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INTERNATIONAL NEWS

EU apparel imports drop by 2.03% in first two months of 2023, average import price increases by 8.97%

The European Union's (EU) apparel imports have suffered a decline in the first two months of 2023, dropping by $322 million or 2.03% compared to the same period last year.

However, China remains the EU's top supplier of apparel, providing 26.27% of the bloc's total apparel imports. Despite this, clothing imports from China fell by 13.11% year-on-year to $4.08 billion.

On the other hand, apparel imports from Bangladesh, the EU's second-largest supplier, increased by 5.47% year-on-year, or $183 million.

The average price of imported garment items in the EU increased, with different countries witnessing varying price hikes. The average price increased by 8.97% to $24.88 per kg. The unit price of garment items produced in Bangladesh increased by 8.75% year-on-year in the January-February period.

China saw the lowest price hike for its clothes in the EU with a 3.97% increase, while Indonesia witnessed the highest with 22.97%. Meanwhile, the price of apparel from Turkey saw growth of 13.95%, Vietnam 13.01%, Cambodia 12.05%, India 9.16%, and Morocco 7.78%.

This trend in the EU's apparel imports highlights the constantly evolving global market and the importance of adapting to changing economic conditions.

Source: fashionatingworld.com– May 07, 2023

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Mixed results for US apparel, textile sector in April Manufacturing Report

In the apparel and textile sector of the US, the Institute of Supply Management's latest report on manufacturing business reveals a sixth consecutive month of contraction in April, following a period of 28 months of expansion.

However, there were some bright spots as five manufacturing industries, including printing and related support activities, apparel, leather and allied products, experienced growth during the month.

The purchasing managers' index (PMI) for April in the apparel and textile sector was at a reading of 47.1%, slightly up from 46.3% in March. The production index value for April stood at 48.9%, indicating a decrease in output compared to previous months. The pricing index increased by 4 percentage points to 53.2%, reflecting rising input costs in the sector.

The US economy has been in recession for the past six months, following a 30-month period of growth. The apparel and textile sector remains an important part of the manufacturing industry, and its performance can be a useful indicator of the broader economic trends in the country.

Source: fashionatingworld.com– May 07, 2023

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Eurozone economy grows at strongest pace in Apr 2023 since May 2022

The eurozone economy witnessed a further monthly expansion in economic activity at the start of the second quarter, extending the expansionary sequence seen since the start of this year, the latest Hamburg Commercial Bank (HCOB) purchasing managers' index (PMI) survey showed.

In fact, growth strengthened to an 11-month high, signalling a further gaining of momentum following accelerated upturns in both February and March, S&P Global said in a release.

April's robust increase in output solely reflected growth in services activity, however, as manufacturing production fell for the first time since January.

Similarly, a strong improvement in demand for services offset beleaguered manufacturing sector order books, which shrank again.

Inflationary pressures continued to subside and input price pressures, albeit still historically sharp, eased to a 26-month low in April. Output prices were subsequently lifted to the softest extent in two years.

Italy registered a strong upturn in April, with growth close to a one-and-a-half-year high. Stronger momentum was also seen in the euro area's largest economy, Germany, which compared with a softer and modest expansion in France.

Supporting greater euro area business activity levels in April were improving demand conditions. New order inflows picked up for a third consecutive month, rising moderately and at the quickest pace since May 2022.

Higher new business, however, was limited to domestic sources, according to the latest survey data, as new export orders fell for a fourteenth month in a row. The decline in sales to foreign customers did ease, however, to the weakest in close to a year.

Source: fibre2fashion.com– May 07, 2023

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ASEAN looks to strengthen ties with Russia for market access

ASEAN countries are looking to strengthen their ties with Russia to gain access to its markets and source cheap energy and commodities.

The recent ASEAN-Russia Senior Officials' Meeting focused on improving ties between Russia and the ASEAN member countries, including Thailand, Singapore, Indonesia, The Philippines, Myanmar, and Bangladesh.

ASEAN's total GDP reached $3.3 trillion in 2021, making up 3.5% of global GDP, and its energy needs are growing by an estimated 3.5% per annum. Developing closer cooperation with ASEAN is mentioned in Russia's new foreign policy concept.

Trade between ASEAN and Russia reached around $20bn in 2021, with ASEAN exports to Russia dominating trade. ASEAN is an important area to balance Russia's power and economy, given the economic crisis it faces due to the war in Ukraine and sanctions.

Regarding the imports of textiles and garments, ASEAN countries have been increasing their exports to Russia in recent years. In 2020, ASEAN's exports of textiles and garments to Russia amounted to approximately $1.1 billion, an increase of 15.5% from the previous year. Thailand is the largest exporter of textiles and garments to Russia among the ASEAN countries, followed by Vietnam and Indonesia.

