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**IBTEX No. 80 of 2023** **May 2, 2023**



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| Currency Watch | |
|---|---|
| USD | 81.77 |
| EUR | 89.83 |
| GBP | 102.20 |
| JPY | 0.59 |

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SAYING NO TO CHILD LABOUR

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# INTERNATIONAL NEWS

## World merchandise trade falls by 0.9% MoM in Feb 2023: Dutch CPB

World merchandise trade fell by 0.9 per cent in February this year compared to the January figure, following a rise of 0.3 per cent in January compared to December 2022, according to the Dutch Bureau for Economic Policy Analysis.

Most noteworthy is a general decline of 2.1 per cent in imports in advanced economies. The imports of the United States (minus 4.2 per cent) and the United Kingdom (minus 6.1 per cent) both fell back considerably.

China showed a slight increase in imports and exports (both 0.6 per cent) during the month. The eurozone saw a 1.6 per cent decline in imports but a 1 per cent rise in exports, the monthly CPB World Trade Monitor showed.

CPB is a part of the ministry of economic affairs and climate policy.

World trade volume decreased by 0.9 per cent month on month (MoM) in February this year, while world trade momentum was minus 2.2 per cent (non-annualised).

World industrial production increased by 1.2 per cent MoM, having increased by 0.7 per cent in January.

World industrial production momentum was 0.4 per cent in the month.

Source: fibre2fashion.com– April 30, 2023

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# USA: Why Companies React to 'Greenwashing' With 'Greenhushing'

Monday last week was the closing date for the Federal Trade Commission's comment period, ahead of its meeting this month to decide what changes should be made to the existing "Green Guides," the list of rules revised three times since it was published in 1992 regarding what claims can and can't be made then companies advertise their sustainability credentials.

This first update since 2012 is a long time coming, and one made more urgent by a slew of class-action greenwashing lawsuits winding through the courts.

In its 8-page comment to the FTC, American Apparel and Footwear Association CEO Steve Lamar said some companies are now "greenhushing," or under-reporting their sustainability efforts because they are gun-shy about being labeled greenwashers and taken to court.

"While inaccurate or insufficiently substantiated claims mislead consumers about the impacts of the products they chose to buy, a lack of information makes every product appear to have equal impact, frustrating consumers' ability to make the kinds of choices they clearly want to make," Lamar wrote.

Another pressure point facing the FTC is what to do with the term "sustainability," which in recent years has become a household word, but does not appear anywhere in the 2012 Green Guides and does not have a consensus definition.

The term is first believed to be used in this context in a 1987 United Nations report, defined as "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

In his letter, Lamar suggested criteria for sustainability claims.

"The claim does does not imply the product or product component are wholly environmentally sustainable; AND A statement immediately precedes or follows the environmentally 'sustainable' claim that includes specific information about the environmental impact(s) that underly the 'sustainable' claim," Lamar wrote.

These caveats, if enacted, would dampen the impact of the word "sustainable," but also encourage companies to promote the good environmental things they do without fear of reprisal.

Detailing the sustainable thing an advertiser is talking about, Lamar said, would reduce the vague usage of the "catch-all" term.

The AAFA chief also recommended the FTC address apply the two-step criteria to the words "circular," "biodiverse," and "regenerative," which, like sustainable, have specific meanings, but easily become eco-marketing buzzwords.

A trio of social justice-minded academics—Sandra Gonza, Kenya Wiley and Corneil Montgomery—touched on many of the issues Lamar did in the AAFA's letter, but added cultural and racial considerations.

Quoting commissioner Rebecca Kelly Slaughter's comments that the FTC's mission must examine how "commercial practices affect the marginalized and vulnerable," the trio noted "regenerative" as a word ought to include references to its ties to indigenous cultures.

"We recommend that the Commission consider elements of regenerative to include: acknowledging the Indigenous roots of regenerative agriculture; improving soil health; increasing biodiversity; and providing a more holistic approach that includes a focus on humans, equity and social justice," they wrote.

They also addressed the new greenhushing problem, but approached from a different point of view than the AAFA, an industry trade group whose members include Adidas and Gap.

"Fast fashion and other larger brands are in a better financial position to absorb the legal and PR costs with greenwashing claims," they wrote. "That is often not the case for Black and Brown designers, fashion tech startups and other entrepreneurs that operate as small businesses — which may force them to stay silent about their sustainability solutions for fear of getting called out, and leading to what is known as 'greenhushing.'"

The group called on the FTC to adopt the EPA's definition of sustainability as "to create and maintain the conditions under which humans and nature can exist in productive harmony to support present and future generations."

When the four-person FTC gathers in Washington, D.C. on May 23 to discuss changes to the Green Guides, it will also hold a workshop regarding recycling claims called "Talking Trash at the FTC: Recyclable Claims and the Green Guides."

The AAFA letter recommended that the commission adjust the current standard of "substantial majority," or 60 percent of a community has access to recycling. Lamar wrote that this threshold is difficult for companies to assess and unfairly leaves out more rural communities which don't have the same recycling infrastructure as larger cities.

He pointed to hunting apparel as being an example of concern among AAFA members.

To define "recyclable" Lamar suggested international bodies such as the European Committee for Standardization, the International Standards Organization, ASTM International as models, and for claims substantiation, the European Union's proposed Green Claims Directive.
"While not finalized, [the directive] does attempt to answer these kinds of questions," Lamar said. "We would encourage the FTC to work closely with counterparts in the EU and seek to harmonize claim substantiation requirements."

Source: sourcingjournal.com– May 01, 2023

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## China's overall international trade surpasses $570 bn in Mar 2023

China's overall international trade in March 2023 exceeded 3.94 trillion yuan or $570.5 billion, up 2 per cent year-on-year (YoY).

Exports of goods for the same period reached around 1.85 trillion yuan, while imports neared 1.51 trillion yuan, which resulted in a surplus of 344.1 billion yuan, according to the State Administration of Foreign Exchange.

During the first two months of 2023, China's overall exports increased by 0.9 per cent compared to the previous year, reaching a total value of 3.5 trillion yuan, while imports declined by 2.9 per cent to 2.68 trillion yuan. As a result, the country's trade surplus expanded by 16.2 per cent on a yearly basis, reaching 810.32 billion yuan, the General Administration of Customs said.

Source: fibre2fashion.com– May 02, 2023

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## USA: Cleveland: Time to Sell Old Crop Cotton NOW

It is still not good. It may get worse. The cotton market continues to work its seven-month trading range, absolutely refusing to leave that range.

A tighter range of 78-84 cents has likely been established with prospects of finding a trade as low as 74.40. Yet, a trade up to 85 cents is just as likely. However, do not expect either to occur. Mills continue to bet on lower prices, while growers – most unfortunately – simply hope for higher prices.

This is not to fuss at growers or to growers. It is simply a discussion of a dynamic but very cold market. The market does not care about you, me, or anyone. It simply does not care. Growers have blood, sweat, and tears on the line. Even more gut wrenching is the emotion they have pumped into the crop.

We had earlier suggested growers price out at 85 cents. When that suggestion was met with mostly deaf ears, we said 84 cents. Deaf ears again prevailed. Now we suggest "hoping against hope" of selling at 83 cents – but realistically tell you to not wait on 83 cents. Do not. Go ahead and take what you can get above 81 cents. I honestly think July will trade back to 82 cents. But now that old crop prices are this low, STOP fighting it. What's another 50-to-75-point loss when one has already given up 700-800 points?

