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IBTEX No. 69 of 2023 **April 17, 2023**

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INTERNATIONAL NEWS

Global freight volumes plunge 12% in March 2023: Report

Global ferry freight volumes in March 2023 experienced a significant decline of 12 per cent compared to the same month in 2022, according to a recent report. The drop in volumes was attributed to the closure of the Izmir-Tarragona route and the impact of market decrease and overcapacity on the Channel. When adjusted for these factors, volumes still remained 6.1 per cent below 2022 levels.

North Sea volumes witnessed a decline primarily due to fewer volumes between the Netherlands and the UK. On the other hand, Mediterranean volumes were above last year's levels, adjusted for the closure of the Izmir-Tarragona route, DFDS said in its report.

Channel volumes suffered from a continued market decrease, the suspension of sailings by an operator in March 2022, and the negative impact of a third ferry operator entering the market. Furthermore, Baltic Sea volumes were adversely affected by the ongoing war in Ukraine.

Over the last twelve months (2023-22), total transported freight lane meters decreased by 6 per cent to 40.8 million, down from 43.4 million in the 2022-21 period. When adjusted for the closed Izmir-Tarragona route and Channel factors, the decrease stood at 2.5 per cent, the report said.

Source: fibre2fashion.com- Apr 16, 2023

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China's electricity consumption rises in Q1 2023

China's electricity consumption, a key indicator of the country's economic health, has experienced an increase of 3.6 per cent year on year (YoY) in the first quarter (Q1) of this year, according to data released by the National Energy Administration. The total power usage in the country reached 2.12 trillion kilowatt-hours during the period under review.

In March alone, China's power usage surged by 5.9 per cent year on year, amounting to 736.9 billion kilowatt-hours.

In Q1 2023, the primary industry saw a 9.7 per cent increase in power consumption, reaching 26.6 billion kilowatt-hours; the secondary industry registered a 4.2 per cent growth, totalling 1.38 trillion kilowatt-hours; and the tertiary industry experienced a 4.1 per cent rise, amounting to 369.6 billion kilowatt-hours, said Chinese media reports quoting the National Energy Administration.

Residential power consumption also reported a slight uptick of 0.2 per cent compared to the same period last year, with a total of 342.4 billion kilowatt-hours.

Source: fibre2fashion.com – Apr 16, 2023

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UK's clothing imports at £1.29 bn in Feb 2023, 11.51% down YoY

In February 2023, the United Kingdom's clothing imports reached £1.294 billion ($1.62 billion), representing an 11.51% decrease compared to the £1.443 billion recorded during the same period in the previous year.

Clothing imports also experienced a month-on-month decline, as they stood at £1.384 billion in January 2023, according to the UK's Office for National Statistics (ONS).

The country's clothing imports were recorded at £21.256 billion ($25.86 billion) in 2022, a 23.50 per cent increase compared to the imports of £17.034 billion in 2021.

Textile fabric imports in the UK amounted to £462 million in February 2023, a 4.94% drop from £486 million in February 2022. These imports also decreased on a month-on-month basis, falling from £469 million in January 2023. Textile fabric imports reached £6.359 billion between January and December 2022, as per ONS data.

In February 2023, the UK imported £39 million worth of textile fibres, compared to £45 million during the same month in 2022. Textile fibre imports were also lower in January 2023, at £35 million. The total textile fibre imports for 2022 amounted to £545 million.

The UK exported clothing valued at £296 million in February 2023, a decline from £323 million in February 2022 and £306 million in January 2023. Clothing exports decreased annually, reaching £3.931 billion in 2022 compared to £4.263 billion in 2021.

Exports of textile fabrics and fibres were recorded at £2.716 billion and £616 million, respectively, in 2022.

Source: fibre2fashion.com– Apr 14, 2023

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China sets 2023-2025 cotton target prices at 18600yuan/mt

China sets the target price of cotton at 18,600yuan/mt in 2023-2025 in Xinjiang, according to the announcement released by the National Development and Reform Commission on April 14, 2023.

Taking into account the cotton production situation in Xinjiang in recent years, as well as the local water resources and arable land resources, Xinjiang cotton is subsidized with a fixed production of 5.1 million tons.

Source: ccfgroup.com – Apr 17, 2023

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Second-hand apparel market predicted to be worth 350 bn by 2027: ThreadUp

A new generation of consumers in post-pandemic times is making it easy to buy and sell second-hand apparel, shoes, and accessories on a variety of online resale platforms. Buyers can browse through a versatile portfolio of premium and luxury brands. Analysts say one in every three apparel items bought globally in the last year has been second- online resale platforms hand with 37 per cent consumers spending their limited budget in the pre-loved segment as inflation rises.

The resale and pre-loved branded goods market is a quick growing one with many retailers adding this segment to sustain their core business. There is now a rising tide of retailers and brands that want to understand how to develop a retail strategy that includes second-hand and creating a brand USP that is profitable to both the customer and the company.
Report predicts global market growth

Many online resale platforms for apparel, shoes, and accessories are doing very well in the sale of second-hand apparel as consumers gravitate towards this segment amid economic uncertainty. Online thrift marketplace ThredUp- one of the largest online resale platforms –recently revealed its 2023 resale report which predicts by 2027, global resale market will reach $350 billion, with the US market growing to $70 billion.

Apparel retailers are now accelerating their pre-loved resale marketing strategies and last year, around 88 brands launched resale programs with many partnering with ThredUp's Resale As A Service or RaaS. In post-Covid times, two out of three retailers who offer resale, feel it is an intrinsic part of their long-term growth strategy and overall profit figures.