Source: fashionatingworld.com– May 07, 2023

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Retail trade volume down by 1.2% MoM in euro area, 1.1% in EU

The seasonally-adjusted volume of retail trade fell by 1.2 per cent in the euro area and by 1.1 per cent in the European Union (EU) in March this year compared with February, according to estimates from the EU statistical office Eurostat.

In February, the retail trade volume decreased by 0.2 per cent in the euro area and by 0.3 per cent in the EU.

The calendar-adjusted retail sales index decreased by 3.8 per cent year on year (YoY) in the euro area and by 4.1 per cent YoY in the EU.

The largest monthly decreases in the total retail trade volume were registered in Latvia (minus 2.7 per cent), Germany and Poland (both minus 2.4 per cent) and Luxembourg (minus 1.9 per cent). The highest increases were observed in Romania (2.9 per cent), Portugal (2.3 per cent) and Ireland (1 per cent).

In the euro area, the volume of retail trade decreased by 2.2 per cent YoY for non-food products in March. In the EU, the retail trade volume decreased by 3.2 per cent for such products.

Among member states for which data are available, the largest yearly decreases in the total retail trade volume were registered in Estonia (minus 13.5 per cent), Hungary (minus 13.2 per cent) and Slovenia (minus 12.8 per cent). The highest increases were observed in Spain (10.8 per cent), Romania (7.2 per cent) and Cyprus (5.6 per cent).

Source: fibre2fashion.com– May 08, 2023

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Made-ups dominate Germany's $6.43 bn home textiles imports in 2022

Made-ups topped among Germany's imports of home textiles in 2022. Its imports of home textiles totalled $6.433 billion. Out of it, the imports of made-ups were valued at $1.794 billion in the period under review. The share of made-ups was roughly 27.89 per cent of the total.

Trade data shows that the imports of made-ups have registered constant decline since 2020 when it peaked because of overall rise in imports of home textiles.

The import of made-ups soared by 565.62 per cent to reach at $8.417 billion in 2020 from $1.264 billion in 2019. But the figure eased to $2.839 billion in 2021 and further to 1.794 billion in 2022. Despite the declining trend, made-ups were on the top in the home textiles imports, according to Fibre2Fashion's market insight tool TexPro.

Among other products of home textiles, the imports of bed were valued at $1.549 billion with a share of 24.08 per cent in total imports. The inbound shipment of window was $750.471 million (11.66%), floor $710111 million (11.04%), bathroom & kitchen $493.103 million (7.66%), sacks & bags $357.477 million (5.56%), camping $357.394 million (5.55%), furnishing articles $222.412 million (3.46%) and table $106.835 million (1.66%), as per TexPro.

Germany's total home textile imports peaked at $12.715 billion in 2020 from $5.487 billion in 2019. It eased down to $7.845 billion in 2021 and further to $6.433 billion in 2022. China was the largest supplier of home textiles products.

The import from China was $1.746 billion in 2022, which was 27.15 per cent of Germany's total imports of home textiles that year. Among the top five suppliers, the share of Turkiye was 10.49 per cent, Poland 8.80 per cent, Netherlands 8.73 per cent, and Pakistan 8.02 per cent of the total, as per TexPro.

Source: fibre2fashion.com– May 07, 2023

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Japan's apparel imports from Bangladesh defy global bearish trend

Global export demand remained bearish during second half of 2022 due to Russia-Ukraine war and high inflation in the developed world. But Japan's apparel imports from Bangladesh defied the trend. The import increased by 15.02 per cent to $1,340.256 million last year over the previous year. The upward trend remained intact in the first quarter of the current year also.

Japan's inbound shipment of apparel from Bangladesh increased from $1,165.457 million in 2021 to $1,340.256 million in 2022, according to Fibre2Fashion's market insight tool TexPro. The import grew to $1,167.965 million in 2019 against $1,122.539 million in 2018. But it eased down to $1,033.232 million in 2020 due to COVID-19.

On a quarterly basis, the import increased to $363.939 million in Q1,2023 against the shipment of $333.741 million in Q4, 2022 and $354.094 million in Q1, 2022. The trade remained volatile as it eased down to $295.432 million in Q2, 2022 but rose to $358.277 million in Q3, 2022. It further slipped to $333.741 million in Q4, 2022, as per TexPro.

The import of fabric from Bangladesh also increased to $1,733.501 million in 2022 from $1,108.184 million in 2021. Earlier, it was noted at $1,689.953 million in 2020, $1,843.536 million in 2019 and $2,841.596 million in 2018.

As per TexPro, Bangladesh was the third largest apparel supplier for Japan. But its share was just 5.37 per cent in Japan's total apparel import worth $24.953 billion during 2022. China was the top supplier with 55.32 per cent share, followed by Vietnam with a share of 15.85 per cent of the total inbound shipment.

Source: fibre2fashion.com– May 08, 2023

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Bangladesh: 'This year will be very challenging for exports'

The current year will be very challenging for apparel exports as major global markets may shrink for reduced demand for high inflation and monetary tightening by authorities there, said BGMEA President Faruque Hassan yesterday.