With the May contract in full expiry, the July contract will follow May's path below 80 cents. The hold and hope has worked for growers the last few years. This year it is working for the mills.

On-call mill sales versus purchases indicate mills are prudently fixing prices on price moves lower. The on-call purchases data clearly shows growers are delaying the pricing decision, suffering increasingly with each passing day. The on-call sales to on-call purchases ratio (mill purchases to grower selling ratio) strongly favors lower prices.

While growers continue to talk about exports – and the current weekly report was particularly good, though very misleading – it does not matter. Forget It. The marketing season is done. It is over.

This market has provided growers with a second chance and a third chance. It will offer no more. Do not beat yourself up anymore. The only way prices move higher is if the Government steps in and offers to buy the cotton at a higher-than-market price. Take odds on that. Agriculture has little to no standing in Government.

Cotton growers must extract enough from the market in eight years to cover their needs of 10 years. Grains are more forgiving, but without the home run offered by cotton. Grain producers must extract enough from the market in seven years to cover a ten-year production cycle.

The cotton market is out of kilter. If the demise of old crop was not depressive enough, now comes the 2023 crop facing a demand structure much like that faced by the 2022 crop. The ugly, ugly U.S. and world economic outlook remains one of near recession, if not actual recession. The economic impact is such that demand will remain stagnant and both U.S. and world carryover will balloon higher in 2023-24 and into 2024-25.

That is not to say that there won't be profitable pricing opportunities for most cotton growers, but the probability is that the low to mid 80s will be the extremely high price objective. More importantly, the market may spend nearly all of its time trading in the 70s. Until Washington decides to attack the economic woes it created, production agriculture will exist only at the subsistence level.

The adage of "low prices cure low prices" is at work. With lower cotton prices, yarn prices are tending to weaken. This is the first step in generating a new or improved demand. Lower yarn prices will spur improved margins for apparel manufacturers and thereby retailers. Yet, it will be slow going as the consumer has little money to spend on apparel.

Old Crop Prices: 80 cents, plus or minus 3 cents.

New Crop Prices: Mother Nature, 70-90 cents. The high side was lowered 10 cents this week and is trending lower.

Source: cottongrower.com– May 01, 2023

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# Peru's textile industry calls for regulation to boost exports, protect local producers

Peru's petrochemicals-based textile industry is calling for a specific law, similar to that of the agricultural sector, to be implemented to protect local producers from unfair competition from cheaper products, particularly from China. According to the head of textiles at trade group Sociedad Nacional de Industrias (SNI), this regulation could help boost textile exports by $2 billion in the US market within a few years.

Despite the COVID-19 pandemic, Peru's textile exports increased by 7.8% in 2020, with the sector employing around 400,000 workers in a country of 34 million residents. However, textile exports are still below their peak in 2014, when they reached $1.2 billion. China is the main competitor of Peru's textile industry, accounting for 53% of Peru's textile imports in 2020, followed by Vietnam (11%) and Bangladesh (6%), according to the Ministry of Production.

Although the Peruvian government created a national plan for the development of the textile and clothing industry (PLANTEX) in 2016, some industry experts argue that more targeted regulation is needed to protect local producers and boost exports. The proposed law for the textile industry would be similar to the Law for the Promotion of the Agricultural Sector, which provided tax incentives and other benefits to support agricultural production and exports.

Peru's textile industry is dominated by small and medium-sized enterprises (SMEs), which often struggle to compete with larger, more established companies.

If implemented, the proposed regulation could level the playing field and support the growth of SMEs in the sector.

Source: fashionatingworld.com– May 01, 2023

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# Germany accounts for 19.49% in Turkiye's total apparel exports in 2022

Germany is not only the largest export market for Turkish apparel but also for general merchandise. The latest trade data reveals that Germany remained the top market for Turkish exports during the first quarter of 2023. Germany's share amounted to 19.49 per cent ($3.428 billion) of Turkiye's total apparel exports, which amounted to $17.592 billion in 2022.

However, Turkiye was only the fifth largest supplier of apparel to Germany, which imported apparel worth $46.004 billion in 2022. Turkiye's share of the total imports into Germany was 7.66 per cent, according to Fibre2Fashion's market insight tool TexPro.

Germany's apparel imports from Turkiye increased to $3.521 billion in 2022, up from $2.936 billion in 2021. Inbound trade was valued at $2.612 billion in 2020, $2.621 billion in 2019, and $2.866 billion in 2018.

Both countries also engage in significant bilateral trade of fabric. Germany's imports of fabric from Turkiye increased to $199.004 million in 2022 from $194.090 million in 2021. The peak was recorded in 2018 at $230.491 million, but the inbound shipment eased to $194.381 million in 2019 and $176.036 million in 2020. Germany imported fabric worth $15.423 million in the first month of this year, as per TexPro.

Germany exports fabric to Turkiye too, but the volume is lower than its imports. The shipment of fabric from Turkiye to Germany was noted at $122.336 million in 2022, $92.586 million in 2021, $100.307 million in 2020, $130.461 million in 2019, and $123.892 million in 2018. The data shows volatility in the inbound shipment of fabric from Turkiye to Germany.

Source: fibre2fashion.com– April 30, 2023

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# Sri Lanka's garment exports ease 14.9% to $1,157.9 mn in Q1 2023

Sri Lanka's garment exports stood at $1,157.9 million during January-March 2023, which decreased 14.9 per cent over the exports of $1,360.6 million in the same period of the previous year, as per statistics released by the Central Bank of Sri Lanka. The country's garment exports dropped by 10.7 per cent in March 2023 due to the world economic slowdown.

During the first quarter of 2023, textile exports from the island nation increased by 5.9 per cent year-on-year to $88.9 million. The exports of other made-up textile articles stood at $26.1 million during the same period, down 19.6 per cent, according to the bank's report titled 'External Sector Performance'.

Textiles, garment, and other made-up textile articles' exports together accounted for 53.62 per cent of all industrial exports from Sri Lanka during the period under review, the report showed. The exports of all textile products totalled $1,273 million in January-March 2023, while Sri Lanka's total industrial exports stood at $2,374.7 million in the first quarter of the current year.

In March 2023, all textile products exports from the nation declined by 10.2 per cent year-on-year to reach $417.2 million. Category-wise, garment exports decreased by 10.7 per cent to $379.5 million, while textile exports eased 0.3 per cent to $28.5 million. The exports of other made-up textile articles were down by 15.6 per cent to $9.3 million.

On the other hand, imports of textiles and textile articles eased 31.3 per cent to $604.6 million, while clothing and accessories imports were down by 36.6 per cent to $45.7 million during January-March 2023.

Source: fibre2fashion.com– May 02, 2023

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## EU's forthcoming GSP regulation may undo Bangladesh's success story

The forthcoming European Union Generalised System of Preferences (GSP) scheme does no favor Bangladesh, points out EuroCommerce, the European body representing retail and wholesale sectors. It says the safeguard measures proposed in the forthcoming GSP would severely affect Bangladesh. Currently, Bangladesh benefits from the 'Everything but Arms' arrangement of GSP for least developed countries (LDC's). With a per-capita income of $2,457 in 2021, Bangladesh is classified a low-middle income country. With new GSP Regulation coming in to effect next year, Bangladesh could be given the 'Most Favoured Nation' tariffs and have the zero custom duty which it currently enjoys, removed.