Anthony Marino, President, ThredUp in an interview to Forbes said: "Consumers search for value in a crisis. Consumers bought 1.4 billion pieces of secondhand apparel items instead of new last year. That's a 40 per cent increase from the year before. People in their minds, are connecting the purchase of the secondhand item, and are acknowledging that it impacts the environment. 2022 was a year when retailers were struggling and we noticed that they needed a strategy for resale."

According to ThreadUp, growing demand has propelled the second-hand industry for apparel, shoes and accessories to $177 billion in global sales last year, a 28 per cent increase over 2021. This is mainly due to surging inflation and more retailers who are curating resale and pre-loved offerings along with an increased awareness of sustainable shopping habits. The ThredUp 2023 report, which relies on research and data from third-party retail analytics firm GlobalData, has predicts the second-hand industry will double to $351 billion in global sales by 2027.

As per Marino, Threadup's Fashion Footprint Calculator asks a couple of questions to find out if one is a net polluter or not. Without preaching, it offers information and shows you how to improve by buying a few more products that are secondhand rather than new.

Selling second-hand items online stores are an attraction for those looking for branded clothes but have budget constraints. Chinese retailer, Shein, which focuses on a fast fashion model, entered resale space last year with Shein Exchange site. Likewise, H&M launched an online resale platform with ThredUp and H&M's recent annual reports have said it expects climate-aware consumers to buy more sustainable products in the future which indicates a potential shift in consumer preferences in post-Covid times.

With the Gen Z most attracted to resale and larger fashion companies looking to reduce their greenhouse gas emissions and water and plastic footprints, the rise of secondhand and other circular business models is on the way up and up in the turbulent days of global inflation ahead.

Source: fashionatingworld.com – Apr 17, 2023

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Vietnam garment sector must go green to ensure sustainable development, say business experts

Digital transformation, creating suitable designs and recycling clothes are now proving to be important target activities for the garment and textile industry towards a circular economy and sustainability.

According to Nguyen Phuoc Hung, Vice President of the Ho Chi Minh City Union of Business Associations (HUBA), the union's textile and garment enterprises are facing many difficulties, including limited cash flow and failure to access loans, and get disbursement or transfer bad debts. Therefore, since mid-2022, many businesses have not invested, and tended to resell or lose their brands.

In the first quarter of 2023, the city's garment and textile businesses reported an export turnover decrease of 8% year-on-year, he said, forecasting that the coming months will be an extremely difficult period for the industry's enterprises.

According to the Ho Chi Minh City Association of Garment, Textiles, Embroidery and Knitting (Agtek), Vietnamese firms are weak in and lack supply chain connectivity, as most of them are outsourcing, which results in a low profit margin.

Pham Van Viet, Agtek Vice President and General Director of Viet Thang Jean Co., Ltd., affirmed that one of the keys to changing and repositioning Vietnam's textile and garment industry is nothing but digital transformation.

At Viet Thang Jean, since the application of digital transformation, its human resources have been optimised, and the operation stages and product quality have improved as well. In addition, the company's application of nanotechnology and ozone technology in dyeing and adjusting the colour of fabrics have helped minimise waste to the environment, Viet said.

Along with digital transformation, moving towards a circular economy is also one of the current urgent requirements for textile enterprises. Regarding this issue, Viet said that a circular economy is an economic model that includes all activities from design, production to service provision, towards reusing materials and reducing impacts on the environment.

There are four basic benefits brought about a circular economy through making the most of resources, protecting the environment, promoting economic development and ensuring social benefits, stressed Viet.

According to Viet, despite its great contributions to the economy, the textile and garment industry is one of the leading polluters to the environment. As a result, many countries around the world have set sustainability standards for textiles imported into their markets. This requires Vietnam's garment and textile sector to change, and “go green” for sustainable development.

Therefore, Vietnamese enterprises have to create appropriate designs that last longer, reuse and repair clothes, and finally develop collection and recycle facilities.

Source: thestar.com.my- Apr 16, 2023

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Vietnam remains top FDI destination for European businesses: Report

European business leaders continue to view Vietnam as an attractive destination for foreign direct investment (FDI), with 3 per cent more citing it as one of their top three investment hotspots worldwide, as per a recent report. Vietnam was ranked as one of the top investment destinations globally by 36 per cent of the respondents, either as their first choice, within their top three, or among their top five.

In the first quarter of 2023, the Business Climate Index (BCI), which measures the business outlook of the European business and investment community in Vietnam, remained unchanged at 48.0. Although it maintained its level from the end of 2022, there are promising signs that European business stakeholders are experiencing a positive change in their economic prospects.

Despite the improved outlook, there is still caution among European business leaders. While the number of respondents who are optimistic about the nation's economy has risen by 8 points, the economy is still fragile, and caution is warranted. Furthermore, regulatory ambiguity, inefficient administration, and challenges related to visas and work permits persist for international enterprises operating in Vietnam.

Complicated customs procedures pose an added obstacle for the manufacturing sector, whereas visa and work permit difficulties are a prominent challenge for service firms. Other industries, including transportation, pharmaceuticals, and renewable energy, are impeded by insufficient anti-corruption legislation, the report said.

The BCI participants emphasised the importance of enhancing political stability, regulatory frameworks, and tax and tariff regimes to enhance Vietnam's attractiveness as a thriving investment destination. Such efforts would effectively address the apprehensions of foreign enterprises and enhance their confidence in the country's economic potential.

