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INTERNATIONAL NEWS

China's apparel export to Ecuador at $66 mn in '22; FTA to boost trade

China and Ecuador have signed a Free Trade Agreement (FTA) aimed at boosting bilateral trade. Chinese apparel exports to Ecuador in 2022 were valued at $66.969 million, showing stagnation compared to previous years. However, exports of home textiles from China to Ecuador increased to $39.583 million in 2022 from the previous year.

Chinese apparel exports to Ecuador were $66.383 million in 2018, declining to $63.045 million in 2019. The trade experienced a sharp fall in 2020 due to disruptions caused by the COVID-19 pandemic, reaching $46.329 million. It recovered to $50.338 million in 2021 and further increased to $66.969 million in 2022, approaching the level of five years ago, according to Fibre2Fashion’s market insight tool TexPro.

Chinese exports of home textiles to Ecuador surged six times in 2020, reaching $129.539 million from $20.543 million in 2019. However, it decreased to $55.640 million in 2021 and further dropped to $39.583 million in 2022. Despite the significant increase compared to 2018, it represented less than one-third of the peak shipment in 2020.

Ecuador's total apparel exports from the world amounted to $299.453 million in 2022, with China being the largest supplier, accounting for 32.19 per cent. However, Ecuador remains a relatively small market for China's massive apparel exports, representing only 0.04 per cent of China's total shipment valued at $167.382 billion in 2022, as per TexPro.

Source: fibre2fashion.com– May 14, 2023

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USA: Textile and Apparel imports drop by 23.8% compared to last year

Textile and apparel imports experienced a continued decline in March, with several traditional suppliers witnessing year-over-year decreases, according to data from the Department of Commerce's Office of Textiles and Apparel.

The overall imports of textiles and apparel reached 7.14 billion square meter equivalents (SME) in March 2023, marking a 23.5 percent increase from February but a 23.8 percent decrease from the same period last year.

Breaking down the numbers, textile imports accounted for 5.23 billion SME, showing a monthly growth of 33.0 percent but a year-on-year decline of 15.7 percent. Meanwhile, apparel imports stood at 1.86 billion SME, reflecting a 2.8 percent increase from February but a significant drop of 40.1 percent compared to the previous year.

The cumulative imports of textiles and apparel for the year until March were reported at 19.7 billion SME, indicating a decline of 24.3 percent compared to the previous year. Textile imports accounted for 13.9 billion SME, experiencing a decrease of 21.5 percent, while apparel imports fell by 30.1 percent to 5.83 billion SME.

Looking at the broader picture for the year ending in March, the total imports of textiles and apparel decreased by 2.9 percent to 99.5 million SME. Textile imports witnessed a marginal decline of 0.7 percent, reaching 70.9 billion SME, while apparel imports experienced a more significant drop of 8.1 percent, totaling 28.6 billion SME.

These statistics highlight the ongoing challenges faced by the textiles and apparel industry in terms of import volumes. The downward trend observed in both monthly and cumulative imports suggests a potential slowdown in consumer demand or changes in sourcing patterns.

Source: fashionatingworld.com– May 13, 2023

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Cambodia's apparel exports down 25.17% to $2,149 mn in Jan-Apr 2023

Cambodia's apparel exports decreased by 25.17 per cent to $2,149.556 million in the first four months of 2023, accounting for 29.7 per cent of its total foreign income of $7,234.123 million during the period, according to general department of customs and excise (GDCE) under ministry of economy and finance. This represents a significant drop from last year when the country's apparel exports increased by 12.69 per cent to $9.035 billion. During the period under review, Cambodia's exports of apparel and clothing accessories (knitted) (Chapter 61) were $1,394.829 million, 28.5 per cent lower than the exports worth $1,950.406 million during the corresponding period of 2022.

The country's exports of apparel and clothing accessories (not knitted) (Chapter 62) dropped by 18.1 per cent to $754.727 million. In January-April 2022, the country exported apparel worth $922.059 million in this category. The decline in shipments reflects sluggish demand in the global market.

In April 2023, Cambodia's apparel exports declined by 32.65 per cent to $494.924 million compared to the shipment of $735.35 million in the corresponding month of 2022. The shipment of apparel and clothing accessories (knitted) slipped 31.8 per cent to $347.692 million from $510.021 million during the same period last year. The exports of apparel and clothing accessories (not knitted) dropped by 8 per cent to $147.232 million in April 2023.

As for imports, the country's knitted or crocheted fabric (Chapter 60) imports during January-April 2023 were valued at $825.029 million, 23 per cent lower than the imports worth $1,071.746 million in the same period of 2022.

Manmade fibre (Chapter 55) imports declined by 17.4 per cent to $368.305 million, against $445.961 million in the same period of 2022. Cotton and cotton yarn (Chapter 52) imports slipped 0.7 per cent to reach $175.130 million during the period under review, compared to $176.411 million in the same period of 2022.