GSP is aimed at helping products originating from a select list of developing countries preferential access to the EU markets. The preferential treatment is usually in the form of zero or reduced Custom Duties. The current GSP regulation ends on December 31, 2023 and the new one starts on January 1, 2024 valid for the next 10 years.

Bangladesh set to lose LDC status

Bangladesh is expected to exit the group of least developed countries (LDCs) in 2024, the most important change that it is going to face will be associated with preferential market access for exporters, particularly in the EU. The implication is huge, as 58 per cent of the country's exports are to the EU and UK and Bangladesh's exports could face average duties of 8.7 per cent as its status upgrades from an LDC. What's more for readymade garments, it could be 12 per cent.

The safeguard measures proposed in the European Union's new GSP regulation would severely affect Bangladesh's overall economy, points out EuroCommerce. The platform has already requested negotiations on the new GSP regulation and fears hundreds of thousands of RMG workers are at risk of losing their jobs. Additionally, the proposed measures could jeopardise the sustainable development of the sector. It is estimated shipments would drop by 5.7 per cent per year. To mitigate these effects, Bangladesh needs to qualify for the GSP+ scheme to preserve its competitiveness in the export market.

GSP+ scheme is a 'special incentive arrangement for Sustainable Development and Good Governance' for 'vulnerable developing countries'. This system grants full removal of tariffs on over 66 per cent of EU tariff lines. To qualify for the scheme, Bangladesh has to ratify 27 international conventions and has to fulfill the 'vulnerability' criteria as set by the European Union. In order to address these concerns, amendments of the existing labour laws, elimination of child labour, registration of trade unions, elimination of backlog in cases of labour laws etc, have been given the most emphasis.

The government of Bangladesh, along with relevant stakeholders, has been actively addressing issues related to the international conventions for some time now. An indicative action plan for addressing all the issues has already been developed and shared with the European Union. However, it has been put on hold due to the pandemic. A tripartite committee has already been formed with six representatives from the government, three representatives from entrepreneurs, and three representatives from workers.

Over 50 per cent export to the EU a roadblock

One of the biggest obstacles is that as soon as Bangladesh crosses 37 per cent threshold of exports to the EU, the new GSP Regulations will kick in. It is now time for a tripartite discussion between the EU law makers, the EuroCommerce personnel and Bangladesh government to find a middle path that does not destroy the well-invested, revenue and job generating textile and readymade garment sector of Bangladesh, the backbone of its export-based economy.

Source: fashionatingworld.com– May 01, 2023

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# Vietnam: Lifting the value of export apparel

Experts agree that improving textile production, fashion design and localization is needed for the long-term development of the domestic garment sector.

Increasing product quality

Most raw materials used in Vietnam's textile sector are imported from China and other countries, making the industry prone to the ups and downs of supply chains and less competitive in pricing. However, a foreign-invested firm in the southern province of Dong Nai has recently built a cutting-edge yarn manufacturing factory for textile production.

The firm developed an internal center for product research and development on its new campus. The facility enhances the business's operational efficiency, given that the fiber-to-fabric process could be carried out in one place and under a closed-loop production method. As a result, the company could introduce more products to the market when the previous ones approach the decline stage.

The 20-year-old firm has also opened a facility in the U.S. to better serve American partners. The factory was designed to promptly accommodate a certain number of orders in the U.S., which helps the firm cut delivery time and expand its market.

Finding such business strategies in Vietnam, however, has not been easy. In the marketplace, it is relatively rare to come across enterprises that could run the risk of investing substantially in R&D, let alone launching operations overseas. Arguably, there have been considerable stumbling blocks for domestic apparel firms despite the industry's immense potential.

Vietnam's textile and garment sector has posted a double-digit growth rate in exports for the last 10 years. Revenues generated from the foreign markets hit US$45 billion in 2022, with made-in-Vietnam apparel brands on the shelves of the world's leading retail stores. Though the fabric spinning and sewing sectors saw a decade-long upbeat trajectory, the fabric weaving and dying have fallen short of the industry's expectations.

By 2022, Vietnam's domestic apparel sector would need 11 billion meters of fabric, but as only four billion meters could be manufactured domestically, the industry would need outside supplies, said Nguyen Van Tuan, vice chairman of the HCMC-based Cat Tuong Group.

The dependence on imports has put the local apparel business at a disadvantage. Imported materials accounted for over half of Vietnam's fabric production, according to recent data by the Vietnam Textile and Apparel Association (VITAS).

Roughly 70% of the domestic manufacturers offer the cut-make-trim service, or CMT, which only transforms the buyer's specific requirements in designs, patterns and fabrics into fully-made products. The profit margin of CMT manufacturing is low, with some firms posting a net income after tax of US$1.7 for each product sold.

The rate will inch up to US$8 for clothes offered by an original equipment manufacturing (OEM) service. OEM factories, which can manage the supply of materials, produce garments tailor-made for apparel buyers. Meanwhile, an original design manufacturing (ODM) firm designs and produces garments bought and then branded for resale.

By and large, ODM production helps add some US$4 to the OEM company's profit to US$12 for each product sold. Nevertheless, it could be scaled up to a staggering 15-time increase in earnings when it comes to the original brand name manufacturing (OBM) businesses, which take full control over the product's first design to its very last sale under manufacturers' own brands.

To thrive, local enterprises in the apparel sector should change from CMT manufacturing to the OEM, ODM and OBM models, which means climbing up the value chain ladder and raising the localization rate of Vietnam's exports, experts said. The effort would ensure the country's products in accordance with the rules on the origin of goods when entering key markets overseas.

More importantly, maintaining a constant flow of material supply under control remains a requirement for business growth in the textile industry.

However, rising employment costs have put a burden on firms' activities. To make matters worse, Vietnamese businesses sticking with simple manufacturing or processing operations now face increased competition from growing apparel businesses in Bangladesh and India, among the countries with competitive labor costs.

Technology edge

In the eyes of businesses, technology applications appear to be a viable way to cut costs and create a competitive advantage. In other words, opportunities are here to stay when local firms can keep words and deeds aligned in pursuing sustainable development and making a digital transformation in production.

VITAS Vice Chairman and Secretary General Truong Van Cam said the lack of material supply, particularly for the dying sector, is one of the most pressing issues of the country's textile and garment industry. He added that many investors, in particular, failed to get approval for their dying facility investments that negatively impact the environment.

The Ministry of Industry and Trade and relevant agencies have worked on the establishment of some large apparel industrial park projects with high-standard wastewater treatment procedures. The Government's bodies are seeking ways to address the lingering shortage of fabric supply.

In addition to green manufacturing, digital transformation in production will optimize the operations of local companies. Many domestic businesses have tried using robotics and automation in manufacturing and seeking Internet of Things solutions to streamline production processes.

Technological advancements, for instance, have spearheaded the sustainable expansion strategy of Fashion Link JSC, or Faslink, a 10-year-old uniform provider in HCMC. The firm's Style Three-dimensional application applied two years ago has allowed its staff to build an online, extensive fabric database and made it easier for salesmen to reach out to potential customers, according to Tran Hoang Phu Xuan, Faslink general director.

"Through the app, we have worked online with our customers with real-time interactions," Xuan said, noting that the result looks mostly the same as during in-person meetings with a long line of briefs and adjustments.