Despite the challenges, Vietnam has emerged as a leading destination for foreign investment and domestic enterprises. Prime conditions for long-term economic success have been created by regulatory simplification, sustainable development measures, investment incentives, and workforce development programmes, according to feedback received from survey participants.

According to the survey findings, the European business and investment community seems to be satisfied with the level of attention policymakers have devoted to business needs in Vietnam. About one-third of the participants expressed notable or moderate contentment, which is a validation of the government's continuous dedication towards creating a conducive business atmosphere in the country.

The European Chamber of Commerce in Vietnam (EuroCham)'s BCI, which is conducted by Decision Lab, is the premier metric for gaining insight into the European business and investment community's perceptions of the Vietnamese market.

Source: fibre2fashion.com - Apr 15, 2023

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Bangladesh: BGMEA demands tax waiver on recycled fibre

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has requested that the 7.5% and 15% VAT on locally recycled fibre be waived to attract more foreign investment.

This tax is levied on the collection of raw materials used by locally established recycled fibre production mills and their supply to local spinning mills.

In addition, they asked for establishing an HS code and providing duty-free facilities for importing textile waste or clips, as well as mutilated garments (cut garments) from the textile industry.

BGMEA President Faruque Hassan presented these ideas in a letter sent to Finance Minister AHM Mustafa Kamal on April 13.

He also said that recycled fibre is an emerging 100% export-oriented backward industry and the use of this is increasing to achieve the obligations of new laws and Sustainable Development Goals (SDGs) in the EU and the West.

“As a result, it has become impossible to fulfill the demand by the ‘jhut' or clips of the local garment industry. Currently, 23 mills produce recycled fibre with an annual capacity of producing 220,000 tonnes,” he added.

Moreover, out of 330 yarn-producing mills, 61 mills produce Global Recycle Standard (GRS)-certified yarn, and 14 more spinning mills will soon achieve GRS certification.

“That is why we must import textile waste and mutilated garments to meet the demand,” he added.

Producing recycled fibre results in value addition at the local level, no water or chemicals are used in this process and no CO_2 is emitted.

As a result, it plays a unique role in protecting the environment.

“Moreover, recycled fibre is being used as an alternative to virgin cotton by which we are saving at least 30% of foreign exchange on our total import of virgin cotton which is estimated to be worth $1 billion," he added.

Moreover, nowadays, the behaviour of international consumers has also changed and they are now more interested in circular fashion and recycled products.

Circular fashion is an important topic on the sustainable fashion agenda today.

"We are already working with factories to reduce waste and our factories are reducing their wastage by adopting new technologies. Now it is very important to give importance to the reuse of post-industrial waste or jhut cloth as raw material," he added.

According to the European Union's new law, cotton fabrics must include at least 50% virgin cotton, organic cotton, or polyester with a comparable rate (recycled fibre) by 2025.

"We are expected to graduate from the LDC in 2026, meaning our GSP will be abolished and our RMG sector will face tough competition," he added.

But the exporters will be exempted from a 30% tax in case of the export of apparel items made from recycled fibres.

"As a result, our garments will get access to the European market and export earnings will be assured," he added.

He also mentioned the advancement of the country's RMG sector in the field of green factories, circularity and sustainability.

In this regard, they suggested that the 7.5% and 15% VAT charged on the gathering of raw materials utilized by locally established recycled fiber manufacturing mills, as well as their supply to local spinning mills, be exempted.

Source: dhakatribune.com - Apr 15, 2023

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Pakistan: Cotton market remains bullish amid low trading volume

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 17,000 to Rs 20,000 per maund.

The rate of cotton in Punjab is in between Rs 18,000 to Rs 21,000 per maund.

The rate of Phutti in Sindh is between Rs 5,500 to Rs 8,300 per 40 Kg. The rate of Phutti in Punjab is in between Rs 6,000 to Rs 8,500 per 40 Kg.

5600 bales of Rahim Yar Khan were sold at Rs 21,000 per maund (condition) and 323 bales of Marrot were sold at Rs 19,300 per maund.

The Spot Rate remained unchanged at Rs 19,700 per maund.

Polyester Fiber was available at Rs 373 per Kg.

Source: brecorder.com - Apr 16, 2023

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NATIONAL NEWS

US emerges as India's biggest trading partner in FY23 at $128.55 bn; China at second position

The US has emerged as India's biggest trading partner in 2022-23 on account of increasing economic ties between the two countries. According to the provisional data of the commerce ministry, the bilateral trade between India and the US has increased by 7.65 per cent to USD 128.55 in 2022-23 as against USD 119.5 billion in 2021-22. It was USD 80.51 billion in 2020-21.

Exports to the US rose by 2.81 per cent to USD 78.31 billion in 2022-23 as against USD 76.18 billion in 2021-22, while imports grew by about 16 per cent to USD 50.24 billion, the data showed.

On the other hand, during 2022-23, India's two-way commerce with China declined by about 1.5 per cent to USD 113.83 billion as against USD 115.42 billion in 2021-22.

Exports to China dipped by about 28 per cent to USD 15.32 billion in 2022-23, while imports rose by 4.16 per cent to USD 98.51 billion in the last fiscal. Trade gap widened to USD 83.2 billion in the last fiscal as against USD 72.91 billion in 2021-22.

Experts believe that the trend of increasing bilateral trade with the US will continue in the coming years also as New Delhi and Washington are engaged in further strengthening the economic ties.

Federation of Indian Export Organisations (FIEO) President A Sakthivel said that increasing exports of goods such as pharmaceutical, engineering and gems and jewellery is helping India to push its shipments to America.

