strengthening the Parliamentary friendship group diplomacy between the Parliaments of the two countries and exploring scope for having a cyber dialogue.

Shri Goyal briefed Mr. Tajani about India's G-20 priorities and extended an invitation to him for the G20 Trade Ministers Meeting in India in August 2023. Mr. Tajani assured of his full support to make India's G20 Presidency successful.

Shri Goyal emphasized on enhancing the bilateral cooperation in the field of clean energy to achieve sustainability to mitigate the negative impact of climate change. He stated that developed countries make the low cost climate financing and technology available to the developing countries to deal with the climate change issue effectively.

Mr. Tajani gave the guided tour to Shri Goyal of the art gallery of Farnesina, the office of Foreign Ministry, Government of Italy.

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

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12th Session of India-Spain Joint Commission for Economic Cooperation in New Delhi

Commerce Secretary, Shri Sunil Barthwal, and Ms. Xiana Mendez, Secretary of State for Trade, Government of Spain co-chaired the 12th Session of India-Spain Joint Commission for Economic Cooperation (JCEC) on 13th April, 2023 in New Delhi. Both sides celebrated this Golden Jubilee edition of India-Spain Joint Commission mechanism which was established in 1972. During the past 50 years, a remarkable enhancement of bilateral trade and investment has taken place. With an investment of USD 3.7 Bn, 250 Spanish Companies are active in India and 40 Indian Companies are present in Spain working in different sectors such as IT, Pharma, Renewable Energy, Automobiles, Infrastructure etc.

Ms. Xiana emphasised the importance of India-Spain relationship and the Spanish partnership in India's development stories. Spanish side has reaffirmed the further cooperation in the various sectors including in the field of Civil Aviation such as Automation, Surveillance and NavAids, High Speed Railways, Railways networking, Signalling, Traffic management etc.

Both sides also agreed for further cooperation in the field of Renewable Energy, Shipping, Ports, Tourism, Infrastructure, Food Processing, Pharmaceuticals, Technology, Innovation, and Defence sector. The status of various MOUs were also reviewed including those of important interest for bilateral relations such as MOUs on Migration and Mobility, Agreement on Social Security, Cyber Security etc.

Both sides also discussed various Market Access Issues faced by their exporters and agreed to resolve the same through bilateral discussions. India and Spain are looking forward to a considerable progress in the ongoing India-EU FTA Negotiations during the upcoming Spanish Presidency of EU from July to December, 2023.

The Spanish side congratulated India on the excellent progress of the Indian presidency of the G20 so far and offered its support and cooperation for the success of G-20 TIWG.

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

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Goods exports in March fall 13.9%, trade deficit widens

India's goods exports in March 2023 fell 13.9 per cent (year-on-year) to $38.38 billion pulled down by major items such as petroleum products, engineering goods, ready-made garments, and chemicals, as trade deficit increased to a three-month high of $19.73 billion, per government data.

Imports during the month declined at a lower 7.9 per cent (year-on-year) to $58.11 billion with a steep fall in commodities such as petroleum and coal, according to quick estimates on exports and imports released by the Commerce Department on Thursday.

In FY23, goods exports registered a modest 6.03 per cent growth to $447.46 billion, owing mostly to the growth registered in the first quarter. "Exports of goods from India started getting affected since July 2022, in step with a slowdown in world trade, as high global inflation, rising interest rates, and growing uncertainty in Western economies hit demand. We have our fingers crossed for the coming months," a Delhi-based exporter told businessline.

Imports, meanwhile, increased 16.51 per cent to $714.24 billion during the last fiscal, thereby widening the trade deficit to $266.78 billion — an increase of 39.6 per cent over trade deficit of $191.05 billion recorded in the previous fiscal.

India's combined exports of goods and services in March 2023 declined 7.53 per cent to an estimated $66.14 billion as services exports registered a 2.9 per cent increase to an estimated $27.75 billion (value of services exports is an estimation to be revised when RBI publishes data next month).

In FY23, combined exports of goods and services increased 13.84 per cent (year-on-year) to an estimated $770.18 billion, as exports of services grew by 26.79 per cent to an estimated $322.72 billion.

Adding momentum

"All credit to the economic management of the country that despite global headwinds and recessionary conditions, we not only achieved last fiscal's export figures but surpassed it," said Commerce Secretary Sunil Barthwal at a press briefing.