World clothing exports may decline by 10 per cent and affect exporters, including those in Bangladesh, he said in an interview with The Daily Star.

The comment of the top official of the Bangladesh Garment Manufacturers & Exporters Association (BGMEA) comes against the backdrop of Bangladesh's overall export earnings slumping 16.5 per cent year-on-year in April.

This was mainly due to a drop in the export of garments, the key export item. The shipment of garments declined 15.4 per cent last month from that a year ago after a one per cent fall in March.

Inflation spiked for the war in Ukraine and the policy interest rate hiked by the central banks in the US and Europe affected demand there, he said

Hassan said the flow of orders had been dropping in terms of quantity over the past five to six months but it did not stand out because of the export of high value items.

The downturn, which started to become visible in the last two months, may continue in the next two months, he said, adding, "Overall export may not fall but we will be unable to achieve the target."

"This will be a very difficult year for exports and Bangladesh's economy," said Hassan, citing that the decline in export earnings would widen pressure on the country's foreign exchange reserves which have been reducing gradually.

Under the circumstances, the government should continue to provide incentives for exports so that they can retain their competitive advantage over exporters in other countries, he said.

"It will not be wise to cut incentives," he said.

Because, Hassan said, export earnings are needed for ensuring flow of foreign currencies needed to face the challenges faced by the economy.

He said it was right that Bangladesh would have to come out of being reliant on incentives once it makes the United Nations status graduation from a least developed to a developing nation in 2026.

However, continuation of incentives until 2026 will help gain a bigger market share, he said.

Bangladesh is the second largest clothing exporter after China, accounting for 6.37 per cent of global apparel exports in 2021. In 2022, Bangladesh's share may rise to 7 per cent, he said.

"We will do better this year too compared with our competitors," he said.

Estimates of the world textiles and clothing trade for 2022 by World Trade Organization (WTO) is yet to be released but Hassan said it may be $630 billion.

Backed by consumers' strong demand, world clothing exports in 2021 fully bounced back to the pre-Covid level and exceeded $548.8 billion, registering a 21.9 per cent rise from that the previous year, according to the WTO.

Source: thedailystar.net– May 07, 2023

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BGMEA, TTRI sign MoU to boost manufacturing Bangladesh's MMF products

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Taiwan Textile Research Institute (TTRI) teamed up to collaborate on enhancing capacity of Bangladesh's readymade garment industry in the areas of product development especially manufacturing high-end products made of manmade fibre (MMF).

In this regard, they signed a MoU at Taipei, Taiwan on May 4, according to a statement.

BGMEA Director Asif Ashraf and Vice President of TTRI Sheng-- cotton ones, fu Chu inked the MoU on behalf of their respective sides.

BGMEA Directors Faisal Samad, and President of Taiwan Textile Federation Justin Huang were present, among others, at the signing ceremony.

The MoU aimed to foster collaboration on building capacity of the industry through sharing knowledge and expertise in technology adaptation, skills development, innovation, resource efficiency and circularity.

Another objective of the understanding is to promote direct or joint venture investments from Taiwan to Bangladesh in non-cotton textiles, high end garment items, technical textile, woven textile an skills development and innovation, it added.

As per the understanding, Taiwanese companies will also work under this umbrella to share their expertise and technical know how Bangladeshi companies.

It will also facilitate collaboration between industry and academia to identify areas of improvement and capacity enhancement and providing with knowledge and skills required to address future challenges.

The collaboration with Taiwan Textile Federation and Taiwan Textile Research Institute will help Bangladeshi apparel companies to have an understanding of the strengths of Taiwanese companies. BGMEA and the Center of Innovation, Efficiency and Occupational Safety and Health

(CIEOSH), BGMEA University of Fashion and Technology and other universities can be the stakeholders in this research collaboration.

Taiwan Textile Research Institute have around 100 researchers working under that umbrella who can support Bangladesh's apparel industry to understand the future need of the industry an d make a plan for next 15 years roadmap to improve its capacity, capability in terms of product developments and other areas.

Source: thefinancialexpress.com.bd– May 06, 2023

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Bangladesh: RMG exporters face fresh pressure as buyers seek discounts

International clothing retailers and brands are demanding up to 5 per cent discounts from Bangladesh's apparel exporters, adding another challenge for the suppliers who are already grappling with multiple issues amid volatile global economic scenario.

"Suppliers are being compelled to accept the lower prices since retailers will not continue placing orders with them if they don't agree to the new prices. Sometimes, the prices are lower than the production cost," said Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association.

Under the current cost of production situation, local manufacturers need a profit margin of 20 per cent to 25 per cent instead of the current 10 per cent to 15 per cent, Hatem said.