Source: fibre2fashion.com– May 13, 2023

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Morocco, Portugal Sign Agreement on Textile Recycling Project

With an amount of MAD 1 billion, Morocco and the Portuguese group specializing in textiles, Valerius Texteis, signed an agreement on Friday in Lisbon.

This agreement was signed on the sidelines of the Portugal-Morocco High Level Meeting and aims to strengthen and sustainably develop the Moroccan textile sector.

The forum was initiated by the General Confederation of Moroccan Enterprises (CGEM), the Portuguese Business Confederation (CIP), the Portuguese Agency for Investment and Foreign Trade (AICEP), and the Moroccan Investment and Export Development Agency (AMDIE).

The Portugal-Morocco Economic Forum constitutes a basis for strengthening business and investment opportunities in several areas and consolidating the partnership between businessmen of both countries.

Already operating in Morocco, Valerius Texteis is launching a new textile recycling project that will create 1,500 jobs. This Economic Forum is an opportunity to discuss the levers to be activated to further strengthen economic and trade cooperation between the two countries.

It also aims to identify new opportunities for cooperation and build innovative and sustainable partnerships between Moroccan and Portuguese companies in key sectors such as industry, renewable energy, and digital.

This joint partnership between Morocco and Portugal is not the first of its kind, as the two countries had already signed an agreement in 2021 to boost economic cooperation through the establishment of a joint Economic Council in Casablanca.

The agreement aimed to further the economic partnership and collaboration between Portugal and Morocco, with the purpose of creating win-win investment and trade opportunities.

Source: moroccoworldnews.com– May 12, 2023

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Bangladesh, Sri Lanka keen to boost maritime cooperation

Bangladesh and Sri Lanka are discussing ways to strengthen ties in maritime sector, said state minister for Shipping Khalid Mahmud Chowdhury on Friday.

He said this after bilateral talks with Sri Lankan minister of ports, shipping, and aviation Nimal Siripala De Silva at Bangladesh Secretariat in Dhaka.

They discussed the signing of a coastal shipping agreement between the two countries. The deal is likely to be finalised in the next secretary-level meeting, said Khalid.

He announced that the next ministerial level meeting would take place in Colombo, where they plan to finalize maritime sector issues.

The two countries were set to hold a secretary-level meeting in February, but it was postponed due to problems in Sri Lanka.

'Sri Lankan businessmen have shown interest in increasing their investment in Bangladesh, particularly in the Payra port, and a delegation will visit the port,' he said.

'The two countries have friendly relations, with no political issues to hinder their progress,' he added.

Deputy minister of foreign affairs of Sri Lanka Tharaka Balasuriya discussed the blue economy during the meeting, which will be the subject of further discussions.

De Silva praised Prime Minister Sheikh Hasina's leadership, describing her as a leader not only of Bangladesh but also of South Asia.

He discussed increasing shipping traffic between the Chattogram and Colombo ports and providing logistical support to Colombo Port.

'The increased port space will allow Bangladeshi ships to have more space to operate,' he said.

‘Sri Lankan businessmen have invested USD 4.5 billion in various sectors of Bangladesh, including the ready-made garment sector, and are keen to invest more due to the country’s stable political situation. The Sri Lankan private sector is ready to invest in Chattagram and Payra ports, creating a new paradigm of Sri Lankan businessmen investing in Bangladesh,’ he said.

‘Despite being two small countries in the Indian Ocean region, Bangladesh and Sri Lanka hold significant importance due to their geography. We are grateful to Bangladesh because many export products go through Colombo port. We want to increase it further. It saves Bangladesh time and money,’ said the Sri Lankan minister.

The Sri Lankan delegation is in Bangladesh to attend the Conference of Indian Ocean Regional Countries in Dhaka.

The bilateral meeting was attended by officials, including the Secretary of the Ministry of Shipping, Mustafa Kamal , State Minister of Foreign Affairs of Sri Lanka, Tharaka Balasuriya; Chittagong Port Chairman, Rear Admiral M Sohail, High Commissioner of Sri Lanka to Bangladesh, Professor Shudharshan Seneviratne and others.

Source: newagebd.net– May 12, 2023

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Vietnam's 2023 GDP growth forecast lowered to 6.5%: Standard Chartered

Vietnam's 2023 gross domestic product (GDP) growth forecast was lowered to 6.5 per cent from the earlier 7.2 per cent by the Standard Chartered Bank in its recent macro-economic updates on the country.

The State Bank of Vietnam (SBV) will make another 50 basis points (bps) cut in the refinancing rate to 5 per cent by the end of second quarter, followed by rates on hold until end-2025, Standard Chartered forecast.

However, it saw upside risk to the rate forecast, especially towards year-end, as the SBV may focus more on financial stability than growth.

The bank also turned more cautious on the external front. April macro indicators showed a moderation.