Exporters' body FIEO has called for government support in providing further momentum to the sector. "The need of the hour is marketing support for further promoting Brand India products and services globally, GST exemption on freight on exports and provision of three-six months transition period whenever a major change is notified in the Foreign Trade policy so that the existing contract can be executed factoring the prevailing benefits," said FIEO chief A Sakthivel.

Source: thehindubusinessline.com- Apr 13, 2023

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Textile and apparel exports decline 14%

Textile and apparel exports contracted 13.9 % in 2022-2023 compared with the previous year.

At $41.3 billion exports in 2021-2022, textiles and apparel constituted 9.79% of total goods exports. However, in 2022-2023, the segment recorded exports of $35.5 billion and constituted just 7.95% of goods exports. While apparel exports grew 1.1% last financial year ($16.1 billion) compared with the previous year ($16.01 billion), textile exports shrank 23.3% to $ 19.3 billion last fiscal.

Meanwhile import of yarn, fabrics and made-ups rose 26.7%.

According to Siddhartha Rajagopal, Executive Director of Cotton Textiles Export Promotion Council, "It was an exceptional (bad) year for cotton textiles. However, in March 2023, cotton textile exports crossed $1 billion, which is giving hope. It is an encouraging sign and the hope [is that] the momentum will be maintained."

High inventory

Mr. Rajagopal said a couple of factors that affected exports this year were the huge inventory that was with the international buyers and the high cotton prices in India last year. The inventory with buyers had affected orders to countries such as Bangladesh too. Now, the buyers are resuming sourcing for their needs, he said. Industry sources here added that there should be a stable raw material policy - be it for cotton or manmade fibres. There should not be any restriction on raw materials, they said.

Naren Goenka, chairman of Apparel Export Promotion Council, said in a press release that India had ramped up its global apparel exports in 2022-2023 despite the Russia-Ukraine war, sluggish demand in major garment importing countries, stiff competition by other major apparel manufacturing countries, and volatility in raw material prices in the beginning of the year.

Source: thehindu.com- Apr 14, 2023

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Cottonseeds sales may to rise as acreage may top 13 mh in kharif 2023

The seed industry is buoyant on the prospect of a good year in the cotton sector on the back of high prices for the fibre that farmers received in the last two seasons to be aided by a normal monsoon as predicted by the Indian Meterological Department (IMD).

"Everyone is very positive about this year as cotton is in great demand because of lower production. The domestic textile industry has been demanding more and more cotton," said Ram Kaundinya, Director-General of the Federation of Seed Industry of India (FSII). He said cottonseeds demand may grow to 4.8-4.9 crore packets (of 450 gm each) in the current season from 4.2 crore packets last year.

As two acres of land need three packets of cottonseeds, the sales of 4.9 crore packets (equivalent to 2.2 lakh quintals) may be enough to cover 13 million hectares (mh). Last year, the cotton acreage was 12.75 mh. If the seeds saved by farmers are added to the coverage in the ensuing kharif season, the area may increase by 10 per cent minimum, industry experts said.

The IMD has predicted normal monsoon rainfall of 96 per cent of the long period average of 87 cm in 2023 and has also ruled out any disruption of rainfall due to a possible emergence of El Nino.

Kaundinya said the propagation of High Density Planting System (HDPS), where nearly three-times more plants grow than conventional system, it will require 10 packets for every two acres of land.

"It is at pilot stage and some target has been fixed to cover in upcoming kharif," he said adding the seeds requirement would not improve immediately.

Farmer expectations

According to Agriculture Ministry data, India's cotton production increased to 33.72 million bales (of 170 kg each bale) in the 2022-23 crop year (July-June) against 31.12 million bales a year ago. However, traders and a couple of agencies are pegging the production lower.

The US Department of Agriculture (USDA) has estimated India's cotton exports to decline by 5,00,000 bales this month to 1.8 million (US bales of 227.72 kg or 23.05 lakh Indian bales of 170 kg), roughly equal to its import forecast. Industry experts have projected export to be within 20 lakh bales during 2022-23 (October-September).

This season, farmers have been parting with their produce slowly expecting better prices. Their expectations stemmed from the record prices of ₹12,000 a quintal they fetched last season for kapas (unprocessed cotton).