"If the profit margin ranges between 20 per cent and 25 per cent, manufacturers can pay a living wage to workers. But the net profit goes down to 2 per cent if the gross profit stands at 10 per cent to 15 per cent."

He said retailers and brands need to follow ethical and responsible business practices as local suppliers have spent billions of dollars to strengthen workplace safety in line with the recommendations of the Accord and the Alliance, the two factory inspection agencies backed by global buyers.

Hatem was speaking at a dialogue organised on the occasion of International Labour Day. The HerNet Foundation organised the event at Gulshan Club in Dhaka.

Abdullah Al Mamun, vice-president of the Bangladesh Textile Mills Association, said despite paying a higher tariff for gas and power and spending heavily to establish the safest factories in line with global standards, local textile and garment suppliers are getting the lowest price from buyers.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), echoed both Hatem and Mamun.

He said buyers are demanding discounts because of the slowdown in sales in their respective markets and of the unsold inventories that have piled up in recent seasons.

Hassan called on retailers and brands to follow ethical buying practices as many manufacturers have already become bankrupt because they could not withstand the downward pressure on prices.

He warned that retaining last year's export earnings would be difficult this year because of the current downward trend of exports induced by the severe fallout of the Russia-Ukraine war.

Shaheen Anam, executive director of the Manusher Jonno Foundation, said workers must have a platform where they can speak. "The dignity of workers needs to be ensured."

She said: "We all want the garment industry to be successful in every way possible. We would like our garment industry to be the best in the world."

"At the same time, we don't want our garment industry to be known for cheap labour. We want the garment industry to be known as efficient and ethical."

Bernd Spanier, deputy head of the European delegation to Bangladesh, said he does not feel worried about the future of Bangladesh's garment sector.

Two weeks ago, the EU parliament held a special session and discussed about the apparel sector. During the discussion, parliamentarians recalled the Rana Plaza incident, he said, adding that the EU is formulating due diligence rules to ensure more responsible business behaviour from both buyers and suppliers.

According to BGMEA's Hassan, the first meeting of the new wage board for garment workers will be held on May 24, and the wage is expected to see a good raise.

Buyers need to play a major role to ensure the wage rise by increasing the prices of goods, he said.

Sirajul Islam Rony, workers' representative to the wage board, said garment exporters are getting one of the lowest prices from retailers and brands.

"Brands are making profits whereas workers are facing difficulties," he said, suggesting retailers follow ethical buying practices.

Alisha Pradhan, general secretary of the HerNet Foundation, moderated the dialogue.

Source: thedailystar.net– May 08, 2023

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Pakistan: Cotton market: Spot rate remains unchanged

The local cotton market on Saturday remained steady and the trading volume remained low.

Cotton Analyst Naseem Usman told Business Recorder that the trading of new crop of 2023-24 has started. 200 bales of Burewala on the condition of delivery between May 10 and May 20 were sold at Rs 21,000 per maund.

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.

The Spot Rate remained unchanged at Rs 20,000 per maund. Polyester Fiber was available at Rs 375 per kg.

Source: brecorder.com.com– May 07, 2023

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NATIONAL NEWS

India, Canada trade ministers to review progress in talks on free trade agreement

Trade ministers of India and Canada will review the progress in talks on the proposed free trade agreement between the two countries besides discussing ways to strengthen economic ties, an official statement said on Monday.

Commerce and Industry Minister Piyush Goyal and Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development, Government of Canada, will co-chair the discussions for the sixth India-Canada Ministerial Dialogue on Trade and Investment (MDTI) on Monday in Ottawa.

MDTI is a bilateral mechanism which provides institutional mechanisms to discuss a broad spectrum of trade and investment related issues and cooperation areas.

The discussions will focus on various themes including strengthening the bilateral trade relationship, investment promotion, green transition - including critical minerals, it said.

"The ministers will also review India-Canada CEPA (Comprehensive Economic Partnership Agreement) negotiations," it added.

At the last MDTI meeting in March 2022, both ministers launched the CEPA negotiations with a possibility to have an interim agreement or EPTA (Early Progress Trade Agreement).

Since then, seven rounds of negotiations have been held. In such agreements, two countries significantly reduce or eliminate custom duties on the maximum number of goods traded between them. They also liberalise norms for promoting trade in services and attract investments.

Further, Goyal will also be visiting Toronto from May 9 - 10, where he will have various engagements to promote trade and investment.

"These engagements will include meetings with CEOs of key Canadian companies, Round Table of Indian and Canadian CEOs, interaction with Canadian and Indian companies based in Canada and Financial Sector Round table," the commerce and industry ministry said.

The minister is accompanied by a delegation of Indian CEOs.

He would also inaugurate the Indian Pavilion at SIAL CANADA-2023, which is the largest food innovation trade show in North America with participation of more than 1,000 national and international exhibitors from 50 countries.