According to Xuan, the difference is that it now takes just hours to have an idea with a materialized fabric sample. For the same workload earlier, the processing time of a fully-made product could last for days.

Xuan stated that the orders received through the app accounted for 15% of Faslink’s operations. “It indeed opens up a cost-effective marketing channel for us,” she added.

In early April, hundreds of participants in the domestic and international apparel industry joined the Fabric and Garment Accessories Expo, or Saigontex 2023, held in HCMC. The firms brought a range of manufacturing equipment, technology and fiber materials along with an eye on seeking potential partners at home and abroad.

On the sidelines of the event, Deputy Minister of Industry and Trade Phan Thi Thang said the Government plans to develop Vietnam’s large-scale textile manufacturing based on high-tech operations, with priorities being laid on green production and sustainable development.

In the international market, the door is not shut for Vietnam’s garment sector, according to Vu Duc Giang, VITAS chairman.

As the free trade agreements to which Vietnam is a signatory take effect in the next two years, the business community may see a springboard of hope amid global economic headwinds.

In short, the ball is now in the court of local apparel firms, and squandering chances to enhance apparel export value is no longer a choice.

Source: vietnamnet.vn– May 01, 2023

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## Hugo Boss signs Pakistan Accord on safety in textile industry

Hugo Boss has signed the Pakistan Accord, underscoring its commitment to the protection of health and safety of garment workers.

As a binding agreement of company and trade union signatories, the Pakistan Accord is an extension of Bangladesh's 2021 International Accord for Health and Safety in the Textile and Garment Industry. The International Accord is based on the Bangladesh Accord on Fire and Building Safety, established in 2013, resulting from the dramatic tragedy of the Rana Plaza building collapse.

"At Hugo Boss, we are committed to respecting human rights and safe working standards along our entire value chain and apply this throughout our organisation," said Yves Müller, CFO and COO of Hugo Boss. "We take the fair and ethical treatment of our employees, suppliers, and partners worldwide very seriously and look forward to supporting the improvement of labour conditions in Pakistan through implementing the Pakistan Accord."

In the past, Hugo Boss signed the International Accord together with about 190 other garment brands and unions and now additionally committed to the Pakistan Accord, the company said in a press release.

The Pakistan Accord includes all key International Accord features, and promotes workplace and building safety for an initial period of three years through independent inspections, remediation, an independent complaints mechanism and training programmes for employees.

Together with its fellow signatories, Hugo Boss will provide funds to support the successful implementation of the Pakistan Accord and help uphold and improve occupational health and safety measures in Pakistan's garment and textile sector.

Source: fibre2fashion.com– May 01, 2023

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# NATIONAL NEWS

## CEPA is the growth engine for India-UAE bilateral trade

On the occasion of the first anniversary of the implementation of the India-UAE Comprehensive Economic Partnership Agreement (CEPA) today, Commerce Secretary Shri Sunil Barthwal congratulated the people of India and the UAE on the milestone and talked about CEPA's role as a growth engine for India-UAE bilateral trade over the past 11 months. CEPA is a full and deep Agreement signed on 18 February 2022, during a virtual summit between the Prime Minister of India, Shri Narendra Modi and His Excellency the President of the UAE and Ruler of Abu Dhabi, His Highness Sheikh Mohamed bin Zayed Al Nahyan. CEPA entered into force from 01 May 2022.

The Commerce Secretary said that both sides are continuing to work together to further improve Ease of Doing Business between the two countries. Representatives from Industry mentioned about the experience of leveraging upon the CEPA to register significant growth in their respective sectors.

During the past one year, CEPA has made a significant impact on India's Bilateral Trade with the UAE and particularly India's Exports to the UAE (Oil and Non-Oil). The Bilateral Trade between India and the UAE has touched historic highs during FY 2022-23.

Trade has increased from US$ 72.9 billion (Apr 21-Mar 2022) to US$ 84.5 billion (Apr 22-Mar 2023) registering a year-on-year increase of 16%. During the CEPA Implementation period (from May 22 to Mar 23), bilateral trade increased from US$ 67.5 billion (May 21-Mar 2022) to US$ 76.9 billion (May 22-Mar 2023) – an annual increase of 14%.

Exports from India to the UAE have also registered a multiyear high. During April-March period, Indian exports to the UAE increased from US$ 28 bn to US$ 31.3 bn; an increase of around US$ 3.3 billion; or 11.8% year-on-year growth in percentage terms. During the same period, growth in India's global exports was 5.3%, excluding the UAE, India's global exports grew at 4.8%.

During the CEPA Implementation period (May 22 – March 23), India's exports to the UAE increased from 26.2 billion (May 21 – March 22) to 28.5 billion (May 22 – March 23); an 8.5% y-o-y growth. During the same period, India's global exports, excluding the UAE, grew at 3.1%. India's Imports from the UAE have grown to USD 53.2 billion (an annual increase of 18.8%) during Apr 22 to Mar 23. Non-oil imports during the same period grew by 4.1%.

Some of the key sectors, including labour-intensive sectors, that have witnessed significant export growth on account of the CEPA include: Mineral Fuels; Electrical Machinery (particularly telephone equipment); Gems & Jewellery; Automobiles (Transport vehicles segment); Essential Oils/Perfumes/Cosmetics (Beauty/Skin care products); Other Machinery; Cereals (Rice); Coffee/Tea/Spices; Other Agri Products; and Chemical Products

Utilization of the India-UAE CEPA has been increasing steadily on a month-on-month basis. Number of Preferential Certificates of Origin (COOs) issued under the CEPA increased from 415 in May 2022 to 8440 in March 2023. Over 54,000 COOs issued under the CEPA during the 11-month (May 22 – March 23) period.

Under the India-UAE CEPA in the Goods Domain, the UAE eliminated duties on 97.4% of its tariff lines corresponding to 99% of imports from India. India has obtained immediate duty elimination on over 80% of its tariff lines corresponding to 90% of India's exports in value terms. Most of these tariff lines correspond to the labour-intensive industries/sectors such as oil seeds & oils, beverages, cotton, fish & fish products, textiles, clothing, gems and jewellery, leather, footwear, pharmaceuticals and many engineering products.

In the Services Domain, broader and deeper commitments have been taken across all the sectors and modes of supply. Out of the 160 services subsectors, India has offered 100 sub-sectors to the UAE and the UAE has offered 111 sub-sectors to India. Given the significant increase in bilateral trade, particularly in exports of Indian goods and services, CEPA would have had a concomitant positive impact on other key macroeconomic variables such as GDP and Employment.

Source: pib.gov.in- May 01, 2023

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## Commerce ministry asks export promotion councils to work on targets for 2023-24

The commerce ministry has asked export promotion councils to work on export targets for current fiscal year and chalk out a detailed road map to achieve that. According to exporters, issues related to the country's outbound shipments were discussed during a meeting chaired by Commerce and Industry Minister Piyush Goyal on April 24. India's goods and services exports together touched an all-time high of USD 770 billion last fiscal year. While merchandise exports touched USD 447 billion, services exports are estimated at about USD 322 billion.

"The ministry has asked us to work on new exports target for this fiscal and explain ways to achieve," an exporter said. He said it was emphasised that states and Indian missions abroad be involved in achieving the new target. There was also a discussion on organising a major buyer-seller meet to showcase India's prowess in exports.