Currently, kapas is fetching about ₹8,000 in agricultural produce marketing committee (APMC) yards in Gujarat against the minimum support price of ₹6,080. Processed cotton or lint prices are currently quoted at ₹62,550 a candy (356 kg) for the benchmark Shankar-6 variety.

Source: thehindubusinessline.com- Apr 14, 2023

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Indian cotton exports may plunge to 19-year low

India's cotton exports will likely decline to a 19-year low this season (October 2022-September 2023) on poor demand for importing nations in view of the economic slowdown in the US and Europe.

According to the US Department of Agriculture (USDA) "Cotton: World Markets and Trade", Indian cotton exports are projected lower by 500,000 bales this month to 1.8 million (US bales of 227.72 kg or 23.05 lakh Indian bales of 170 kg), roughly equal to its import forecast.

"So far, only 9.5 lakh bales (170 kg) have been exported since the beginning of the season in October. I see exports not exceeding 20 lakh bales," said Anand Popat, a Rajkot-based trade in cotton, yarn and cotton waste.

Import to exceed export?

If Popat's estimates turn out to be true, then cotton shipments will drop to the lowest seen when Indian began planting genetically-modified cotton.

"Exports have historically exceeded imports by a significant margin, and the last time that imports exceeded exports was nearly 20 years ago," the USDA's report said.

Data show that cotton exports in the 2004-05 season were 10 lakh bales after which shipments from the country surged to top 100 lakh bales in early 2010s. In 2008-09, exports were 35 lakh bales and it remains to be seen if shipments exceed this.

The Cotton Association of India, a body of traders, has estimated exports at 30 lakh bales against 43 lakh bales last season. The Committee on Cotton Production and Consumption, a body comprising textiles industry stakeholders, had in November pegged exports at 40 lakh bales.

Bangla only buyer

"Shipments of cotton this year have been minimal. Only Bangladesh seems to be buying some quantity. Other imports have not shown interest," said Ramanuj Das Boob, a sourcing agent for multinational companies in Karnataka's Raichur.

"One of the biggest drawbacks in exports this year is that China has not imported. It seems to be sourcing its needs locally. Even Bangladesh has imported less as it is facing foreign exchange problems," said Popat.

Vietnam, another significant buyer, has been keeping a low profile. The USDA said China's cotton production this season is higher as well as its consumption, while the offtake has been lower in Bangladesh and Turkey, two main importers of Indian cotton.
May continue till H2FY24

"China has been sourcing cotton for its yarn locally. Overall, there is no support for exports as demand has been slack," said Popat.

Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation, said demand for Indian cotton abroad may not pick up until the second half of the current fiscal.

"Export demand for cotton will be muted this year. Capacity utilisation in other textile manufacturing countries is at lower levels and will inch up only gradually and move towards a steady state of business status in H2 of FY24," he said.

The International Cotton Advisory Council (ICAC) said cotton arrivals in India had been delayed, resulting in its production estimates being lowered twice. It has currently lowered Indian cotton production projections to 305.88 lakh bales.

Low arrivals

The USDA estimates India's cotton production this season at 313.76 lakh bales. The Ministry of Agriculture, in its second advance estimates, pegged the output at 337.23 lakh bales, while CAI sees it at 313 lakh bales.

"The arrival numbers have been unusually low, possibly because farmers — who so recently enjoyed near-record-high prices — are holding onto their cotton in the hope that prices, which have dropped recently, start to trend upward again," the ICAC said.

This season, farmers have been parting with their produce slowly expecting better prices. Their expectations stemmed from the record prices of ₹12,000 a quintal they fetched last season for kapas (unprocessed cotton).

Currently, kapas is fetching about ₹8,000 in agricultural produce marketing committee (APMC) yards in Gujarat against the minimum support price of ₹6,080. Processed cotton or lint prices are currently quoted at ₹62,550 a candy (356 kg) for the benchmark Shankar-6 variety.

On MCX, cotton for delivery in June is ruling at ₹64,100 a candy. On InterContinental Exchange, cotton for delivery in May is quoted at 82.75 cents a pound (₹53,675 a candy).

Traders point out that Indian cotton is quoting at a premium to global cotton prices and it is one of the reasons for exports slipping over the last two seasons.

"Indian cotton's quality is not of international standard. Therefore, there are questions about the premium at which it is quoted," said a trader who did not wish to be identified.