"The trend of increasing trade with the US will continue in the coming months also," he said.

FIEO Vice President Khalid Khan said India is emerging as a trusted trading partner and global firms are reducing their dependence only on China for their supplies and are diversifying business into other countries like India.

"The bilateral trade between India and the US will continue to grow as our exporters are getting good orders from that country," Khan said.

Rakesh Mohan Joshi, Director of the Indian Institute of Plantation Management (IIPM), Bangalore, too said that India provides huge trade opportunities for the US as India is the world's third largest consumer market and the fastest growing market economy.

"Major export items from India to the US include petroleum, polished diamonds, pharmaceutical products, jewellery, light oils and petroleum, frozen shrimp, made ups etc. whereas major imports from the US include petroleum, rough diamonds, liquified natural gas, gold, coal, waste and scrap, almonds etc," Joshi said.

America is one of the few countries with which India has a trade surplus. In 2022-23, India had a trade surplus of USD 28 billion with the US.

The data showed that China was India's top trading partner since 2013-14 till 2017-18 and also in 2020-21. Before China, the UAE was the country's largest trading partner.

In 2022-23, the UAE with USD 76.16 billion, was the third largest trading partner of India. It was followed by Saudi Arabia (USD 52.72 billion), and Singapore (USD 35.55 billion).

Source: economictimes.com- Apr 17, 2023

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CBIC may soon introduce automated system of publishing daily exchange rates for 22 currencies

New Delhi, The CBIC is likely to soon introduce a system of publishing daily currency exchange rates on the integrated customs portal, replacing the existing system of notifying rates fortnightly. The move would help capture daily exchange rate fluctuations and help importers and exporters to precisely calculate customs duties based on daily exchange rate.

Currently, Central Board of Indirect Taxes and Customs (CBIC) manually notifies exchange rates of 22 currencies every fortnight -- 1st and 3rd Thursday of a month -- based of rates obtained from the State Bank of India (SBI). The rate notified comes into effect from midnight of the following day.

An official said the entire process would be automated, beginning with forwarding of exchange rate data by SBI to ICEGATE.

The exchange rates received from SBI every day shall be adjusted to the nearest five paise and integrated with Indian Customs EDI System (ICES) and published on Indian Customs National Trade Portal (ICEGATE) by 6:00 pm.

"In order to capture exchange rate fluctuations more closely, the CBIC has decided to publish exchange rates of 22 currencies on ICEGATE website on a daily basis. Stakeholder consultations are on and the system would be introduced soon," the official told PTI.

As per the plan, on holidays when SBI doesn't publish the rates, the prevailing rates shall apply the next day.

At present, after fortnightly notification, if the exchange rate of a currency fluctuates more than ±5 per cent, the rate for that currency is re-notified from the following day.

The benefits of the proposed system for determining and publishing exchange rates on a daily basis, experts said, will enable importers and exporters to make more informed decisions about their transactions. The exchange rates will be more accurate and reflect the current market conditions and would be time efficient.

The new system includes a contingency plan in case of any technical snags or failures in electronic transmission, ensuring uninterrupted accessibility of exchange rates at any given time.

AMRG & Associates Senior Partner Rajat Mohan said it would help check incorrect calculation of customs duties arising from fluctuating exchange rates.

"Daily floating exchange rates will be marginal for small consignments, but tax differentials could be colossal for large consignments.

This change points to the fact that the Indian economy is becoming digital in every sense when compared to other developed nations," Mohan added.

Source: economictimes.com- Apr 16, 2023

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Future of exports

The trade data for March was released last week, and the headline news was that merchandise exports declined by 13.9 per cent year on year. On an annual basis, merchandise exports went up by 6 per cent to $447 billion in 2022-23. This somewhat dented the enthusiasm for growth in goods export. The total trade deficit for 2022-23, meanwhile, rose to $122 billion from $83 billion in the previous year. The Union Ministry of Commerce and Industry has said there will be healthy growth in exports, of about 14 per cent, over the year — driven in particular by good numbers for services and for electronic goods exports.

The detailed trade statistics comparing 2022-23 and the financial year before it make for interesting reading. Fifty per cent growth in electronic goods export stands out. But the amount of electronics goods export is still only about a quarter of engineering goods exports, which in fact shrank by 4.5 per cent year on year in dollar terms.

Even more worrying, exports of labour-intensive cotton yarn and handlooms dropped by almost 30 per cent in dollar terms. That performance in goods export was flattered in particular by a 40 per cent increase in the value of petroleum products exported over the course of 2022-23 — an artefact of the oil price shifts and temporary arbitrage opportunities provided to Indian refiners by the Russian invasion of Ukraine.

Growth in services exports amid worrying trends in goods trade would seem to give credence to advice from some economists, including former Reserve Bank of India governor Raghuram Rajan, to examine how this can be put to use for India. Certainly, when it comes to achieving macro stability on the external account, ensuring the closer integration of the services trade is essential.

However, as artificial intelligence and machine learning make rapid advances, it is clear that India-based IT-enabled services companies will also have to shift their business models. The government must allow them to find ways to integrate more closely into global supply chains — especially through the harmonisation of regulations.

A modern data privacy law that meets the requirements of advanced export markets, and can ensure that India is seen as a data secure location by the standards of the European Union, for example, is a prerequisite for Indian ITeS to thrive in the coming years.

While services are essential as an export earner, export growth as a source of overall prosperity requires India to expand its footprint in the goods market as well. For this to happen, Indian policymakers need to ensure that a low and stable tariff regime is in place so that Indian producers can become part of global supply chains. India has raised tariffs across the board over the past few years. This has reduced the degree that India has been able to benefit from "friendshoring" or rebalancing away from China.