Latin America and African countries hold huge potential to boost exports. Apparel Export Promotion Council Chairman Narendra Goenka, who participated in the April 24 meeting, said though there are global economic uncertainties, the sector is likely to grow by 5-10 per cent this fiscal. The country's merchandise exports are likely to cross USD 500 billion this fiscal due to healthy demand for domestic goods in key global markets, including the US, and benefits from trade pacts, according to exporters. "Together with goods and services, we are targeting exports of USD 900 billion this fiscal," FIEO Director General Ajay Sahai said. Free trade agreements with the UAE and Australia would provide a huge platform to boost exports in those markets.

Ludhiana-based engineering exporter and Hand Tools Association President SC Ralhan said there are healthy signs of economic growth in the US, which accounts for about 18 per cent of India's total outbound shipments. Mumbai-based exporter and Chairman of Technocraft Industries Sharda Kumar Saraf too said that this fiscal would be better than last year for India's exports.

Source: economictimes.indiatimes.com- Apr 30, 2023

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# GST revenue collection for April 2023 highest ever at Rs 1.87 lakh crore

The gross GST revenue collected in the month of April, 2023 is ₹ 1,87,035 crore of which CGST is ₹38,440 crore, SGST is ₹47,412 crore, IGST is ₹89,158 crore (including ₹34,972 crore collected on import of goods) and cess is ₹12,025 crore (including ₹901 crore collected on import of goods).

The government has settled ₹45,864 crore to CGST and ₹37,959 crore to SGST from IGST. The total revenue of Centre and the States in the month of April 2023 after regular settlement is ₹84,304 crore for CGST and ₹85,371 crore for the SGST.

The revenues for the month of April 2023 are 12% higher than the GST revenues in the same month last year. During the month, the revenues from domestic transactions (including import of services) are 16% higher than the revenues from these sources during the same month last year.

For the first time gross GST collection has crossed ₹1.75 lakh crore mark. Total number of e-way bills generated in the month of March 2023 was 9.0 crore, which is 11% higher than 8.1 crore e-way bills generated in the month of February 2023.

Month of April 2023 saw the highest ever tax collection on a single day on 20th April 2023. On 20th April 2023, ₹ 68,228 crore was paid through 9. 8 lakh transactions. The highest single day payment last year (on the same date) was ₹ 57,846 crore through 9.6 lakh transactions.

The chart below shows trends in monthly gross GST revenues during the current year. The table shows the state-wise figures of GST collected in each State during the month of April 2023 as compared to April 2022.

Click here for more details

Source: pib.gov.in- May 01, 2023

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# India's manufacturing sector sees improvement in Apr 2023: S&P Global

India's manufacturing purchasing managers' index (PMI) rose from 56.4 in March 2023 to 57.2 in April 2023, signalling a significant improvement in the sector's health, according to S&P Global. All sub-components of the PMI, except for suppliers' delivery times, made a stronger contribution to this month's figure. This marks the fastest improvement in the manufacturing sector's health so far this year.

New orders placed with goods producers rose at the quickest pace since last December. The rate of expansion was sharp and above its long-run average. The upturn was supported by favourable market conditions, demand strength and publicity.

Likewise, output increased at a sharp rate that was the most pronounced in four months. More than one-quarter (26 per cent) of all survey participants reported higher production volumes, citing sustained expansions in sales, as per S&P Global India Manufacturing PMI report.

Robust new business growth and an associated increase in production requirements urged manufacturers to add to their input inventories in April. The rate of stock accumulation climbed to a survey peak.

The upturn in holdings of raw materials and semi-finished items was facilitated by purchasing activity growth. Not only did buying levels expand for the twenty-second successive month, but also at a sharp rate that was the strongest since February 2021.

Despite the surge in purchasing activity, suppliers were able to deliver inputs in a timely manner during April. Vendor performance improved to the greatest extent in eight months, though only slightly overall.

In stark contrast to the trend for input stocks, holdings of finished products decreased in April. The pace of depletion was moderate, though the fastest in four months. Where a contraction was signalled, monitored firms mentioned that sales had been fulfilled from warehoused items.

Although manufacturers signalled higher operating costs in April, the overall rate of inflation remained below its long-run average despite quickening since March.

Charge inflation also quickened in April, reaching a three-month high and matching its long-run average. That said, while 6 per cent of companies hiked their fees since March, 92 per cent left them unchanged.

Elsewhere, goods producers recorded a marginal increase in outstanding business volumes. Still, firms sought to expand capacities by taking on additional workers. Although only slight, the latest upturn in employment compared with a fractional reduction in March, the report added.

Indian manufacturers were confident that production volumes would be higher in 12 months' time, amid demand resilience, client enquiries, orders pending approval, and marketing efforts. Moreover, the overall level of positive sentiment rose since March.

Source: fibre2fashion.com- May 02, 2023

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## Healthcare textiles look to provide the next layer of infection-control

It's not uncommon to see medical gowns and hospital linen hung out to dry alongside regular clothes from households.

A worrying reality at a time when Covid-19 has more than brought home the need for stringent quality and infection control to protect healthcare practitioners, patients and those handling such healthcare textiles used in hospitals, clinics, even pharmaceutical companies.

But a silent initiative is underway from within the healthcare segment to streamline the handling and processing of such textiles. The voluntary scheme is an initiative of the Andhra Pradesh MedTech Zone Ltd (AMTZ), in collaboration with the Association of Indian Medical Device Industry (AiMeD) and the Association of Healthcare Providers India (AHPI), and was announced on World Health Day, in early April.

Wide coverage

Though the pandemic may have made PPEs (or Personal Protective Equipment) part of household conversations, healthcare textiles covered by this scheme go beyond them. It covers the sweep of textiles from overcoats, scrubs and aprons, for example, worn by healthcare practitioners to bed linen, pillow covers, towels and even equipment covers, say those involved with outlining the scheme that has been bench-marked with international standards.

Explaining its importance, they point out, there is a degree of sterilisation that is involved, depending on whether the linen comes from an infectious ward, operation theatre or an out-patient department.

The quality of healthcare textiles depends not only on the materials used, "but also on the processing facilities where they are sterilized, cleaned, and packaged," says the document outlining the Healthcare Textiles Processing Facility Certification Scheme.

"The scheme aims to ensure the quality of healthcare textiles, including personal protective equipment (PPE), by certifying the facilities that process them," the document said, clarifying that it covered only multiple-use healthcare textiles.

The scheme has been developed in compliance with international standards ISO/IEC 17065, published International Accreditation Forum (IAF) documents and other global benchmarks, says Dr Sanjiiiv Relhan with the Preventive Wear Manufacturers' Association of India. A protocol-driven process to disinfect medical textiles will help bridge trust with users, he points out.

Different medical textiles will have to be segregated and cleaned and sterilised, depending on the fabric used and on the level of infection it may have been exposed to, he says. In many countries, for instance, HCPs are not allowed to take their medical belongings home to get it washed, he points out.

The pandemic did highlight the importance of PPEs to protect HCPs and patients, says Association of Healthcare Providers' (India) Director, Dr Sunil K Khetarpal. But quality is not dependant only on the materials used to make products, but also on how it is cleaned and packaged, he says, adding that decontamination was important from the point of view of tackling microbial infection, for instance.