In April, the country's exports declined by 17.1 per cent year on year (YoY), imports fell by 20.5 per cent YoY and industrial production barely rose. The trade surplus rose to $1.5 billion from $700 million in March.

In the first four months of the year, exports fell by 11.8 per cent YoY; imports were down by 15.4 per cent YoY with a trade surplus of $6.4 billion.

Inflation was 2.8 per cent in April, easing for the third month in a row and down from 4.9 per cent in January.

Core inflation increased by 4.6 per cent as retail sales saw a robust growth of 11.5 per cent.

Disbursed foreign direct investment (FDI) in January-April 2023 totalled $5.9 billion—down by 1.2 per cent YoY, while pledged FDI was $8.9 billion—down by 17.9 per cent YoY.

Source: fibre2fashion.com– May 15, 2023

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Pakistan: Farmers urged to increase cotton production

The District administrations, staff of the Agriculture Department and farmers should work together to increase cotton production.

These views were expressed by Additional Chief Secretary South Punjab, Captain Saqib Zafar (retd), while presiding over a review meeting of ongoing activities about cotton action plan 2023-24.

Secretary Agriculture, Punjab Iftikhar Ali Sahoo, Secretary Agriculture South Punjab Saqib Ali Ateel, Commissioner Bahawalpur Div. Dr. Ehtsham Anwar, RPO Bahawalpur Region Rai Babar, Directors & Deputy Directors Bahawalpur, Bahawalnagar and Rahim Yar Khan, Deputy Commissioners, Chief Engineer Irrigation Khalid Bashir and other stakeholders participated.

During the briefing, it was disclosed that 2.314 million acres cotton cultivation target have been set in Bahawalpur division this year, of which 1.445 million acres have been brought under cultivation so far, which is 62 percent of the total target.

Secretary Agriculture, Punjab Iftikhar Ali Sahoo said that cotton cultivation is going on and all the stakeholders should burn their midnight oil for achieving cotton cultivation and per acre production. “We should work day and night for this cause. This will not only make our farmers prosperous but also the country's economy will get stability. Government of Punjab is using all resources for technical guidance and support of farmers,” he added.

He further said that in order to make cotton cultivation profitable, its support price of Rs 8500 per maund has been announced in a timely manner and this compensation will be ensured. Apart from this, Rs 600 million is being given on certified seeds while Rs. 11 Billion subsidy is being given on fertilizers. He directed the concerned authorities to ensure strict monitoring of the quota of the respective districts under track and trace system for delivery of fertilizers.

Source: brecorder.com– May 13, 2023

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Bangladesh: BGMEA chief requests EU for extended transition period

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan has urged the European Union to extend the transition period of GSP from the current three years to six years, report UNB.

He said the extension would help Bangladesh to prepare well for smooth graduation from the LDC category and continue the growth momentum even in the post-LDC era.

The BGMEA chief made the request during a meeting with Helena König, Deputy Secretary General for Economic and Global Issues, European External Action Service (EEAS) in Dhaka on May 10.

Monika Bylaite, Deputy Head of Delegation, South Asia, EEAS; Charles Whiteley, Ambassador and Head of the Delegation of the European Union to Bangladesh; Dr. Bernd Spanier, Deputy Head of EU Delegation in Bangladesh; Maurizio Cian, Minister Counsellor and Head of Cooperation; and Jurate Smalskyte Merville, Counsellor and Team Leader- Education, Human Development and PFM at the Delegation of the European Union to Bangladesh; and Sameer Sattar, President of Dhaka Chamber of Commerce and Industry (DCCI) were also present at the meeting.

During the meeting, they discussed various issues including trade and investment, Everything But Arms (EBA), Bangladesh relations with the EU in the post-LDC era, and other issues of bilateral importance.

BGMEA President Faruque Hassan apprised Helena König of the major developments of Bangladesh's apparel industry, particularly in terms of workplace safety, environmental sustainability and workers' rights and welfare.

He also gave an overview of how the RMG industry had been making vital contributions to the socioeconomic development of Bangladesh, especially in terms of poverty alleviation employment generation for millions of people in the country, women empowerment, increasing girls schooling enrolment, and reducing early marriages, according to BGMEA.

Faruque Hassan highlighted the importance of continued growth of the industry to sustain the achievements made so far in these areas.

Terming the EU as the very important market for Bangladesh's RMG exports, he highlighted the importance of extension of the specific trade preferences under EU's GSP scheme to sustain the growth of the industry, thus contributing to the socioeconomic development of Bangladesh.

The BGMEA President also urged the EU to consider waiving the EU's safeguard textile threshold criteria or redesigning the mechanism for Bangladesh in the proposed GSP scheme for 2024-2034 so that Bangladesh could benefit from GSP Plus after the LDC graduation.