Imports set to gain pace

On the other hand, imports of cotton could gather pace from June onwards with India's free trade agreement with Australia coming in handy.

Austrade has been bringing in cotton shippers and hard selling Australian cotton across India. In May, another delegation will be visiting Coimbatore, Ludhiana and Mumbai to sell Australian cotton, said Das Boob.

"Australian cotton could begin coming into India from June-July," Popat said.

According to the USDA, nearly three lakh bales of Australian cotton could be imported into India duty-free after the signing of the free trade agreement. Beyond that, cotton imports will attract 11 per cent customs duty.

Source: thehindubusinessline.com- Apr 12, 2023

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Quest for value chains and exports

In her excellent article last week, Amita Batra posed the thought-provoking question: "Who will India trade with?" (Business Standard, April 6, 2023). The thrust of her argument was that global merchandise trade was getting increasingly consolidated into three mega-regional trading blocs: North America, European Union (EU) and ASEAN-East Asia.

What is more, in the first two, in response to growing US-China trade conflicts, the Covid pandemic, the war in Ukraine and climate change considerations, "selective and exclusionary trade policies", in apparent contradiction to the most-favoured-nation (MFN) principle of WTO, were gaining ground at the expense of developing and the least developed nations.

In ASEAN-East Asia, two mega-regional trade agreements, the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), though WTO-compatible, were steadily deepening economic integration in the region. "Not having acceded to RCEP, not having applied yet for the membership of the CPTPP, the trade agreement with EU still only under negotiation, and an FTA with the USA not even under consideration, may just leave India out in the cold."

By any standards, this is a profound, relevant and deeply disturbing issue, which, by the way, is neither posed nor addressed in the Foreign Trade Policy 2023 of the government published a fortnight ago. Before I offer some preliminary thoughts on the possible ways forward for India in this emerging predicament, let me sketch a background capsule summary of India's trade policies in the last 60 years.

As with any real world policy dimension, the burden of history, especially wrong turns taken, lies heavy. Following the foreign exchange crisis of the mid-1950s and the pervasive (and entirely mistaken) "export pessimism" of the 1960s, India's policymakers constructed a hideously complex structure of import and industrial controls/licences, buttressed by ridiculously high customs tariffs. Despite brilliant critiques of this policy regime by economists like Jagdish Bhagwati, Padma Desai, T N Srinivasan, Vijay Joshi, Ian Little, Anne Krueger and others in the early 1970s, this autarkic, inefficiency-breeding policy edifice broadly continued till 1990. As studies have shown, its costs in terms of foregone trade and growth in national output and employment were very heavy. By 1990, with 16 per cent of the world's population, India could only manage 0.5 per cent of global goods exports, when South Korea, with one-twentieth of India's population, accounted for 1.9 per cent of world goods exports.

The balance of payments crisis of 1991 triggered major reforms of trade, industrial, foreign investment and exchange rate policies. To the eternal credit of Narasimha Rao and Manmohan Singh, the exchange rate was made largely market determined, industrial licensing was virtually abolished as were import controls on capital and intermediate goods (those on consumer goods only went by 2001) and peak customs tariffs were reduced from near 300 per cent (!!!) to 50 per cent by 1995 (and after that, rather slowly to near East Asian levels by 2015).

Exports did respond, with India's global share rising to 0.7 per cent by 2000, 1.0 per cent by 2005 and 1.7 per cent by 2015, where it has stagnated since, partly because of the significant (and unfortunate) increases in India's tariffs since 2016. But this increase in export share pales in comparison with the explosive surge in the share of China from below 1 per cent in 1980 to 3.9 per cent in 2000 and 15 per cent in 2020.

The critical lacuna in India's trade policies post-2000 has been the failure to participate significantly in global and regional value chains (GVCs/RVCs), which became the dominant feature/instrument of global goods trade from the late 1990s to 2020. There are many reasons for this crucial weakness, including: The slow pace of tariff reductions after 1995, weak or ineffective participation in regional free trade agreements (FTAs), poor domestic logistics and trade facilitation and serious constraints inhibiting development of a competitive manufacturing sector because of not just trade policies but also those relating to small scale industry reservations, labour market rigidities, foreign investment, inadequate infrastructure development, and weak skill formation even at lower levels. There was also very limited understanding in policy (and even academic) circles of the strong, mutually supportive interactions between GVCs/RVCs and FTAs. Needless to say, the interplay between competitive democratic politics and vested industrial/commercial interests also played its part in stalling tariff reductions and deeper participation in FTAs.