A Quality control order would have been useful at the onset of Covid-19, observes AiMED's Rajiv Nath. In fact, producers of such products faced an uphill task during the pandemic, where different authorities asked for different standards in quality. "What was demanded was not in consensus and not aligned to international standards," he recalled, adding that a pragmatic approach was required that was not an "overkill", nor "shoddy". These are hygiene products, he said, underlining the need for stringent quality in manufacture and its handling thereafter.

Hygiene cue for others

Giving details on the scheme, Mrutunjay Jena, AMTZ Scientist and Head (quality and regulatory affairs) says, it is a detailed, technical document, outlining traceability (back to the manufacturer); whether a product needs sterilisation or not (depending on whether the linen, for instance, is from an operation theater or a special ward); whether it has exhausted the number of times it can be used etc. Jena was formerly with Quality Council of India and involved with accreditation of certification bodies says.

Outlining what happens next, he said, medical textile processing laundries (in hospitals or third party) will start getting certified by accredited bodies including those that are part of the IAF. Presently though, efforts are underway to make hospitals and clinics of all hues aware of the scheme and even hand-hold them in adopting it. Jena expects to see the scheme adopted in a year, once the certification bodies are in place.

And while there's no disputing the need for stringent hygiene and infection control in healthcare, Jena sees the scheme resonating in other public-oriented service sectors as well. Sectors such as railways and hotels, he says, could benefit from a dose of healthcare-level hygiene standards.

Source: thehindubusinessline.com- April 30, 2023

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# India's FISME seeks GST compliance parity between offline, e-com biz

The Federation of Indian Micro and Small and Medium Enterprises (FISME) recently urged the ministry of micro, small and medium enterprises (MSMEs) for parity in goods and services (GST) compliance between offline businesses and e-commerce sellers to encourage more MSMEs to go online.

One of the reasons for low digital penetration among small businesses is the complex GST compliance requirements needed to make the transition from offline to online selling platforms, FISME claimed in its representation.

FISME suggested facilities like exemption from import duties on returns, inventory and order management support for new businesses, simpler funding options and subsidies for MSMEs, and efforts to drive awareness around digital marketing for new MSMEs.

It also demanded an enabling e-commerce policy and the exemption of additional compliance obligations for online sellers.

The recommendations were made in consultation with over 40 delegates representing MSMEs, think tanks, payment service providers, e-commerce and last-mile delivery platforms, and industry organisations such as Meesho, Zomato, PayU, Amazon, BlinkIt and Shiprocket.

While it is mandatory for online businesses now to register under GST regardless of turnover, offline sellers with a turnover of more than ₹40 lakh have to apply for GST. And this creates an unequal playing field between offline and online retail, the federation claimed.

“There is an urgent need to educate MSMEs on the benefits of online selling, such as access to a wider audience and nuanced market intelligence. We need to establish a level-playing field between online and offline businesses and limit the additional compliance burden imposed on online sellers,” FISME secretary general Anil Bhardwaj said.

“A favourable policy particularly for women entrepreneurs to increase their participation, a uniform e-commerce logistics policy that makes it easy for new MSMEs to reduce their transactional cost, driving awareness on the onboarding process and making the process easier, are some ways that will help small sellers," said FISME in a statement.

An information portal that serves as a one-stop-destination for regulatory policies will also help educate MSMEs, it added.

Source: fibre2fashion.com- May 02, 2023

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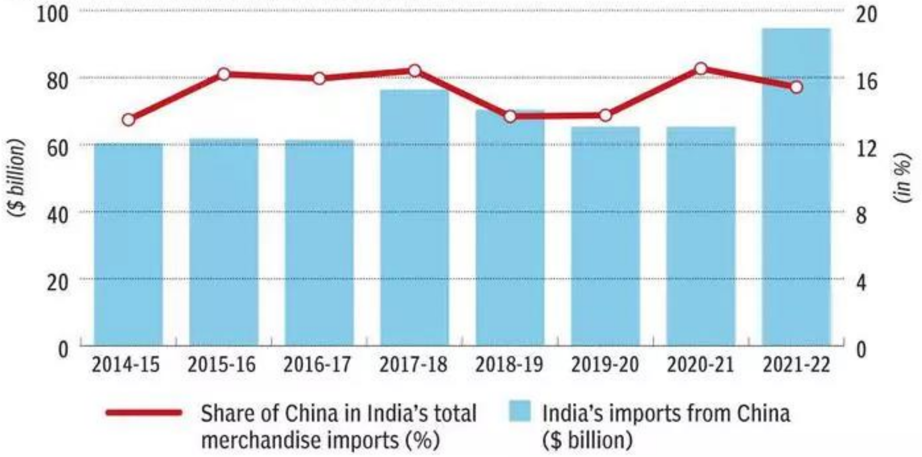
# India's intriguing trade ties with China

Over the years, China has emerged as the epicentre of the global supply chain. Notwithstanding the on-going trade war between China and the US, the pandemic, and the clamour for "China-plus-one" strategy, the key role of China in global merchandise trade seems unaffected. While many countries were not at ease with over-dependence on China for their imports, China continues to be a key trading partner for diverse countries all over the world. India is no exception.

## Dissecting India-China trade

**Imports from China and share of China in India's total merchandise imports**

CHART




**Merchandise trade with China and India's total merchandise trade**

TABLE

($ billion)

| | Imports from China | Exports to China | Trade deficit with China | India's total trade deficit |
|---|---|---|---|---|
| 2014-15 | 60.41 | 11.93 | -48.48 | -137.69 |
| 2015-16 | 61.71 | 9.01 | -52.7 | -118.72 |
| 2016-17 | 61.28 | 10.17 | -51.11 | -108.5 |
| 2017-18 | 76.38 | 13.33 | -63.05 | -162.05 |
| 2018-19 | 70.32 | 16.75 | -53.57 | -184 |
| 2019-20 | 65.26 | 16.61 | -48.65 | -161.35 |
| 2020-21 | 65.21 | 21.19 | -44.03 | -102.63 |
| 2021-22 | 94.57 | 21.26 | -73.31 | -191.05 |

Source: Ministry of Commerce

India's trade with China is important because, for the last 15 years, China has been India's top source of imports. In 2007-08, China's share in India's imports was around 10.8 per cent. It gradually went up and reached 16.4 per cent in 2017-18. It languished around 13.7 per cent for 2018-19 and 2019-20, but in the two post-Covid years (viz., 2020-21 and 2021-22), China's share in India's imports reached 16.53 per cent (record high) and 15.43 per cent, respectively.

To put these numbers in perspective, in these two years, the second biggest source of imports for India was the UAE, with an import share of 6.7 per cent in 2020-21 and 7.31 per cent in 2021-22. These numbers indicate that China is not only India's biggest source of imports, but its share in total Indian imports is also more than double that of the UAE.

Secondly, in total non-oil merchandise imports, China's dominance is even more pronounced. As oil imports account for 25-30 per cent of India's total imports, India's dependence on China for non-oil imports can be as high as 25 per cent or more.

India's import from China

Interestingly, the slowdown in China and the massive supply disruptions have not reduced China's share in India's total imports. In fact, the import shares seem to have gone back close to the pre-Covid peaks (see chart) . Moreover, in absolute terms, India's imports from China during the pre-Covid years were $76 billion in 2017-18 and $70 billion in 2018-19. These numbers for 2020-21 and 2021-22 are $65 billion and $94.5 billion, respectively.