Source: thefinancialexpress.com.bd– May 13, 2023

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Bangladesh revises down its FY23 GDP growth projection to 6.03%

The gross domestic product (GDP) growth projection of Bangladesh has been reduced further to 6.03 per cent for the current fiscal from the government's initial projection of 6.5 per cent, according to state minister for planning Shamsul Alam.

This rate surpasses the estimates by the Asian Development Bank (5.3 per cent) and the World Bank (5.2 per cent). The World Bank's lower projection is due to factors like higher inflation, tighter financial conditions, disruptive import restrictions and global economic uncertainty.

The final estimates for fiscal 2021-22 put Bangladesh's GDP growth at 7.1 per cent. Hence, the growth rate has dipped by over 1 percentage point year on year.

The state minister shared this information after a meeting of the National Economic Council (NEC) in Dhaka.

Source: fibre2fashion.com– May 15, 2023

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NATIONAL NEWS

Shri Piyush Goyal to co-chair the India-EU TTC Ministerial meeting

The first Ministerial meeting of India- European Union Trade and Technology Council (TTC) is taking place in Brussels, Belgium on 16th May 2023. Union Minister for Commerce & Industry, Textiles, Consumer Affairs, Food & Public Distribution, Shri Piyush Goyal is one of the co-chairs along with External Affairs Minister (EAM) and Union Minister of State for Electronics and Information Technology (MeitY). The EU side is co-chaired by Executive Vice Presidents Mr. Dombrovskis and Ms. Vestager. The formation of the TTC was announced by the Prime Minister, Shri Narendra Modi and H.E. Ms. Ursula von der Leyen, President of the European Commission in New Delhi in April, 2022 with the objective of creating a High-level coordination platform to tackle strategic challenges at the nexus of trade, trusted technology and security.

On 15th May 2023, Minister Goyal will have a bilateral meeting with EVP Dombrovskis followed by Working Group-3 Stakeholder consultations in the presence of business leaders from both EU and India. The WG3 meeting focuses on Trade, Technology and Resilient supply chains and would have 6 business leaders from EU and India.

In the afternoon, the Minister will attend a business event organised by the Federation of Enterprises in Belgium (FEB) and deliver the keynote address. This meeting would involve discussion over the economic footprint of Belgium enterprises in India along with further plans of investments in India. Besides, the three Indian Ministers would also call on the Belgian Prime Minister as well as the President of the European Commission.

On 16th May, Minister Goyal would attend a Stakeholder Event for Working Groups 1 & 2. Group 1 focusses on digital governance and connectivity while Group 2 deals with clean and green energy technologies. This event will also have about eight business leaders from each side in attendance who will present their views/ suggestions. Shri Goyal will deliver a Special Address at this event. This meeting will also see participation of EAM and EVP Vestager.

Later in the day, Minister Goyal will attend a bilateral meeting with European Commissioner for Internal Trade, Mr. Thierry Breton wherein issues pertaining to the SME sector, start-up ecosystem and e-commerce will be deliberated upon.

This would be followed by the first ministerial meeting of the India-EU TTC which will be attended by the External Affairs Minister, the Minister for Commerce and Industry and the Minister of State for Electronics and Information Technology.

The following three Working Groups under the mechanism will report on roadmaps for future cooperation between the two sides: (1) Working Group on Strategic Technologies, Digital Governance and Digital Connectivity, (2) Working Group on Green and Clean Energy Technologies and (3) Working Group on Trade, Investment and Resilient Value Chains.

The first ministerial meeting will lay the roadmap for the cooperation under all three working groups and provide direction to achieve desired outcomes before the next ministerial meeting in the coming year. During the high level meetings with senior leadership of the European Union as well as Belgium various issues of mutual interest including the ongoing negotiations for Free Trade Agreement (FTA), addressing issues of mutual market access, WTO reforms as well as cooperation in several areas of mutual interests would be discussed.

The Working Group on Trade, Investment and Resilient Value Chains is steered by the Department of Commerce and the first meeting of the working group was co-chaired by Sh. Sunil Barthwal, Commerce Secretary and Ms. Sabine Weyand, Director General for Trade from respective sides.

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

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India's recovery bright spot for global outlook: Nirmala Sitharaman

Finance minister Nirmala Sitharaman on Friday said India's strong recovery in the aftermath of the pandemic is a "bright spot for the global growth outlook". But at the same time she also underscored the dilemmas faced by emerging market developing economies between climate security and growth, as they manage "overlapping crises and socio-economic transformation".

Addressing a G7 seminar on economic policies for welfare in Niigata in Japan, the minister stressed the need for balancing sustainable growth with environment in the short and long run. She also called for ways to measure "empowerment going beyond indicators such as gross domestic product".

The minister is in Japan to attend the G7 meeting. India, which has the G20 presidency for the current year, is an invitee to G7 finance ministers and central bank governors (FMCBG) meeting.