Economist Amita Batra, writing in these pages, has pointed out that Vietnam reduced tariffs sharply in the previous decade, and thereby saw "an annual increase of 17.3 per cent in the foreign value added component of its gross exports", indicating an increasing salience in global supply chains. As a consequence, while India's share of world trade remained stagnant, Vietnam's increased from 0.5 per cent in 2010 to 1.6 per cent in 2020. Indian policymakers must learn similar lessons if exports are to become a driver of jobs growth in India.

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

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DGFT should make good notable omissions

The commerce ministry put in place the Foreign Trade Policy 2023 on March 31. During the function unveiling the new policy, an amnesty scheme was also announced. A fortnight later, some omissions stand out.

On March 31, 2015, when the government unveiled the Foreign Trade Policy 2015-20, it also released a Foreign Trade Policy Statement explaining the vision, goals, and objectives underpinning the policy.

Giving the backdrop of global trade developments, it detailed the market and product strategy and other measures required for export promotion and enhancement of the entire trade ecosystem.

Similar document was released along with the mid-term review of the policy in December 2017. Such a document has not yet been released this year.

Of course, the commerce minister has articulated the government's vision to achieve $2 trillion exports of goods and services by 2030. The government may well have a strategy on how to go about achieving the goal but it has not articulated any strategy through a document as earlier.

A charitable view is that the government does not consider it necessary, as several steps towards reducing logistics costs, negotiating bilateral trade agreements, capacity building, involving the states in export efforts, etc. are already being taken. A

nother view is that given the present uncertainties, the government is not interested in committing to any strategy but wants to keep its options to respond as the situation develops. In any case, the omission to put out a Foreign Trade Policy Statement, similar to the ones released earlier, is noteworthy.

The Directorate General of Foreign Trade (DGFT) promptly uploaded the texts of the new Foreign Trade Policy (FTP) and the Handbook of Procedures (HBP) on its website but there was no clarity on whether the appendices to the HBP and the Aayat Niryat Forms (ANF) that give the formats for making various applications were updated.

Last week, the DGFT put an end to the doubts by extending the validity of the ANF and appendices notified under the earlier Policy till the end of next month or till the new ANF forms and appendices are notified under the new policy, whichever is earlier, in so far as they are not inconsistent with the current policy and procedures. This suggests inadequate preparations before unveiling the new policy.

The DGFT issued the public notice no.2 dated April 1 giving details of the amnesty scheme and the procedures for regularisation of defaults under advance authorisations and export promotion capital goods (EPCG) authorisations issued till March 31, 2015, under the Foreign Trade Policy 2009-14 and under the earlier policies where the export obligation period was beyond August 12, 2013.

The Customs have not issued any notifications giving effect to that public notice unlike a similar earlier amnesty scheme announced in 2013, when the Customs did issue the notification no. 46/2013 dated September 16, 2013, giving effect to the DGFT public notice no. 22 dated August 12, 2013. The public notice requires the defaulters to get registered and submit details of amounts due that will be verified by the regional offices of the DGFT and pay the amounts so verified.

The forms for registration are not yet made available and the time limit for verification of data submitted by the exporters is not specified. Hopefully, communications will follow on these issues.

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

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G20 meet set to finalise a common definition for start-ups by July

An official engagement group under G20 is set to finalise a common definition for start-ups in the next three months, with an aim to harmonise the global start-up ecosystem.

“We are going to collaboratively define startups uniformly across G20 countries. We have already had discussions on this twice. By the third meeting, it should be finalised,” a senior government official said.

“All countries are putting in their suggestions. It will be a single communique that will be agreed upon by everyone,” the official said, adding that a single start-up definition will have a positive impact on policymaking.

The development comes in the backdrop of the setting up of Startup20, an official engagement group initiated under the Indian presidency of G20.

Another official said 19 countries and five invitee nations, including an international delegation of more than 100 participants, took part in the first meeting of the startup-20 group in Hyderabad.

Fourteen countries and two invitee nations took part in the second meeting in Sikkim. Delegates from multilateral agencies, such as the United Nations Development Programme, World Economic Forum, were also a part of the session. “Globally also, India is showing leadership at the start-up forefront,” the second official cited above said.

There are currently 95,000 government-recognised start-ups in the country. According to the Department for Promotion of Industry and Internal Trade (DPIIT), a government-recognised start-up cannot have an annual turnover of more than ~100 crore for any financial year since its incorporation. Also, the period of operation cannot be more than 10 years from the date of incorporation.

Although India has emerged as the third largest start-up ecosystem in the world, after the United States and China, there is no record of the total number of such new-age companies in India beyond the government recognised startups. This is one of the crucial policy matters that India wants to address.

"Start-ups need support, partnerships, and collaborations to survive and scale in their markets or access new markets. Development of start-up ecosystems in nascent markets and improving access to such ecosystems at a global level is required to develop prospective start-ups," according to an official statement on Startup20.

Development of start-ups through collaboration with large corporations across nations provide a next dimension of growth for startups and also expedite some of the key global issues, it said.