Indian companies that have presence in Canada include Tata, Aditya Birla, Reliance, Wipro, Infosys, and TCS. Similarly Canadian firms such as Bombardier, SNC Lavalin, and CAE have a presence in India.

India attracted USD 3.2 billion foreign direct investment during April 2000 and December 2022.

India's exports to Canada stood at USD 3.8 billion during April-February 2022-23 as against USD 3.76 billion in 2021-022. Imports from Canada stood at USD 3.77 billion during the 11-month period lat year as against USD 3.2 billion in 2021-22.

Major items of Indian exports include medicines, garments, diamonds, chemicals, gems and jewellery, petroleum oils, made-up, sea food, engineering goods, marble and granite, rice, electric equipment, and plastic products.

Imports included pulses, fertilizers, newsprint, aircraft and aviation equipment, diamonds, copper ores and concentrates, bituminous coal, wood pulp, nickel, unwrought aluminum, asbestos, and cameras.

Source: economictimes.com- May 08, 2023

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CBAM: India wants EU to recognise its carbon credit certification system when ready

India hopes to convince the EU to give recognition to its carbon credit certification system, once it is given a final shape by the Ministry of Power, to reduce burden of additional tariffs on carbon intensive products that the bloc plans to impose under its Carbon Border Adjustment Mechanism (CBAM) from January 2026, sources have said.

"The Bureau of Energy Efficiency under the Power Ministry is already working on the Energy Conservation (Amendment) Bill, 2022 passed by Parliament, and will put in place a carbon trading system. There will be a carbon auditor who will give certification. So, we are talking to the EU for recognition of our certificates when the CBAM kicks in," an official tracking the matter told businessline.

The CBAM, under which the EU seeks to impose additional import tariffs on identified energy-intensive products, such as iron & steel, cement, aluminium, fertilisers, and electric energy production from third countries which do not tax carbon at EU-approved levels, could be challenged at the WTO but the result would be uncertain, the official said.

"Had the EU given different standards to its domestic industry than foreign, then there would be a definite case at the WTO. Here, they have equated everything. So, we don't know how much the case will stand if it goes into dispute. It may take years to be resolved," the official said.

So, India needs to keep trying to sort the matter bilaterally.

"Since India will now have its own carbon trading mechanism, the EU needs to recognise the carbon certificates that will be issued in India and see how they can be used to set off CBAM payments once the mechanism is fully implemented," the official added.

Given the fact that the bigger idea behind CBAM is to also inspire other countries to have their own carbon pricing systems, the EU should consider India's request favourably, the official said.

Indian Carbon Market Governing Board

In the draft Carbon Credit Trading Scheme floated by the Power Ministry last month seeking comments from stakeholders, the Ministry proposed to set up an Indian Carbon Market Governing Board.

The board will recommend procedures for institutionalising the Indian carbon market, setting rules and regulations for the functions of the market, recommend methodologies to be used under the voluntary mechanism, and propose a designated agency for the issuance of a carbon credit certificate, among other functions.

"As the CBAM will kick off from October 2023 in a simple form with industry required to just reporting days, we are also trying to prepare our industry for the same. We have also asked the EU for more clarity on the matter," the official said.

Source: thehindubusinessline.com- May 07, 2023

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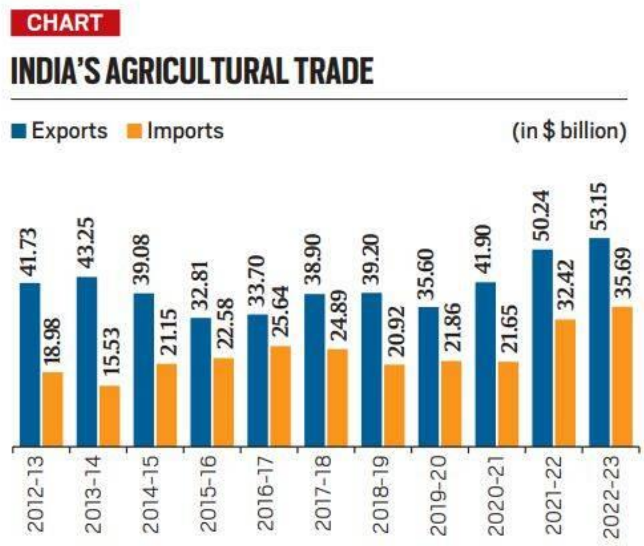
Why India's farm exports may face headwinds

Both agricultural exports from and imports into India have scaled new highs in the fiscal year that ended March 31, 2023.

Provisional data from the Department of Commerce shows total farm exports at $53.15 billion and imports at $35.69 billion during 2022-23, surpassing their previous year's records of $50.24 billion and $32.42 billion respectively.

The resultant agricultural trade surplus has marginally dipped from $17.82 billion to $17.46 billion. The surplus narrows further if one adds the import of fertilizers, which have risen from $14.17 billion in 2021-22 to $17.21 billion in 2022-23.