She also shared India's focus on digital public infrastructure and green hydrogen "as a foundation for sustainable and inclusive growth and as an example of innovative policy toolkits" by emerging market developing economies, the finance ministry tweeted.

Participating in the first session of FMCBG dialogue, Sitharaman highlighted the resilience as well as unique development challenges of emerging market developing economies. She called for bolstering cooperation among all stakeholders for timely resolution of the debt crisis being faced by vulnerable nations.

In the second session of the FMCBG Dialogue focussed on sustainable growth, the minister underlined the need to bolster multilateral development banks to "address trans-boundary challenges".

Source: economictimes.com - May 13, 2023

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EU carbon tax will impact only 1.8% of Indian exports

The world's first carbon tax, approved by the European Parliament last month, could impact no more than 1.8% or $8 billion of India's exports, according to an internal assessment by the commerce ministry.

After being passed by lawmakers of the 27-nation bloc, the Carbon Border Adjustment Mechanism (CBAM) Bill is expected to come into force this month, empowering the bloc to charge a Carbon Border Tax (CBT) on imports of steel, aluminium, fertilizer, electricity, cement and hydrogen from January 2026.

"Of the five products in CBAM, cement, fertilizer and electricity exports to the EU are nil. And if you look at steel and aluminium, the exports are not more than 1.8% of the total exports. It is a small portion but it is a concern. But while it is a challenge for the industry it is also an opportunity (for greening the Indian manufacturing process)," a government official said. In 2021, steel exports at $4.1 billion, and aluminium $2.7 billion were India's 5th and 7th largest exports to the EU.

The official said the move could be inflationary for Europe as input costs would rise in a continent where inflation already runs higher than in India. However, experts said Indian exporters may have to incur additional costs after the tax comes into effect.

Sangeeta Godbole, a former revenue officer who was part of the Indian team negotiating the India-EU free trade deal, cautioned that exporters and exporting countries will have to bear an "extremely complicated" verification bureaucracy, while compliance costs will be a substantial additional burden.

"A verification system in which EU (or EU-accredited) verifiers will verify the correctness of emissions data reported by the exporter will come into play. This is built on a similar exercise which the EU attempted in the civil aviation sector in 2012. Verifiers are instructed to carry out verification with an attitude of 'professional scepticism'," Godbole said.

Just the basic information required by the EU runs into 26 columns, including how emissions are attributable to heating, cooling and manufacturing among others processes, she added.

The official cited above said that every country including India is taking steps to encourage renewable energy and discourage carbon emissions but the difference is that the EU's net zero target is for 2050, compared with India's 2070.

"Everyone is moving according to their own domestic condition. What the EU's carbon tax does is that it says that Europe will not take into account domestic situations in other economies. And that is a concern," the official added. As per a Reserve Bank report, India's contribution to global emissions of green house gases has been limited, although it increased between two four-decade periods: 1950-1990 and 1991-2020.

Its share of consumption-based emissions is, however, significantly lower than production-based emissions vis-à-vis major developed countries.

"Implementation of various climate finance commitments from advanced economies has been far from satisfactory. The extent of green financing for climate change adaptation has been about 5-10 times lower than required, and the gap between the required and actual has only grown," RBI observed.

As against $100 billion per year pledged by advanced economies, an amount of only $83.3 billion was provided in 2020, and that was an increase of just 4% from 2019, the report added. While the Paris Agreement has emphasized on maintaining a balance between adaptation and mitigation finance, financial support for mitigation has remained higher than for adaptation.

Source: livemint.com- May 15, 2023

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India's Exports to EU, US grow but Asia and Africa suffer in FY23

India's merchandise shipments to certain Asian and African regions contracted in FY23, thus weighing on overall growth in exports. There was growth in exports to the European Union and the US, notwithstanding the economic downturn and heightened geopolitical risks in the developed world. India's merchandise exports had risen 6.7 per cent to $450.4 billion in FY23.

According to disaggregated data released by the commerce department, a decline in exports to Northeast Asia, comprising China (-27.9 per cent), Hong Kong (-9.9 per cent), South Korea (-17.7 per cent), Japan (-11.5 per cent), pared India's overall exports growth. While the "Zero Covid" policy in China for most of FY23 reduced demand for Indian goods, Japan and South Korea slashed imports of diamonds and petroleum products from India, as it sourced such items from the sanctioned-hit Russia.

"Japan and South Korea have become cautious about importing such products from India because India imports large quantities of rough diamond and crude oil from Russia," a government official said. The debt and forex reserve crises in India's neighbouring countries in South Asia also meant a significant drop in exports to this region in FY23. The economic crisis in Sri Lanka (-11.9 per cent) led to a decline in India's shipments.

Nepal (-17 per cent) and Bangladesh (-27.8 per cent) also put curbs on non-essential imports due to depleting forex reserves, thus hitting India's shipments of automobiles and electronic items to these neighbouring countries. Bangladesh and Nepal, which were India's fourth- and eleventh-largest export destinations in FY22, dropped to the sixth and the eighteenth positions, respectively, in FY23.