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

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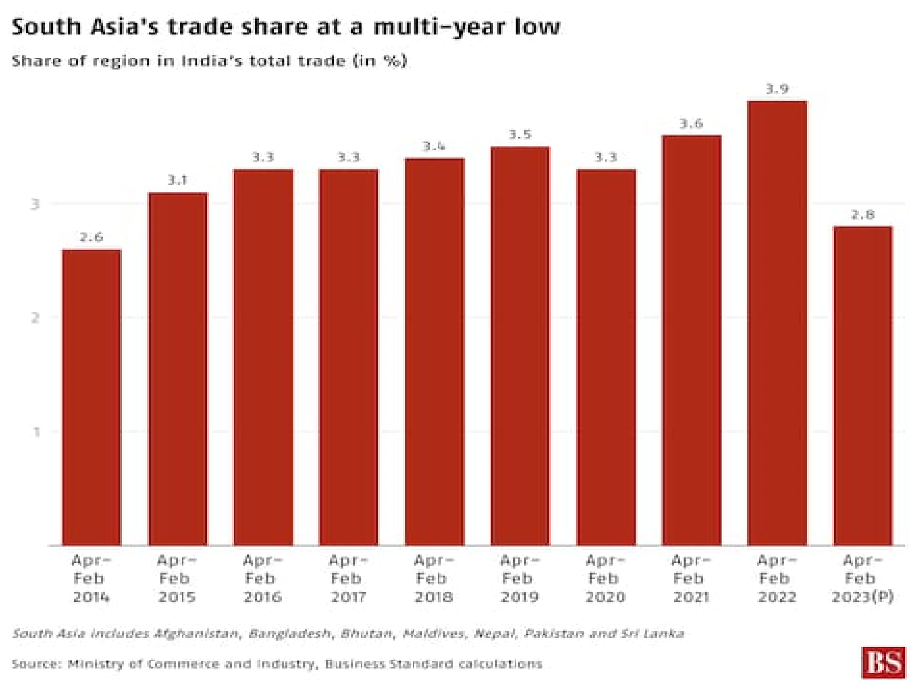
Trade With South Asian Neighbours Stagnant

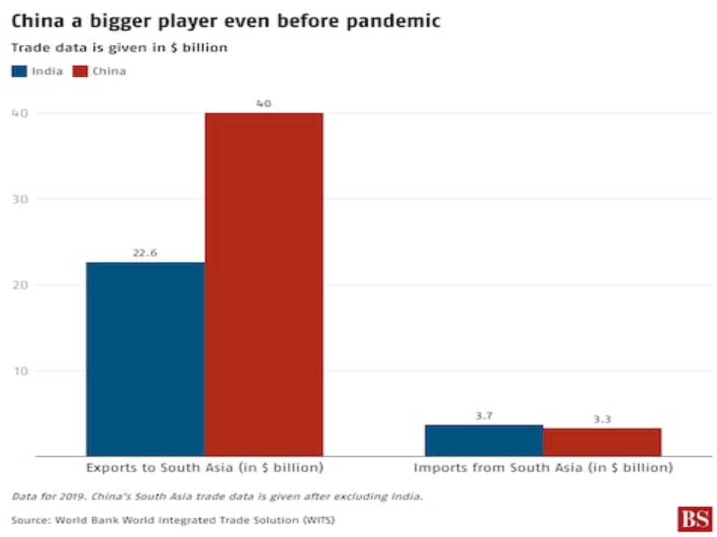
India's trade within South Asia, the region between Kabul and Chittagong broadly, is said to have been close to 19 per cent in 1948, finding a place in literature such as Rabindranath Tagore's Kabuliwala who travels to Calcutta from Afghanistan to sell dry fruits. An Asian Development Bank study found that the share dropped to single-digit levels just 20 years later.

A Business Standard analysis of 2022-23 data shows that India's post-pandemic trade with its South Asian neighbours has fallen to under 3 per cent: that is the lowest in some ten years. The analysis considered data for Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka as per the standard government classification. Trade within the region was weak for years, made worse by the pandemic and the economic crisis in countries including Sri Lanka and Pakistan .

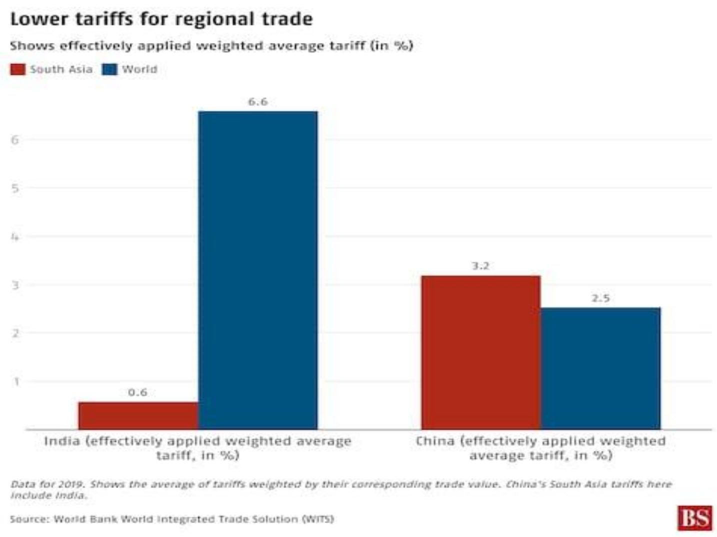


India's global trade has increased 39 per cent since 2019, while South Asia is up 11 per cent, shows government trade data as of February 2023. The analysis considered similar periods for previous financial years as well. Exports to South Asia have grown nine per cent compared to a 25 per cent rise in imports since 2018-19.

China had a larger role than India in trading with South Asian countries even before the pandemic, shows data from the World Bank. China exported goods worth $40 billion to South Asia in 2019 compared to India's $22.6 billion. China's overall trade with the seven South Asian countries is 65 per cent higher than India.