The drivers – global prices



The chart shows the country's farm trade over the last decade.

Between 2013-14 and 2015-16, exports sharply fell from $43.25 billion to $32.81 billion. The basic driver was global prices.

The UN Food and Agriculture Organization's Food Price Index (FPI) crashed from an average of 119.1 points in 2013-14 to 90 points in 2015-16. However, imports continued to rise, bringing down the farm trade surplus from a peak of $27.72 billion in 2013-14 ($21.46 billion net of fertilizer imports) to a low of $8.05 billion by 2016-17.

The FPI – a weighted average of world prices of a basket of food commodities over a base period value (2014-16=100) – recovered to 102.5 points by 2020-21, and further to 133 points in 2021-22 and 139.5 points in 2022-23. And as that made India's agri-commodities more globally price competitive, exports also soared to $41.90 billion, $50.24 billion and $53.15 billion during these three years.

Major export contributors

India’s agri exports have, in recent times, been powered by three items: Marine products, rice and sugar (table 1).

TABLE

INDIA'S TOP AGRI EXPORT ITEMS

	2020-21	2021-22	2022-23
Marine products	5,962.39	7,772.36	8,077.97
Non-basmati rice	4,810.80	6,133.63	6,355.75
Sugar	2,789.91	4,602.65	5,770.64
Basmati rice	4,018.41	3,537.49	4,787.50
Spices	3,983.98	3,896.03	3,787.08
Buffalo meat	3,171.13	3,303.78	3,193.69
Raw cotton	1,897.21	2,816.24	781.43
Oil meals	1,585.04	1,031.94	1,600.90
Wheat	567.93	2,122.13	1,519.69
Fruits & vegetables	1,492.51	1,692.48	1,788.65
TOTAL*	41,895.68	50,240.21	53,145.89

*Includes all other items — in $ million

Marine product exports have grown steadily from $5.02 billion in 2013-14 to $8.08 billion in 2022-23. Rice exports have also gone up during this period, from $7.79 billion to $11.14 billion. But it’s been driven by non-basmati rice (more than doubling, from $2.93 billion to $6.36 billion), with the value of premium-priced basmati shipments actually declining (from $4.86 billion to $4.79 billion).

Basmati exports are mainly to the Persian Gulf countries and, to some extent, the US and UK. Non-basmati shipments are more diversified, with the destinations spread across Asia (Bangladesh, China, Sri Lanka, Malaysia, Vietnam, UAE and Iraq) and Africa (from Senegal, Ivory Coast and Benin to Somalia and Madagascar). It’s non-basmati that has made India the biggest rice exporter, ahead of Thailand.

The boom in sugar exports has been more recent – from a mere $810.90 million in 2017-18 to $1.97 billion in 2019-20, $2.79 billion in 2020-21, $4.60 billion in 2021-22 and $5.77 billion in 2022-23. Indian mills have built markets for both raw sugar (among refineries in Bangladesh, Indonesia, Malaysia, Saudi Arabia and Iraq) and regular plantation whites (in African countries, Afghanistan, Sri Lanka and China). The country has, in the process, emerged as the world’s No. 2 exporter after Brazil.

Laggards and losers

Two items whose exports had registered substantial increases, only to falter in the last few years, are spices and buffalo meat.

Spices exports jumped from $2.5 billion in 2013-14 to almost $4 billion in 2020-21. It was led not by traditional plantation spices such as pepper and cardamom, but by chilli, mint products, cumin, turmeric, ginger, coriander, fennel and other seed spices. However, exports have since stagnated. Buffalo meat shipments, too, have never regained their peak of $4.78 billion reached in 2014-15.

The drop has been even more for raw cotton, guar-gum and oil meals. Exports of the three in 2022-23 ($781.43 million, $617.14 million and $1.6 billion) were a pale shadow of their highs of 2011-12 ($4.33 billion for cotton) and 2012-13 ($3.92 billion for guar-gum and $3.04 billion for oil meals).

Cultivation of genetically-modified Bt cotton and high global prices had enabled India to become the world's top producer (ahead of China) and No. 2 exporter (after the US) of the natural fibre. But with the yield gains from Bt tapering off and the regulatory regime not permitting new gene technologies, the country has turned from a net exporter to an importer of cotton.

Guar-gum (a thickening agent used in extraction of shale oil and gas) and oil meal exports rode the global commodity price boom from 2003-04 to 2013-14. They haven't shown the same buoyancy in the more recent post-Covid boom, partly due to domestic crop shortages – especially in cotton and soyabean – not generating adequate surpluses for exports.

Imports profile

Unlike exports, India's imports of farm produce are dominated by a handful of items (table 2).