Among the East Asian region, exports to Australia, with which India recently signed an Economic Cooperation and Trade Agreement, declined 16.1 per cent as the country reduced its exposure for petroleum products and diamonds from India.

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

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With 6.9% year-on-year growth, goods exports rise to $451 billion in 2022-23

India's goods exports for 2022-23 scaled up significantly from earlier estimates to almost $451 billion, indicating a 6.9% year-on-year growth, with exports for March upgraded sharply to a nine-month high of $41.9 billion, as per Commerce Ministry data.

Initial estimates for the March had pegged exports at $38.38 billion, marking a sharp 13.9% decline, but revised numbers signal only a 6% contraction. The $41.9 billion exports made March only the second month of 2022-23 to cross the $40 billion mark after $42.3 billion in outbound shipments last June.

The Ministry, which will be releasing the initial estimates for April's merchandise trade on Monday, also revised March's import bill to over $60 billion, the highest in 2023, raising its initial estimate of imports during the month by $1.9 billion.

Remained unchanged

However, the overall import bill for 2022-23 remained virtually unchanged at $714.04 billion, a 16.5% rise from 2021-22, compared to $714.24 billion reported initially.

The rise in March's import figure was largely offset by a $1.7 billion correction in November 2022's import tally that was initially pegged at $58.2 billion, then revised upwards by half a billion dollars and finally pared to $56.95 billion.

The latest revisions to official trade numbers cap off a year marked by what economists termed as significantly higher than usual variations between initial estimates and final numbers.

Total exports were initially pegged at $447.46 billion as per data released on April 15, then revised to $444.2 billion as per a Ministry statement on May 1. That figure has now been raised to $450.95 billion. Similarly, the import bill as per the May 1 statement was pegged at $711.85 billion, from the initial estimate of $714.24 billion.

Overall, export numbers were revised by over $25 billion from their initial estimates through 2022-23, with four months seeing a $3 billion-plus upward revision. The pace of these revisions has accelerated since November 2022, with exports etched up by an average $3.2 billion each month. The revision of $3.52 billion in March exports was the second highest in the year.

Import figure revisions have only been slightly milder, averaging over $1.5 billion a month through 2022-23. Over $2 billion revisions from initial estimates were reported in four months, with December 2022 recording the highest upward revision of almost $3 billion.

While experts have flagged petroleum shipments as the main driver for the extraordinarily high revisions of recent export data, the revision in import numbers needs further scrutiny.

Source: thehindu.com- May 14, 2023

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Netherlands emerges as India's 3rd largest export destination

The Netherlands has emerged as India's third largest exports destination after the US and UAE during 2022-23, showed commerce ministry's data on Sunday.

This can be attributed to a surge in shipment of goods such as petroleum products, electronic items, chemicals, and aluminium goods, reported PTI, citing commerce ministry. India's trade surplus with the Netherlands has also increased from USD 8 billion in 2021-22 to USD 13 billion in 2022-23.

The Netherlands has taken over major destinations such as the UK, Hong Kong, Bangladesh and Germany, the data showed.

India's exports to the Netherlands rose by about 48 per cent to USD 18.52 billion during 2022-23 as against USD 12.5 billion in 2021-22.

In 2021-22 and 2020-21, the outbound shipments to the European country stood at USD 12.55 billion and USD 6.5 billion, respectively. The exports are registering healthy growth continuously since 2000-01, when India's exports to that nation was USD 880 million.

Further, in 2021-22, the Netherlands was the fifth largest destination for Indian exports as against ninth in 2020-21.

Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said the Netherlands has emerged as a hub for Europe with efficient port and connectivity with the EU through road, railways and waterways.

In the calendar year, India's exports to the country increased to USD 18.1 billion in 2022 from USD 5.5 billion in 2017.

According to economic think tank GTRI (Global Trade Research Initiative), ATF (aviation turbine fuel) and diesel were the key petroleum products exported from India to that country.

Telecom equipment and smartphones with a value of over USD 1 billion were the largest electronic items, it said.

Mumbai-based exporter and Chairman of Technocraft Industries Sharad Kumar Saraf said the trend would continue in the future also.

Saraf said that the Netherlands is a gateway to Europe as their ports are very efficient hence cheaper than other European ports for shipping operations.

India and the Netherlands established diplomatic relations in 1947. Since then, the two countries have developed strong political, economic and commercial relations.

In 2022-23, the bilateral trade between the two countries increased to USD 24 billion as against USD 17 billion in 2021-22 and about USD 10 billion in 2020-21.

The Netherlands is among top trading partners of India in Europe, after Germany, Switzerland, the UK and Belgium. It is also a major investor in India. During April-September this fiscal, India received USD 1.76 billion in foreign direct investment from the Netherlands. It was USD 4.6 billion in 2021-22.