So, given the emerging predicament outlined in the opening paragraph above, what should India do now to expand her gainful trading opportunities in the years ahead? Here are three not-mutually-exclusive suggestions which merit serious consideration.

First, by all means, let us strive to arrive at a successful outcome in the ongoing EU-India FTA negotiations. However, given the long history and the growing linkages of trade with climate-carbon issues in EU policies, the prospects for a wide and deep agreement do not seem high.

Second, we must seriously review our late-stage reluctance of November 2019 and revive an effort to join RCEP on approximately the terms available three and a half years ago. To the extent the "China factor" weighs heavy on our minds, we should note that China's huge economic and military strength is also of grave concern to most of our other Asian neighbours, including Japan, Korea and most ASEAN nations, and some have ongoing territorial/maritime disputes with China. But this has not prevented them from having deep, mutually beneficial trade and investment linkages with their giant ($19 trillion GDP) neighbour. Also, our having extant FTAs with ASEAN, Japan and Korea is no substitute for being a full-fledged member of RCEP, with common and cumulative rules of origin, regulatory standards and investment rules.

Third, we should apply for membership to CPTPP, even though this entails a "higher order" of economic integration than RCEP. This mega-regional could well become a more powerful propellant of trade dynamism than RCEP in the long-run. It is noteworthy that Britain recently became a member within two years of applying.

Above all, let us recall the lesson of post-1950 economic development history: No sizeable nation (without significant mineral resources) has enjoyed sustained high growth of GDP and employment without achieving sustained rapid growth of goods exports.

Source: business-standard.com- Apr 13, 2023

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Who will India trade with?

Global trade seems to be getting consolidated along regional contours. Selective and exclusionary trade policies are gaining ground, especially in major regional trade blocs such as North America and the European Union. The phenomenon that was triggered by trade tensions between the United States and China in 2018 is becoming more widespread following the pandemic and the Russian invasion of Ukraine.

The imposition of higher tariffs on select commodity exports by the US in 2018 played out largely as a bilateral phenomenon driven mainly by trade imbalance in favour of China and the "bring jobs back home" sentiment that had ramifications for domestic politics in the US.

While this unilateral action by the US was in violation of the most-favoured nation (MFN) principle of the WTO, it had limited implications for other economies.

The subsequent events, the pandemic and Ukraine crisis, could have far more severe, long-lasting and deeper ramifications for global trade. Both events hit, most severely, the fundamental mechanism underlying global trade, that is, the global value chains (GVCs).

The pandemic's wave-like spread and the timing and severity of the lockdowns, most significantly the zero-Covid policy of China, led to the unravelling of GVCs. Their vulnerability due to single source dependency for inputs and assembly production on the "factory of the world", China, stands highlighted. The "China plus one" strategy of GVC diversification that had been set in motion after the global financial crisis but had progressed in slow motion gained significant momentum as a result of the pandemic.

The Ukraine crisis, while aggravating these concerns, has added a strategic dimension to GVC diversification and re-structuring. Geo-political considerations are now the underlying factors in making GVCs resilient, and identification of safe, secure, "friendly" nations as alternative locations is being undertaken often at the expense of efficiency and low-cost production.

Trade policy is now often deployed widely towards strategic autonomy and national security. Strategic autonomy, interpreted as reduced dependency, involves classification of "concentrated risk" and "critical" and strategic products/sectors including high technology, environment and energy. The Inflation Reduction Act (IRA) in the US and the Carbon Border Adjustment Mechanism (CBAM) in the EU, as passed in 2022, are prime examples of such strategies that, while enabling diversification away from the "concentrated risk", also have the potential to lead to intensification of trade and economic integration in regional blocs and alliances that are more inward-looking.

The CBAM, while ostensibly an attempt to align trade rules with climate change mitigation and make prices more accurate indicators of carbon content of imported products, effectively implies trade and production getting located in countries with similar high-grade climate policies and EU-compatible climate regulatory framework.