China's dominance comes despite the lower tariff barriers that India offers South Asian countries. The weighted average of tariffs for South Asian countries was under one per cent in the case of India, compared to around 3 per cent for China. China's tariffs are higher for South Asia than the world at large, while India charges significantly less for the region.



Para-tariffs (border charges and fees), cumbersome rules, poor infrastructure, and logistics are hindering trade in South Asia, according to a study by the Brookings Institution think tank. India is working on improving logistics through plans for waterways all the way to Thailand.

Research has shown that South Asian trade could be nearly three times higher and benefit India. Better connectivity in the region can help the country's northeast states and improve its links with East Asia. And bring more Kabuliwalas.

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

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Carbon tax threat to trade pacts

The West and Japan are taking steps to levy a carbon tax that threatens to impact a big chunk of India's exports.

About 40 per cent of India's exports will be hit by the proposed carbon border tax (CBT) as the EU and several developed countries such as the UK, Canada, Japan and the US are exploring their options on a carbon levy.

RICH NATIONS WORK ON LEVY

- The EU and the developed countries are likely to impose carbon tax on imports from 2026 onwards
- As much as 40% of India's exports may come under tax. The levy may be imposed on multiple items including iron and steel and cement
- Analysts said duty in the case of cement may be as high as 90 per cent
- The EU likely take the lead. It will start work on listing the items from October. The UK to set up product standards
- Analysts said rethink on FTAs is necessary if the West pushes on with the levy

The proposed CBT will range between 20 per cent and 35 per cent for most products and analysts said, the country should sign FTAs only after resolving the vexed issue.

The EU will start working on the details of companies and sectors that may be taxed in six months, with the aim to impose the levy from January 2026. The UK has floated a detailed consultation paper for an early implementation of CBT.

The UK will also introduce Mandatory Product Standards by 2027 to prohibit the entry of products with high emission intensity.

Canada has announced plans to create its own CBT, while the US and Japan have also indicated their preferences for such a tax.The US does not have a proper carbon price mechanismnow.

It is estimated that these countries will start levying CBT between 2026 and 2028 on imports, analysts said.

Initially, the EU will charge CBT on steel, aluminium, cement, fertiliser, hydrogen, and electricity. The product list will gradually expand and by 2034, it will cover all products exported to the EU.

The UK proposes product coverage and timelines similar to those of the EU.

India despatches 38.3 per cent of its exports to the EU, the UK, Canada, Japan, and the US. CBT will hit all such products as the scheme coverage expands.

The products that could be impacted include cement, chemicals, glass, iron and steel, non-ferrous metals, non-metallic minerals, paper and pulp, refining, fertiliser, and power generation. The list will gradually cover all these products. The CBT rates will vary from product and production processes. For example, CBT for cement could be 90 per cent of the product value. The rates are far higher than the EU's average import tariff of 2.2 per cent for manufactured products.

"High CBT will make FTA-led zero duties meaningless. For example, 85 per cent of India-Japan trade take place at zero import duties. When Japan implements CBT, Japanese products will enter India at zero duty, but Indian products will pay high CBTs," Ajay Srivastava, co-founder of Global Trade Research Initiative (GTRI), said.

"India is at an advanced stage of finalising its FTAwith the UK, it must seek clarification on this issue. CBT should be the top agendafor any FTA discussions of India." He said India needs to set up a carbon trading mechanism that will ensure the net impact of CBT may become lower or zero in a few cases. "When the US imposed import duties on steel and aluminium from India, we retaliated by imposing import duty on an equal weightage of imports from the US. India must think about designing asimilar scheme to counter CBT."

Biswajit Dhar, trade economist, Jawaharlal Nehru University, said: "The trade talks are veering towards regulatory standards which have significantly larger implications and need to be studied before moving towards any kind of agreement. There are several contentious issues in these standards relating to the environment, labour, IPR, and data protection among others, which would require changes in Indian laws if we were to accept the demands of the UK and the EU."

India has opposed measures such as CBT and has called it "discriminatory" in a letter to the World Trade Organization (WTO).

Source: telegraphindia.com- Apr 17, 2023

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Slowing merchandise exports may temper India growth story

Notwithstanding the continued focus on bolstering India's manufacturing exports, the segment has seen a drop across both high and low-skill categories.

Recent data paints a soft picture of India's exports dynamics. Merchandise exports have contracted in the last three out of four months. The contraction in March came in at a steep 13.9% year-on-year (y-o-y).

The decline can be partly attributed to a high base. Then the price effect was at play, aided by lower global oil and other commodity prices. The former has indeed led to a sharp 45% y-o-y contraction in oil exports, but note that non-oil exports have been falling too. Further, the dip in the non-oil exports basket is largely broad -based, underscoring the fragility in the exports story.

Notwithstanding the continued focus on bolstering India's manufacturing exports, the segment has seen a drop across both high and low-skill categories. Exports of high-skill items such as engineering goods, and organic and inorganic chemicals, which accounted for almost a third of the total goods exports fell in March. Further, low-skill manufacturing exports like readymade garments, plastic and leather products have also been contracting. The silver lining is electronic exports that have continued to grow at a robust pace, but that alone wasn't enough to drive headline exports growth higher.

Amid worries about weaker global growth, the exports outlook appears subdued as well. In the past, during the global financial crisis in CY09, and the covid-19 pandemic impact in CY20, India's exports took a beating when global growth was weak.