There are over 200 Dutch companies present in India, including Philips, Akzo Nobel, DSM, KLM and Rabobank. Similarly, there are over 200 Indian companies operating in the Netherlands, including all the major IT firms such as TCS, HCL, Wipro, Infosys, Tech Mahindra as well as Sun Pharmaceuticals and Tata Steel.

Source: economictimes.com- May 14, 2023

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GST dept to get access to banking transactions

Goods and Services Tax authorities are seeking near real-time access to banking transactions of the taxpayers, as a means to detect fake invoices and excess use of input tax credit (ITC) by sections of businesses.

The move follows recent investigations that revealed that undue tax credits accumulated through fake invoices are being used for hawala transactions. In several cases, it was also found that through circuitous routes, the funds finally returned to the persons generating the fake invoices. Shell companies too have been found routing money through fake invoices.

“Money trail is very important in these cases. While at the time of GST registration, the taxpayer gives details of only one bank account, a business can be using several accounts,” said a source, adding that it is difficult to get data on banking transactions in a timely manner at present. Often, by the time the details are made available, the company or person generating the bogus invoices has already vanished, the source further explained.

GST authorities are now keen on getting faster data on banking transactions, akin to the access the income tax authorities have.

The income tax department gets data on high value transactions, suspicious transactions as well as cash deposits above a certain threshold to keep tab on possible tax evasion.

Sources said the issue is now being taken up by the Central Board of Indirect Taxes and Customs (CBIC) as well in a bid to curb tax evasion. However, it would require more discussions internally as well as with the Reserve Bank of India, they said.

GST authorities are also planning to include more databases in their risk parameters to catch possible tax evaders. This would be done more so for service-related industries, where it is difficult to prove the actual delivery of services.

Databases that are likely to be tapped into include the provident fund data, customs data on shipping lines and freight forwarders, Railways as well as Panchayati Raj data on services such as construction and works.

"This would give an idea of the kind of services that are being provided by various companies and if they are paying the right tax and availing input tax credit," said the source. GST authorities are already planning to tap into the income tax database as well as filings of the ministry of corporate affairs to cross check information on taxpayers and understand if they are paying the right taxes.

The focus on tax evasion comes at a time when the GST department is looking to cut down on fake invoicing and tax evasion. A special all-India drive is also being conducted from May 16 to July 15 by all central and atate tax administrations to detect suspicious and fake GST identification numbers.

There are nearly 14 million registered businesses and professionals under GST and the government is keen on expanding the taxpayer base by ensuring that those evading tax are brought into the tax net.

Source: financialexpress.com- May 15, 2023

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Online platform The Yarn Bazaar plans to take up financing, expand footprint abroad

B2B (business-to-business) online market start-up The Yarn Bazaar has begun tying up with large fashion brands, including international companies, and big buyers while it plans to make its presence felt abroad before the end of the year, said company's founder and CEO Pratik Gadia.

"We still want to focus on the domestic market... And probably sometime mid or end of the year, we would want to start an international presence also," he told businessline in an online interview.

The company, launched in 2019, enables textile companies to discover yarn prices, information, people, market trends and trade with the tap of a finger.

Offering end-to-end solution

It is an online marketplace that has simplified processes of yarn sourcing in the country. In this, it has helped local yarn manufacturers go national and enabled buyers with a wide array of products and quality to choose from.

"We are a pro transactions platform, and it is an end-to-end solution. We do everything from, say, discovery to QC (quality control), transactions, fulfilment, advisory, market, everything together, including transportation," said Gadia, who belongs to a family that has been into fabric manufacturing.

The Yarn Bazaar now plans to get into the financing part of the business. "Right now, buyers are paying 100 per cent advance, but we know that they have a massive working capital crisis because of the nature of the business. So, now we've started tying up with banks and NBFCs to enable supply chain finance for them," he said.
Pandemic and after

On the company seeing through a testing period since its launch in view of the Covid pandemic and a volatile cotton market, Gadia said the online platform was into advisory from the start and it stepped in to help its stakeholders to say it is normal for prices to go up.

The Yarn Bazaar noticed that most middlemen in ensuring cotton or yarn supplies were not focussed on advisory. “We have a team that dug into the past data and noticed that every time there was a pandemic or recession or other global macro events, commodity prices have shot up between a minimum 100 per cent to about 200 per cent,” said the founder and CEO of the company, which works with large players such as Sintex, Trident and a global fashion firm.

The pattern remains fairly consistent over the next two years. “When we started, the lockdown was announced from March 2020. Prices dropped by 30-35 per cent. Then, they slowly started going up before touching ₹1 lakh last year,” said Gadia, who spent 6-7 years with his father in the family fabric business.

Yarn diversification

Since The Yarn Bazaar had access to data, it began sharing the reports with its shareholders and ensured buyers did not panic. It was important to address the issue as the nature of the textile industry is different with raw materials making up 50-80 per cent of the final product’s cost.