The imposition of tariff on carbon-intensive imports in the identified product groups like cement, electricity, aluminium, iron and steel, fertilisers and hydrogen while enabling diversification away from concentrated risk countries (China and Russia among others) also leaves other developing and least developed economies at an inherent disadvantage given their lower capabilities to fulfill the carbon-emission requirements and/ or less stringent climate policies. The inherently discriminatory nature of the CBAM, in apparent contradiction with the MFN principle of the WTO, also creates potential possibilities of retaliatory protectionist trade measures by the affected exporters.

Similarly, the IRA in the US addresses environmental concerns and supports energy security. However, the local content rules (LCR) provisions in the Act reveal the underlying motivation to favour domestic manufacturing in the US, encourage near-shoring and friend-shoring of supply chains towards further deeper integration in North America and diversification away from sources classified as "concentrated risk". The North American producers in the electric vehicles (EVs) sector are favoured with the rules of origin (RoOs) specified such that the tax credits on EVs are linked to (a) mineral content of batteries that is extracted in the US or its free-trade agreement (FTA) partners or recycled in the US and (b) to components' value being assembled in North America. It is also indicated that the percentage requirements for both, mineral content and component value, linked to tax credits will increase over time. Notably, tax credits will not be applicable for components coming from "foreign entities of concern". Clearly, a means to strengthen the North American value chain in the EVs sector, the IRA undermines the rules-based multilateral order, not just in terms of the MFN principle but also on the WTO criteria for preferential trade agreements.

The third regional trade bloc of ASEAN-East Asia is also progressing towards higher levels of economic integration. Unlike the EU and North America, the Asian economic integration process is deepening with the WTO-compatible, mega regional trade agreements — the Regional Comprehensive and Economic Partnership (RCEP) and the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). The cumulative, common RoOs coupled with the streamlined regulatory procedures, technical regulations, standards and trade remedies will all contribute towards deeper economic integration in Asia.

The RCEP, operationalised in January 2022, and while including several flexibilities and varying time lines that are accommodative of member economies' developmental differences, has built-in provisions towards deeper integration over time. Furthermore, with seven members of the RCEP overlapping with the more rigorous and higher order CPTPP that is already in force in the region, the strengthening of economic integration in the Asian trade bloc seems inevitable.

Notwithstanding the potential challenges — technical, methodological and institutional — that may stall or delay the implementation of the EU or US initiatives, it is undeniable that the trend towards regional consolidation of trade in Asia and inward-looking and discriminatory trade and value chains in the EU and North America is an emerging reality.

This developing context, therefore, raises the big question: Who will India trade with in the medium- and long-run? Not having acceded to the RCEP, not having applied yet for membership of the CPTPP, the trade agreement with the EU still only under negotiation and an FTA with the US not even under consideration, may just leave India out in the cold. There is therefore an urgent need to re-think our vision for a viable, growth enhancing trade policy beyond the short run.

Source: business-standard.com- Apr 13, 2023

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India's merchandise exports poised for strong growth

As the world economy grapples with uncertainties and slowdown driven by geopolitical tensions and consequent inflationary pressures, emerging market economies are expected to account for around 80 per cent of global growth, with India alone expected to contribute more than 15 per cent, according to recent IMF estimates.

India seems well-positioned to become the fastest growing major economy in 2023 and beyond, with more than 6 per cent growth in 2023 and 2024, on the back of resilient domestic demand despite external headwinds.

Exports have indeed been the cornerstone of India's remarkable growth. Having witnessed a y-o-y contraction in merchandise exports of almost 7 per cent during 2020-21, on account of the pandemic-induced crisis, merchandise exports from India had strongly rebounded with a record $422 billion, surpassing the target of $400 billion for 2021-22.

This exemplary performance in merchandise exports, reflecting a robust growth of almost 45 per cent when compared to the previous year and a growth of almost 35 per cent, compared to the pre-pandemic level in 2019–20, was actually witnessed while India was grappling with the peak of the second wave of the pandemic during the first quarter of FY22.

Much of India's 9.1 per cent growth for FY22 (revised estimates) could in fact be attributed to the strong performance of exports during the year.
To drive GDP growth

Merchandise exports are expected to continue to drive much of India's estimated GDP growth of 7 per cent during FY23. Despite a contraction in exports during the last two quarters of the current financial year, Export-Import Bank of India forecasts a record high merchandise exports of over $447 billion during FY23, growing at 6 per cent over the record exports of last year. Concomitantly, non-oil exports are forecast to exceed $350 billion for the full year, driven by exports of electronic goods .