This shows that in absolute terms, India's imports from China in 2021-22 is significantly higher than its pre-Covid level of imports. Data for the period April 2022 to February 2023 show that India's total imports from China have already crossed $90 billion. In terms of commodity basket, India primarily imports the following items from China — electrical and electronic goods, organic chemicals including pharmaceuticals, and plastic items.

Together, these four categories make up more than 70 per cent of India's imports from China. Also, imports of these items by India from China have gone up in the post-Covid period. Interestingly, China is a big market for Indian exports, as well. China has been among the top four export markets for India in the last few years. After Covid, India's exports to China have gone up.

However, as imports from China are much bigger, India's bilateral trade deficit with China is large and growing. In 2021-22, India's trade deficit with China was around $73.3 billion (see table). It is expected to cross $100 billion in FY23, going by China's customs data for 2022. India's trade deficit with China accounts for 38-40 per cent of India's total merchandise trade deficit in the post-Covid era (see table).

Do these numbers raise any cause for concern? Per se, running a trade deficit with another country is not necessarily undesirable. Imports can be useful as they can bridge the gap between domestic demand and supply of some goods. Imports of cheap raw materials and intermediate goods can help domestic competitiveness. The principle of comparative advantage precisely says this. Also, imports may give access to better technology and apart from the usual gains from trade, cheaper imports can also keep domestic inflation low. However, imports can be destabilising for a country's domestic economy as they can displace domestic industries and can lead to premature deindustrialisation and unemployment.

Slower GDP growth

But apart from these reasons, the growing trade volume and increasing trade imbalance between India are intriguing for some special policy reasons. Since the Covid crisis, China is experiencing a slower GDP growth rate and has shifted its policies more towards domestic consumption. But these policy shifts do not seem to have dented Chinese exports to India.

Secondly, India has signed a number of free trade agreements (FTAs) with several East and Southeast Asian nations. International trade theory suggests that the signing of such trade agreements should have taken some market share away from China, which has not happened.

It is also notable that India withdrew from the Regional Comprehensive Economic Partnership (RCEP) before signing a deal and consequently, there is no FTA between India and China right now. This puts China at a disadvantage over other FTA partners of India. Finally, over the last few years, the government of India has taken several policy measures to improve import substitution.

But, despite all these developments and various conscious efforts by the government, India's dependence on China does not seem to have waned. Admittedly, the effects of government policies may kick in with some lag. But, geopolitical and strategic differences between India and China may raise some concerns about the extent of India's dependence on China in important and strategic industries. This warrants a deeper look at what India and China trade with each other.

Source: thehindubusinessline.com- May 01, 2023

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# Iran calls for increased use of national currencies in trade with India

Iran's Secretary of the Supreme National Security Council (SNSC) Ali Shamkhani has called for increased use of the rial and rupee in trade with India, Islamic Republic News Agency (IRNA) reported. In a meeting with National Security Advisor of India Ajit Doval in Tehran on Monday, Shamkhani said using national currencies in bilateral trade between Iran with India would help the two countries reach their joint economic objectives.

During the meeting, Shamkhani and Doval discussed economic, political, and security issues concerning Iran and India as well as the most important regional and international developments, IRNA reported.

Stating that improved Iran-India ties are not against any other country and are not affected by the will of third parties, he underlined that global and regional developments had created very good conditions to strengthen interactions between the two countries in the field of energy, transportation and transit, technology, and banking.

Welcoming the role played by India in regional and international developments, Shamkhani highlighted that Iran considers the active participation of New Delhi in political, economic, and security initiatives with the participation of the countries of Central Asia and the Persian Gulf region as necessary and helpful, IRNA reported. Doval, for his part, said that the deep influence of Iranian culture in the daily life of the Indians is a sign of deep ties between the two nations.

Doval added that the recent agreement between Iran and Saudi Arabia to normalize their diplomatic ties would have profound regional effects on changing relations in the international system. Emphasizing the need for cooperation between Iran and India to boost stability in Afghanistan, the Indian official said the two countries should work together to eradicate Takfiri terrorism in the country, IRNA reported. He said India considers Chabahar port, in southeastern Iran, as a gateway for increased cooperation between Iran and India.

Source: business-standard.com- May 02, 2023

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# IMF pins hope on India for global economic revival in, says report

International Monetary Fund (IMF) pinned its hopes on India for global economic revival as it continues to remain a relative "bright spot" in the world economy, Asia Lite reported.

A few days back, IMF released its much-awaited World Economic Outlook report 'A Rocky Recovery' which had predicted that India would grow 5.9 per cent this year.

"We realised that 2020-2021 has been actually a lot better than we thought," IMF economist Daniel Leigh said at a press briefing, responding to a question from the media query.

Global output growth is projected by the IMF to slow to 2.8 per cent in 2023 (calendar year), picking up to 3 per cent in 2024.

India continues to remain a relative "bright spot" in the world economy, and will alone contribute 15 per cent of the global growth in 2023, International Monetary Fund (IMF) Managing Director Kristalina Georgieva said a couple of months back.

While digitisation pulled out the world's fifth-largest economy from pandemic lows, prudent fiscal policy and significant financing for capital investments provided in the next year's Budget will help sustain the growth momentum, Asian Lite reported.

"India's performance has been quite impressive. For this year, we expect India to retain a high growth rate, 6.8 per cent for the year that ends in March. For FY 2023/24 (April 2023 to March 2024) we project 6.1 per cent, a bit of slow down like the rest of the world economy, but way above the global average. And in that way, India is providing about 15 per cent of global growth in 2023," Georgieva said recently.

To compare the quantitative impact of different forces, the study relied on a macroeconomic model (PP) based on Platzer and Peruffo (2022)

PP is a "real" macroeconomic model, in the sense that it abstracts from nominal and financial frictions that typically underlie cyclical fluctuations.

Similarly, for tractability, uncertainty is assumed away, Asian Lite reported.

While these are reasonable assumptions for the study of medium- to long-term trends in the real interest rate, the model is ill-equipped to analyze the impact of the financial drivers discussed earlier.

Nonetheless, PP still allows for foreign developments to affect domestic interest rates through their implication for net international capital flows. PP is calibrated to represent eight major global economies: the United States, Japan, Germany, the United Kingdom, France, China, India, and Brazil.

These are the five largest advanced economies and the three largest emerging market and developing economies, which cover some 70 per cent of global GDP.

Demographic developments, the age-earning profile, the share of income going to the richest 10 per cent, productivity trends, the retirement age, average pension replacement rates, labour share, government debt, and public expenditure inform the country-specific calibrations, Asian Lite reported.

India's real GDP growth rates are calculated as per national accounts: for 1998-2011 with the base year 2004-05 and, thereafter, with the base year 2011-12.

The WEF paper 'A Rocky Recovery' clarified that the projections are based on available information on the authorities' fiscal plans, with adjustments for the IMF staff's assumptions. Subnational data are incorporated with a lag of up to one year; general government data are thus finalised well after central government data.

IMF and Indian presentations differ, particularly regarding disinvestment and license-auction proceeds, net versus gross recording of revenues in certain minor categories, and some public sector lending, Asian Lite reported.

Source: business-standard.com- May 02, 2023

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## MOOWR scheme made less attractive

In October 2019, the finance ministry introduced the Manufacture and Other Operations in Warehouse (No.2) Regulations (MOOWR), 2019, vastly simplifying the scheme for manufacturing in bonded warehouses and making it more attractive. Now, amendments in the Customs Act, 1962, made through the Finance Act, 2023, that will take effect at a date to be notified later, make the scheme a lot less attractive.