One of the first things that The Yarn Bazaar did soon after the pandemic lockdown began in 2020 was to launch an advisory vertical in which it had podcasts, live stories carried on apps such Spotify and Google podcast, and fortnightly newsletters.

“We are clearly focused on yarn and we don’t want to do anything else in the value-chain. But we have started to diversify to other yarn categories. We have begun with a good quantum of viscose and polyester spun. We are about to start trade with polyester,” the company’s founder and CEO said.

Industry interactive sessions

The Yarn Bazaar is looking at cotton sourcing, basically providing expertise to its yarn suppliers. “We have someone who can advise you which cotton you should source and at what price and why cotton is more important than price also is,” he said.

The online platform, which has executed about 4,000 orders at an average size of ₹25 lakh, has begun to do industry interactive sessions, mainly interacting with university students, particularly those specialising in textiles, to make them aware of the opportunities in the sector.

"We looked at the data. A lot of textile students don't end up joining the textile industry. They would rather go to another industry where they get paid higher. It's a chicken and egg problem. If the industry does not draw talent, it will not flourish," said Gadia, whose online platform has registered 15,000 companies with 150 of them transacting as suppliers.

Yarn imports

The start-up, which also imported yarn with importers based on their requirement, is now trying to empower these students so that they launch new verticals. The idea is to train such students and equip them with skill sets so that the industry can hire these talents for specific roles, he said.

Gadia said India's textile sector has opportunities in the form of China plus one through which global firms are looking to promote destinations other than the Communist nation particularly after Covid affected supplies and Bangladesh's least developed country status coming to an end in 2026.

"The price of Indian and Bangladesh suppliers will be the same post-2026," said the founder and CEO of The Yarn Bazaar, which has a staff strength of 35.

Source: thehindubusinessline.com- May 12, 2023

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Weak demand for cotton yarn in south India; prices down in Tiruppur

The cotton yarn market in south India continues to experience weak demand from the weaving industry, leading to a decrease in cotton yarn prices in the Tiruppur market by ₹2-5 per kg. In contrast, prices remained stable in the Mumbai market.

Trade sources have reported serious challenges throughout the textile value chain, including slower demand, frequent discounts, tough negotiations, payment crises, and a growing stockpile. Uncertainty about future demand remains prevalent among traders.

In Tiruppur, the dip in cotton yarn prices ranged from ₹3-5 per kg. Pressure is building on mills and stockists to slash prices, with mills either reducing cotton yarn prices or offering higher discounts to attract buyers. “The entire textile value chain is under exceptional stress due to limited buying.

Global brands are reluctant to place large orders due to a lack of confidence in demand, particularly in Europe and the United States. The weaving and spinning industries are also feeling the heat of the slowed export demand,” a trader from Tiruppur told Fibre2Fashion.

Prices in the Tiruppur market include ₹270-275 per kg (excluding GST) for 30 count combed cotton yarn, ₹282-287 per kg for 34 count combed cotton yarn, ₹295-300 per kg for 40 count combed cotton yarn, ₹245-250 per kg for 30 count carded cotton yarn, ₹252-255 per kg for 34 count carded cotton yarn, and ₹259-264 per kg for 40 count carded cotton yarn, according to Fibre2Fashion's market insight tool TexPro.

In Mumbai, despite the stability of cotton yarn prices, traders remain uncertain about future demand. Buyers are exercising caution, purchasing raw materials in limited quantities.

“Spinners and weavers are facing reduced demand and piling stocks of manufactured goods. Consequently, the payment cycle has slowed down. This payment crisis is further exacerbating the decline in demand from the downstream industry,” a Mumbai-based trader told F2F.

In Mumbai, 60 count carded cotton yarn of warp and weft varieties traded at ₹1,480-1,515 and ₹1,340-1,380 per 5 kg (excluding GST), respectively. Other prices include ₹345-350 per kg for 60 combed warp, ₹1,440-1,480 per 4.5 kg for 80 carded (weft) cotton yarn, ₹273-278 per kg for 44/46 count carded cotton yarn (warp), ₹258-268 per kg for 40/41 count carded cotton yarn (warp), and ₹295-305 per kg for 40/41 count combed yarn (warp), as per TexPro.

Cotton prices in Gujarat have seen a downward trend due to poor demand and payment issues. Spinners are hesitant to buy cotton in large quantities due to uncertainty about demand from the weaving industry. Cotton prices have dropped by ₹600-800 per candy of 356 kg since the start of the week. Currently, cotton yarn is traded at ₹60,700-61,200 per candy of 356 kg. Cotton arrivals in Gujarat are estimated at 22,000-24,000 bales of 170 kg, with all-India arrival estimated at around 85,000 bales.

Source: fibre2fashion.com- May 12, 2023

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