The performance of India's exports could be shadowed by deepening global energy crisis, tighter global monetary and financial conditions, continued slowdown in select major trade partners and continued uncertainty around the Russia-Ukraine conflict. Nonetheless, exports have and will continue to play a crucial role, directly as well as through several positive externalities, in India's journey of transformation into an Asian superpower and an important engine of regional and global growth.

An ambitious target of $2 trillion by 2030, as compared to an estimated $750 billion for FY23, has been set by the government. While these targets may seem daunting, achieving these targets may be plausible with concerted efforts from all stakeholders.

India is emerging as a strong, reliable, and preferred trade partner for countries and has recently signed trade agreements with Mauritius, the UAE, Australia and is in negotiations with the UK, European Union, Canada, Bangladesh, GCC and Israel for signing such agreements.

Immediate integration into global value chains, through manufacturing of quality products at scale is an imperative to seize the opportunity arising out of possible realignment of supply chains away from China. Supported by the Atmanirbhar Bharat Abhiyan and the government's PLI scheme, India could upscale, digitise and modernise its manufacturing sector to address supply chain constraints to avert future disruptions. Within manufacturing sector, there is need for to shift structurally from low value-added sectors to high value-added sectors, which would necessitate increased spending on R&D, while encouraging adoption of advanced digital technologies.

Areas that exhibit a promising future for India to become an important player in global supply chains could include manufacture of medical devices, high-end mobile phones and tablets, high efficiency solar photovoltaic modules, and advanced chemistry cell batteries, to name a few.

These efforts would contribute towards realising the aspiration of India becoming a $5 trillion economy in the near future, which is also more integrated with the global ecosystem than ever before.

Source: thehindubusinessline.com- Apr 13, 2023

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How can India leverage its textile industry to boost export?

How can India leverage its textile industry to boost export? The textile sector, one of the oldest industries in the country, still continues to be critical for the sustainability of the Indian economy. Contributing about 2% to India's GDP, the labour-intensive sector, is the second largest employer in the country after agriculture. India is also a major exporter of textiles, accounting for 8–9% of total exports.

However, given the Covid-19 scenario and the ongoing issues in the global market, domestic production has turned sluggish. There are many issues that the government must tackle, such as the move away from cotton by the Western market, LDCS grabbing a greater chunk of the global share, and the harsh environmental and quality standards being imposed by the West.

In this episode, businessline's Amiti Sen talks to Ajay Sahai, Director General and CEO, the Federation of Indian Export Organisations (FIEO), to understand the changing dynamics of the Indian textile industry. Listen in! (Host: Amiti Sen, Producer: Nabodita Ganguly)

About the State Of The Economy podcast

India's economy has been hailed as the bright spot amid the general gloom that seems to have enveloped the rest of the world. But several of its sectors still stutter about even while others seem set to fire on all cylinders. To help you make sense of the bundle of contradictions that the country is, businessline brings you podcasts with experts ranging from finance and marketing to technology and start-ups.

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China's share in India's import basket declines to 13.79% in FY23: Govt

China's share in India's import basket has declined to 13.79 per cent in 2022-23 from 15.43 per cent a year ago, with inbound shipments of major items like fertilisers and electronic goods coming from alternative markets, the Commerce Ministry said on Thursday.

However, in absolute terms, the total imports from China increased to USD 98.51 billion during the financial year ended March against USD 94.57 billion in the previous fiscal.

As per the latest trade data issued by the Commerce Ministry, India's overall imports increased by 17.38 per cent to USD 892.18 billion from USD 760.06 billion in FY 2021-22 (April-March). Meanwhile, India's exports to China fell to USD 15.32 billion in FY23 from USD 21.26 billion a year ago, showing a negative growth of nearly 28 per cent, the data showed.

India's overall exports (Merchandise and Services combined) in FY 2022-23 (April-March) is estimated to exhibit a positive growth of 13.84 per cent to USD 770.18 billion from USD 676.53 billion in FY2021-22.

The country's trade deficit has widened to USD 122 billion in FY23 from USD 83.53 billion, the data showed. Services exports that led the overall export growth are projected to contribute 41.9 per cent in 2022-23 against 37.62 per cent in 2021-22.