Last week, in the latest World Economic Outlook report, the IMF has estimated global GDP growth to decelerate to 2.8% in CY23 from 3.4% in CY22. The impact of slowing global growth has already started to reflect on trade. As per CPB World Trade Monitor, world trade volumes have been contracting from November to January after recording growth in the preceding two years. India's exports are not totally immune to a global trade slowdown and therefore, the outlook is bleak.

Slowing export growth surely has consequences for the external sector dynamics but it has even bigger implications for the overall economic momentum, given its over 20% contribution to India's GDP. The saving grace is that a likely moderation in the country's imports amid easing global commodity prices and robust growth in service sector exports may keep vulnerabilities at bay and the current account deficit contained.

However, if export growth remains muted for long, it would be a drag on the India growth story through its far-reaching implications for the country's crucial manufacturing sector.

Source: livemint.com- Apr 16, 2023

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Exim Credit Bank revolutionizes trade finance to bridge the gap for SMEs and global importers and exporters

Exim Credit Bank, a UAE-based financial institution, is leading the charge in revolutionizing trade finance for small and medium-sized enterprises (SMEs), importers, and exporters across the world. Joseph R Waryoba, the Senior Portfolio Manager at Exim Credit Bank, is passionate about the bank's mission to provide simple and powerful solutions to overcome the complexities of global trade.

The bank's primary objective is to bridge the trade finance gap and offer innovative solutions to customers facing cash flow shortages, compliance issues, and security problems. In collaboration with major financial institutions and investors, Exim Credit Bank aims to provide fresh solutions to the challenges SME customers face.

Exim Credit Bank has partnered with governmental and public entities, along with a diverse private sector of Trading, Contracting, Real Estate, Energy-related pursuits, Transportation services, and other Manufacturing activities. The bank's board enforces rigorous assessment processes to ensure sound implementation of possibility acceptance policies.

With over eighteen years of experience in trade finance, Exim Credit Bank has established an extensive global network of suppliers and buyers, connecting verified importers to exporters to ensure successful transaction completions. The bank specializes in wealth management and investment banking, offering services such as Letters of Credit, Corporate Finance, Asset Management, Project Financing, Trade Credit Insurance, and Export/Import Finance solutions.

Waryoba's expertise in trade guarantees helps commodity traders obtain their products and successfully complete deals. The bank's reputation for professionalism and honesty has enabled it to serve clients from nations across the globe, including the United States, the United Kingdom, Tanzania, West and East Africa, the Kingdom of Saudi Arabia, Spain, Egypt, Pakistan, India, Sri Lanka, China, Malaysia, Singapore, Hong Kong, Thailand, Indonesia, Mauritius, The Maldives, Philippines, South Korea, Australia, South Africa, Italy, Turkey, Switzerland, the Netherlands, Poland, Canada, and Eastern Europe.

Exim Credit Bank's financial strength, underwriting capacity, and credibility make it a go-to export and import finance provider in terms of issuing Letters of Credit (LC, SBLC, BG, POF, RWA). The bank offers robust risk solutions to clients, and its financial partners rely on its assessments.

Exim Bank Dubai not only provides financial services but also offers advisory services to UAE businesses regarding international trade regulations and market conditions. SMEs can benefit from the range of financial services provided by Exim banks, including loans, guarantees, and insurance to help reduce risks associated with international trade, such as currency volatility, political instability, and tariffs. Additionally, Exim banks offer advice and assistance for businesses that wish to expand their global presence.

In recent years, the importance of Exim banks has skyrocketed as countries increasingly rely on exports to fuel economic development. Exim Credit Bank is at the forefront of providing innovative solutions to overcome the complexities of global trade and support SMEs, importers, and exporters worldwide.

Source: business-standard.com- Apr 15, 2023

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Blended cotton hits fabric quality

AHMEDABAD/SURAT: Contamination of viscose and polyester in cotton has affected the textile market in the international and domestic arena.

All-time high cotton prices and the shortage of availability of cotton last year has forced many spinning players to blend viscose and polyester in cotton yarn to keep prices in control. This has, however, created many issues in the textile market.

But the practice continues, resulting in many export containers getting delayed. India's textile exports decreased by 23% last fiscal and experts believe that India needs to supply superior quality products at competitive rates to increase exports. Bharat Chhajer, former chairman of Powerloom Development and Export Promotion Council (PDEXCIL) said, "We had seen issues in quality last year due to shortage and high prices of cotton at Rs 1.10 lakh per candy.

Fabric dyeing and printing quality was reduced because Ahmedabad is a cotton textile processing hub. In some cases, the blended part of fabric was left without dyeing and printing. This has continued this year also when an average cotton prices decreased to Rs 60,000 per candy. There are problems in fulfilling export commitment because exporters do not export till they get satisfied with fabric quality."

Naresh Sharma, former vice president of Ahmedabad Textile Processors' Association (ATPA) said, "We have seen a number of grey fabric processing orders of inferior quality. Fabric having contamination does not get dyed or printed as per expectation and such a situation may create issues between fabric suppliers and the processors.

Jayesh Patel, vice president of Spinners' Association Gujarat (SAG) said, "Last year, most spinning mills started blending to remain viable. This year, spinning mills are not blending viscose or polyester but there is contamination coming from hand picking of cotton crop and from ginning.

New spinning mills have machinery which removes contamination but old ginning and spinning units do not have such machinery. Maharashtra cotton has higher contamination compared to Gujarat because they have older ginning units."

With around 30% contribution, Gujarat is the cotton hub of India and Ahmedabad-based processing units have installed capacity of more than 2.5 crore metres per day.

Source: timesofindia.com- Apr 16, 2023

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