TABLE 2

India's top Agri Import items in $ million

	2020-21	**2021-22**	**2022-23**
Vegetable oils	11089.12	18991.62	20837.70
Fresh fruits	2131.21	2460.33	2483.95
Pulses	1611.72	2228.95	1943.89
Spices	1090.03	1299.38	1336.61
Cashew	1006.20	1255.46	1805.67
Raw cotton	385.89	559.55	1438.69
Natural rubber	624.35	1032.71	937.60
TOTAL*	**21652**	**32422.30**	**35685.96**

*Includes all other items.

The most significant is vegetable oils, whose imports have more than doubled in value terms, from $9.67 billion to $20.84 billion between 2019-20 and 2022-23. In quantity terms, imports have risen from 13.18 million tonnes (mt) in the 2019-20 oil year (November-October) to 14.03 mt in 2021-

22, according to the Solvent Extractors' Association of India. During November-March 2022-23, they have grown further by 23.7% over the same period of the previous oil year.

Imports meet roughly 60% of India's vegetable oil requirements. That dependence is hardly 10% now in pulses, with the value of imports also coming down from $4.24 billion (6.7 mt) in 2016-17 to $1.94 billion (2.5 mt) in 2022-23.

On the other hand, imports of spices, cashew and cotton – commodities where India has traditionally been a net exporter – have shown a rising trend. Spice imports going up are a reflection of reduced price competitiveness (vis-à-vis Vietnam in pepper and Guatemala in pepper), while an outcome of stagnant, if not falling, domestic production in cotton.

Risks to trade

Agri-exports in the current fiscal could face headwinds from two sources. The first is international prices: The latest FPI reading of 127.2 points for April 2023 is down from the 159.7 points peak of March 2022 and the 2022-23 average of 139.5 points.

The second source is domestic, more specifically food inflation fears ahead of the 2024 national elections. The Narendra Modi government banned wheat exports last May. This was followed by a ban on broken rice exports and the slapping of a 20% duty on all non-parboiled non-basmati shipments in September. Exports of sugar have also stopped since this month's start.

One can expect more curbs on exports – and a further liberalization of imports – if the ensuing southwest monsoon season delivers subnormal rainfall.

Source: indianexpress.com- May 07, 2023

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Implementation of time limit on reporting old e-invoices under GST deferred

Government has deferred implementation of time limit on reporting old e-invoices for big assesses under GST by three months. It was scheduled to be implemented from May 01. Experts say businesses will get more time to align their system

In an advisory, GSTN (IT backbone of GST) says, “It is to inform you that it has been decided by the competent authority to defer the imposition of time limit of 7 days on reporting old e-invoices on the e-invoice IRP portals for taxpayers with aggregate turnover greater than or equal to ₹100 crores by three months.” Further, it said that the next date of implementation will be shared with assesses in due course of time.

The mechanism, as advised on April 13, prescribes old invoices can be reported on e-invoice IRP (Invoice Registration Portal). This will apply to the all-document types for which IRN (Invoice Reference Number) is to be generated. Also, the credit/debit note will have to be reported within 7 days of issue. For example, if an invoice has a date of May 1, 2023, it cannot be reported after May 8, 2023. The validation system built into the invoice registration portal will disallow the user from reporting the invoice after the seven-day window.

It was also said that there will be no such reporting restriction on taxpayers with an annual turnover of less than ₹100 crores, as of now. There is feeling in the tax administration that the proposed system will help in moving towards near real-time recording of economic activities in the country.

Commenting on deferment, Ankur Gupta- Practice Leader Indirect tax at SW India felt that it was a much-anticipated relief for businesses that have not yet integrated their Enterprise Resource Planning (ERP) with real-time reporting into the Invoice Registration Portal (IRP).

The earlier requirement had put an additional burden on such businesses to upload their invoices in the IRP portal, leading to compliance challenges and operational difficulties.

The extension of the time limit to report invoices to the IRP will provide these businesses with the necessary time to streamline their reporting processes, ensuring effective implementation going forward. By doing so, businesses can avoid penalties for non-compliance and improve their overall compliance posture.

Moreover, “this deferment will also help businesses to adopt and implement the necessary changes to their systems, processes, and technology to comply with the new regulations smoothly. This move will enable businesses to focus on their core operations and strategic goals while ensuring compliance with the tax laws and regulations,” he said.

Source: thehindubusinessline.com- May 07, 2023

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Recent rain to boost cotton cultivation in northern India: Experts

Experts predicted that this year, there may be an increase in the acreage for cotton plantations in the Northern States due to the recent untimely rain.

In Haryana, cotton, a key summer (Kharif) crop has so far been sown in 3.5 Lakh hectares. The government has set a target to sow cotton in 7 Lakh hectares this summer. According to a data released by the government, last season cotton in Haryana was planted on 5.74 Lakh hectares.

In Punjab, so far cotton has been sown on 30,000 hectares and the government aims to plant the crop on 3 lakh hectares as against 2.48 lakh hectares last year.