The government conceived the MOOWR in response to a panel ruling at the World Trade Organisation (WTO) that held the export oriented units (EOU) scheme, special economic zones (SEZ) scheme and export promotion capital goods (EPCG) scheme as incompatible with the disciplines under some WTO agreements. MOOWR is a duty deferment scheme under which the licensees operating under Section 65 of the Customs Act, 1962, can import their capital goods and inputs required for production in a bonded warehouse without payment of any duties or taxes.

The duties or taxes so deferred are required to be paid only when the capital goods or the inputs or the goods manufactured in the bonded warehouse are cleared in the domestic tariff area (DTA). Since the MOOWR mandated no export obligation, some producers opted for the scheme even when their entire production was to be cleared only in the DTA. Some problems surfaced during implementation of the scheme.

The domestic producers of capital goods and other materials complained that they have to pay goods and services tax (GST) on their supplies to the MOOWR units whereas such units were not required to pay upfront the integrated goods and services tax (IGST) on their imports. Second, deferment of duties and taxes on imported goods had certain revenue implications.

Third, the restriction under Rule 96(10) of the central goods and services tax (CGST) Rules, 2017, that the goods manufactured using inputs on which GST was exempted must not be exported on payment of IGST under a refund claim, was not applicable to goods manufactured under the MOOWR scheme. So, the government decided to deny deferment of IGST and GST Compensation Cess on imports by units functioning under the MOOWR scheme.

Thus, the requirement to pay the IGST and GST Compensation Cess on imports makes the MOOWR scheme less attractive, as it has a direct implication on the cash flow of the units that have opted for the MOOWR scheme. In any case, the MOOWR scheme has to compete with the EOU scheme, the SEZ scheme and the EPCG scheme that allow exemption from IGST and Compensation Cess on their imports.

The MOOWR units are required to file a bill of entry for warehousing at the time of imports and file a bill of entry for home consumption at the time of clearance from the bonded warehouse.

This is rather cumbersome and so the relevant provisions have now been amended to provide that the MOOWR units can claim deferment of duties and taxes by filing a bill of entry for home consumption at the time of import itself. The processes for payment of the deferred duties and taxes at the time of clearance for home consumption are yet to be made clear.

Most manufacturers were reluctant to opt for the MOOWR scheme instead of the well-established EOU/SEZ/EPCG schemes. Now, even some MOOWR units may opt out of the scheme and go for the competing schemes.

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

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# India's garment exports to S Korea soar; fabric & yarn shipment down

In 2022, India-South Korea bilateral trade grew by 17 per cent to $27.8 billion. India's apparel exports to South Korea also increased by 51 per cent. However, India's exports of fabric and yarn decreased year-on-year in 2022. On the other hand, India's fabric imports noticed an upward trend, while yarn imports from South Korea remained bearish in the last year. Interestingly, India exports fabric and yarn in higher value than apparel.

Apparel export to South Korea registered an impressive growth in 2022, reaching $59.451 million from $39.002 million in 2021. The shipment was recorded at $54.132 million in 2018 which reduced to $49.749 million in 2019 and $38.644 million in 2020, as per data obtained from Fibre2Fashion's market insight tool TexPro.

However, the outbound shipment of fabric and yarn from India to South Korea has noticed a declining trend in the last year. According to TexPro, India's fabric exports to South Korea decreased to $131.948 million in 2022 from $153.951 million in 2021, noted at $122.001 million in 2018.

Although it gained to $121.295 million in 2020 and $153.951 million in 2021, the trade eased to $109.714 million in 2019. India imports fabric from South Korea in limited quantity, with imports increasing to $37.135 million in 2022 compared to $34.266 million in 2021.

India's yarn exports were worth $133.765 million in 2022, lower than the shipment of $184.032 million in 2021. The outbound shipment to South Korea peaked at $224.651 million in 2018 but slipped to $172.342 million in 2019 and $130.980 million in 2020.

However, yarn imports from South Korea increased post-COVID, jumping to $74.622 million in 2021 from $36.793 million in 2020. Yarn imports decreased to $65.652 million in 2022, according to TexPro.

Source: fibre2fashion.com- May 01, 2023

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# Low demand for yarn hits textile mills

Low demand in the market for yarn has hit the textile mills in the State.

According to K. Selvaraju, secretary general of the Southern India Mills' Association, indicative data of yarn prices available show that hosiery yarn that was selling at ₹381 a kg in October last year is ₹331 a kg now and price for warp variety that was ₹303 a kg in October is ₹270 a kg at present. The weaving units were doing well even a few days ago. But, the demand fell in the last one-and-a-half months. Though the spinning mills are running at nearly 90% capacity and cotton prices are stable, the demand for yarn is tepid.

For the small-scale spinning mills, high power costs, high cotton costs and dull market have hit operations. "We are unable to trigger demand in the market," said a small-scale textile mill owner.

Open end Spinning Mills' Association president G. Arulmozhi says yarn demand has seen slight improvement. But prices are a problem. With textile mills slowing down for the last few months, the open end spinners are unable to get waste cotton and hence, comber noil prices are higher than last year. Production cost has gone up by ₹7 a kg in the last 12 months because of higher labour and power costs and raw material cost is also high. But, yarn prices improved only by ₹10- ₹15 a kg in one year.

Nishant Asher, secretary of Indian Cotton Federation, added that Indian cotton prices were hovering between ₹61,000 and ₹62,000 a candy and though it was lower than last year price levels, it was higher than the present international prices. This had made Indian yarn uncompetitive in the international market and buyers were gravitating towards countries such as Vietnam.

Source: thehindu.com- April 30, 2023

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# 'TN govt working to give assured wages and production-based incentives to weavers'

Q: Co-op society handloom weavers are complaining of low wages and exodus of artisans. What is your plan to support them?

Wages for handloom weavers were not increased by the previous government for years. But, we have increased that by 10% in the last two years. I agree that these wages are also not sufficient. But, there are financial constraints. The government is working to provide assured wages and production-based incentives to weavers. That is in an early stage of discussion.

Q: What has the department done to revive Co-optex?

Our government recovered Co-optex from mounting losses and made it profitable. It has jumped from a loss of `7.61 crore in 2019-20 to a profit of `9.4 crore in 2021-22. They have turned profitable and its turnover has increased to `30 crore in 2022-23 compared to the previous financial year. We have set a target turnover of `400 crore in the next two years.

Q: Knitwear manufacturers and spinning mills are urging the government to stabilise cotton prices...

We have waived the 1% cess on cotton and made the union government reduce import duty on cotton through repeated requests. This has significantly brought their prices down. Cotton Corporation of India has set up godowns in Tamil Nadu which help the mills get raw materials cheaper and on time. This has stabilised cotton prices to some extent when they peaked last year. We are also exploring the feasibility to establish a joint venture with private players to establish a CCI-like body.

Q: On the textile city project proposed by you ...

Textile city near Chennai will act as a B2B and B2C marketing hub to tap a higher value chain and integrated textile marketing network. It will be established through public-private partnership. It will also help the development of all segments of the textile value chain and chance for the players to cost-effective production.

Source: newindianexpress.com- May 02, 2023

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