Briefing reporters on the trade data, Commerce Secretary Sunil Barthwal said the exports of electronic goods from China and its overall share in India's import basket have declined. "The decline of Chinese imports has started happening and shows that our manufacturing capacity is improving...The decline of Chinese imports is because we are focusing on sectors where there was a large number of imports, particularly in the electronics sector," he added.

According to the data, India's exports have increased substantially from countries like Russia (369.44 pc), Indonesia (62.8 pc), Saudi Arabia (23.31 pc), Singapore (24.43 pc) and Korea (21.46 pc). Imports of electronic goods from China have seen a year-on-year decline of around USD 2 billion in 2022-23 (April-February). Import share from China in electronic goods has also declined from 48.1 per cent in 2021-22 (Apr-Feb) to 41.9 per cent in 2022-23 (Apr-Feb). Imports have been shifted towards Singapore, South Korea and Vietnam.

A significant fall in share from China was seen in imports of fertilizers -- from 21.9 per cent in 2021-22 (Apr-Feb) to 13.9 per cent in 2022-23 (Apr-Feb) and this accounts for around half a billion fall in imports from China.

A major chunk of the demand for fertilizers has shifted toward Russia where import share has increased from 5.21 per cent to 17.2 per cent in 2022-23 (Apr-Feb). Petroleum products export share in India's total merchandise exports has increased from 15.99 per cent in 2021-22 to 21.12 per cent in 2022-23.

Electronic goods export share in India's total merchandise exports has increased from 3.71 per cent in 2021-22 to 5.27 per cent in 2022-23. Smartphones export stood at USD 9.31 billion during April-Feb 2022-23. Electronic goods import shares in India's total merchandise imports have declined to 10.82 per cent in 2022-23 from 12.02 per cent in 2021-22.

Machinery, electrical and non-electrical, gold, organic and inorganic chemicals, pearls, and precious and semi-precious stones are among the other items whose share has seen a decline. "India's overall exports (Merchandise and Services combined) in March 2023 is estimated to be USD 66.14 billion, exhibiting a negative growth of -7.53 per cent over March 2022. Overall imports in March 2023 are estimated to be USD 72.18 Billion, exhibiting a negative growth of -7.98 per cent over March 2022," the Commerce Ministry stated.

"The impact of economic slowdown in major advanced economies has been visible in global trade. However, India has still managed to minimise the impact by taking several policy measures such as expanding the rupee trade, roll-back of export duty on specified steel products, and easing procedures," EEPC India Chairman Arun Kumar Garodia said.

Source: business-standard.com- Apr 13, 2023

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Lee Opens Omnichannel-Enabled Flagship in India

Kontoor Brands-owned Lee opened its first Indian flagship store on April 1.

Located in Bengaluru, the 4,200-square-foot store is equipped with smart mirrors that provide consumers personalized recommendations and a Lee Studio that offers a variety of services such as express alterations, badging, rip and repair, embroidery, and lifetime mending for Lee garments.

The store is part of the Lee brand's continued expansion in the region through a partnership with Ace Turtle, a Bengaluru-based omnichannel retail platform company.

In 2021, Ace Turtle became Kontoor Brands' licensee for India, resulting in dedicated ecommerce stores for Lee and Wrangler. Nitin Chhabra, Ace Turtle CEO, said the company has been able to leverage its extensive omnichannel technology expertise and unique operating model to significantly scale Lee's business in India.

"The opening of this flagship store is a strong indicator of the massive potential of this iconic brand and the value it brings to Indian consumers," Chhabra said. "We aim to expand Lee's reach across the country and take the brand to millions of Indian consumers via www.lee.in and the chain of physical retail stores being set up across the country."

"India has been a fast-growing market for Lee over the past few years," said John Gearing, Kontoor Brands VP and managing director APAC. "We are working to cater to the evolving fashion preferences of young Indian consumers. Our partnership with ace turtle will help position Lee as the preferred denim brand among the youth of this country."

While Kontoor has experimented in virtual stores, it continues to invest in traditional retail.

In 2022, Lee and Wrangler opened the first co-branded store Berlin, a concept that Kontoor said will be repeated in select retail markets throughout Europe. The store has separate windows and frontages for each brand but is connected by an image-driven design concept that underscores their combined 200-plus years of history.

In 2021, Kontoor relocated its Lee + Wrangler Hometown Studio to its world headquarters in Greensboro, N.C. The store offers feature the brands' most popular collections and unique experiences like custom tailoring and laser imaging.

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