Ram Pratap Sihag, joint director with the Haryana Agriculture Department told The Hindu, "The recent rain is a good sign as it will prevent the problem of 'burning' due to high temperatures. Last year, we saw a substantial loss in cotton acreage due to this burning.

Rain would also help in pacing up the sowing, especially in those regions which lack irrigation facilities. We are hopeful that the area under cotton would surpass last year's acreage as the government is discouraging sowing of water-guzzling rice and going for crop-diversification this year," said Mr. Sihag on Saturday.

Gurvinder Singh, director of Punjab Agriculture Department said, "The recent spell of rain has been unusual but it's not bad. The rain will help in increasing the soil moisture content, which eventually would benefit the crop. The groundwater usage will also be less. The overall input cost is bound to go down which would be a benefit for farmers."

In Punjab and Haryana, Bt cotton is sown in over 95% of the total area under cotton cultivation, the remaining 5% of the cultivable area usually has indigenous (desi) cotton varieties. Cotton is usually planted from mid-April to late-May in most parts of Punjab and Haryana.

Rakesh Rathi, former president of India Cotton Association Limited (ICAL), said that cotton acreage is likely to increase in Haryana and north Rajasthan this year in comparison to last year. "In Haryana and Rajasthan, farmers are likely to shift to cotton from crops like guar and pulse (moong) as cotton is expected to fetch a better price. In Punjab, we are hopeful that the cotton acreage would be close to last year's," he said.

Source: thehindu.com- May 07, 2023

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Fresh data rejigs drag down 2022-23 export-import tally by $3 billion

India's goods trade numbers for February and March 2023 have been revised by over $10 billion from initial estimates, and the overall export-import figures for last year have been scaled down by around $3 billion dollars each, with experts flagging petroleum shipments as the main driver for the extraordinarily high revisions of recent export data.

While exports were earlier reckoned to have grown 6% in 2022-23 to hit $447.46 billion, that number has now been pared to $444.4 billion, reflecting a 5.3% rise from 2021-22. The import bill for last year has also been scaled down from $714.24 billion to $711.85 billion, indicating a growth of 16.1%. The trade deficit for the year has risen 40.8% to $267.45 bn, slightly higher than the 40% estimated earlier.

For February, goods exports have been revised higher by almost $3.1 billion from the initial estimate of $33.9 billion to about $37 billion. The month's import bill was raised by over $1.93 billion, the second-highest upward revision for a month, after a $3.08 billion uptick from December's initial estimate.

For March, by contrast, exports seem to have been scaled down by $3.03 billion from the initial $38.38 billion estimate to $35.35 billion, translating into a sharp 20.7% dip year-on-year, pegging outbound shipments' value at almost the same level as March 2021. Imports for the last month of 2022-23 have also been revised downward by around $2.4 billion to $55.72 billion.

"Data revisions amounting to over $500 million a month are not normal, but we have been seeing significantly higher revisions over the past year and a half compared to the period before that," Vivek Kumar, economist at QuantEco Research told The Hindu.

Interestingly, the revisions in the export numbers are largely dominated by changes in the figures for petroleum exports, Mr. Kumar said. The revisions in core export items or segments like gems and jewellery have been insignificant by contrast.

That India's oil imports from Russia went up after the Ukraine conflict may be part of the trigger for the fluctuating petroleum trade numbers. However, Mr. Kumar pointed out that the sharp revisions on the petroleum exports front had begun four-five months before the Russian invasion of Ukraine in late February 2022.

"It is very puzzling and raises uncertainty on the outlook for India's current account deficit and thereby rupee. With average monthly upward revision in net trade deficit to the tune of $1.5 billion, the cumulative for the year could add up to $18 billion. Such sizeable revision in trade deficit data turns analysis somewhat challenging," the economist said.

"One would appreciate greater understanding of the trigger for the higher data revisions in recent months and the context for greater concentration of these revisions in the petroleum sector," he stressed.

Source: thehindu.com- May 07, 2023

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Cotton yarn prices in south India ease

The downstream business in South India continued to see weak demand for cotton yarn. In the Tiruppur market, cotton yarn prices decreased by Rs. 2-4 per kilogramme, while they were stable in Mumbai with the exception of 40-41 carded warp yarn, which was under pressure from weak demand. Traders claimed that there was no sign that the current slow demand will end. The number of garment export orders was insufficient to sustain the market.

A trader was quoted as saying "Garment export orders were insignificant to support cotton yarn prices. Although, mills have rolled over yarn prices for this month, but discounts and other types of lower offerings were common to lure buyers. Mills and stockists were feeling pressure to sell their stocks."

The pricing for the majority of counts and kinds of cotton yarn were consistent in Mumbai. Because of the payment crisis, the market was under pressure from a weak demand.
"Downstream industry was feeling payment crisis. There was slower demand in fabric market due to silence of garment units which caused the payment crisis. The problem dried up cash flow in yarn market also," said a trader.

Source: apparelresources.com- May 06, 2023

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