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IBTEX No. 88 of 2023 — May 17, 2023

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EUR	89.45
GBP	102.63
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SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

China's economic recovery worries mount as data disappoints

China's consumer spending and industrial activity grew at a slower pace than expected in April, adding to signs the recovery in the world's second-largest economy is losing momentum.

Industrial production rose 5.6% from a year earlier, the National Bureau of Statistics said Tuesday, much lower than the 10.9% median estimate in a Bloomberg survey of economists. Retail sales climbed 18.4%, helped by a low base of comparison from last year, although still missing expectations. Growth in fixed-asset investment slowed to 4.7% in the first four months of the year, also weaker than forecast. The urban jobless rate eased to 5.2%, but unemployment among young people reached a record high of 20.4%.

The headline figures were boosted by comparisons with April 2022, when Shanghai was in lockdown, resulting in a plunge in business and consumer activity at the time. Even so, the numbers were disappointing and suggest policymakers may need to step up support for growth. "China's recovery strength this year will likely be weaker than previously thought," said Wu Xuan, chief market analyst at Tebon Fund Management. The PBOC might cut interest rates in the second half of the year to support growth, he said.

Chinese stocks were little changed as of 10:47 a.m. local time after earlier dropping as much as 0.4%.

The People's Bank of China hinted Monday it will keep policy supportive, pledging "appropriate" levels in money supply and credit. Earlier Monday, it injected more long-term liquidity into the financial system, while keeping the rate on its one-year policy loans unchanged.

"Consumption remained solid, yet the spike in youth unemployment to a record high raises questions about how sustainable that recovery can be," said Michelle Lam, Greater China economist at Societe Generale SA. "Today's data opens the door for further cuts in the reserve requirement rate and interest rates, possibly in June. However, the key remains to boost confidence in the private sector and among households."

The NBS highlighted global and domestic risks, saying "the global environment is still complex and grim, and domestic demand still looks insufficient." The economy's "internal drive for rebound is still not strong," it said. The housing market remains weak, the latest figures showed, another drag on the economy. While growth in property sales accelerated to 13.2% year-on-year in April, investment in the sector contracted 16.2%, according to Bloomberg calculations based on official data. Construction of new homes continued to decline.

The figures are in line with the trend from other recent data showing the economic recovery has waned after a strong start to the year. Property sales during the Labor Day holiday remained below pre-pandemic levels and consumers have cut back on mortgages. Consumer prices barely grew in April, while imports plunged, a sign of subdued domestic spending. Borrowing by households and companies also slumped last month.

What Bloomberg Economics Says...

The headline figures for production and retail sales rose – but only by comparison with last year's terrible numbers, which cratered during Shanghai's lockdowns. Measured against March, they are stalling. Meanwhile, slowing investment shows government spending isn't gaining traction. Bottom line: The data are weak and add to the case for more monetary easing.

The NBS data showed retail sales were buoyed last month by car purchases and restaurant spending. Auto manufacturing also boosted industrial output last month, although textiles and pharmaceuticals output continued to contract.

"Today's weaker-than-expected data show how difficult it is to keep the growth engine running after restarting it," said Bruce Pang, chief economist for Greater China at Jones Lang LaSalle Inc. "China will continue to deliver strong year-on-year growth of activity data in the second quarter of 2023 on the back of a low base, but at a slower quarter-on-quarter pace than the first quarter as the recovery is losing steam."

Source: economictimes.com– May 16, 2023

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UK's clothing imports at £1.82 bn in March 2023, £4.13 bn in Q1

In March 2023, the United Kingdom's clothing imports reached £1.459 billion ($1.822 billion), representing an 18.07 per cent decrease compared to the £1.781 billion recorded during the same period in the previous year. But clothing imports experienced a month-on-month rise, as it stood at £1.294 billion in February 2023, according to the UK's Office for National Statistics (ONS).

UK's clothing imports slipped by 13.17 per cent to £4.137 billion in the first quarter (Q1) of the current year against imports of £4.765 billion in the corresponding period of 2022. The imports fell by 31.85 per cent quarter on quarter (QoQ) as the inbound shipment was recorded at £6.071 billion in Q4, 2022. The country's clothing imports were recorded at £21.256 billion ($25.86 billion) in 2022, a 23.50 per cent increase compared to the imports of £17.034 billion in 2021.

Fabric imports fell by 17.62 per cent to £500 million in March 2023 against £607 million in March 2022. However, the imports improved in comparison to last month when the trade was recorded at £463 million in February 2023.

During Q1 this year, fabric imports slipped by 12.52 per cent to £1.432 billion against imports of £1.637 billion in January-March 2022. The imports also fell on a quarterly basis as the inbound shipment was recorded at £1.537 billion in Q4, 2022. Textile fabric imports reached £6.359 billion during 2022, as per ONS data.

In March 2023, the UK imported £36 million worth of textile fibres, compared to £45 million during the same month in 2022. They were noted at £39 million in February 2023. The total textile fibre imports for 2022 amounted to £545 million. The imports of textile fibres declined to £110 million in Q1 2023 against £135 million in Q1 2022 and £133 million in Q4 2022.

In March 2023, clothing exports from the UK amounted to £339 million, which was a decrease from the previous year's £349 million. However, it showed improvement compared to the £298 million recorded in February 2023. Throughout the first quarter of the current year, clothing exports declined to £943 million, down from £955 million in Q1 2022 and £1,151 million in Q4 2022.

The exports decreased as well, reaching £3.931 billion in 2022 compared to £4.263 billion in 2021. Exports of textile fabrics and fibres were recorded at £2.716 billion and £616 million, respectively, in 2022.

Source: fibre2fashion.com– May 17, 2023

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Global cotton prices movement mixed over past month: Cotton Inc

NY/ICE contracts continued their pattern of swinging back and forth within the limits of their recent ranges. After climbing over 85 cents/lb in mid-April, the July futures contract collapsed to values below 80 cents/lb before the end of the month. Prices rallied in early May to 84 cents/lb before once again dropping below 80 cents/lb and then recovering to reach the current values near 81 cents/lb, as per a report by Cotton Inc.

Prices for the December figures contract (reflective of market expectations after the onset of the 2023-24 harvest) followed a similar pattern. Current values are also near 81 cents/lb. The A Index decreased and partially recovered over the past month. Values began the period near 96 cents/lb, fell as low as 91 cents/lb, and then climbed to 93 cents/lb, according to Cotton Inc's Cotton Market Fundamentals & Price Outlook May 2023.

Chinese prices, represented by the China Cotton Index (CC 3128B), increased. Prices rose from 102 to 107 cents/lb between early April and May. In domestic terms, prices rose from 15,000 to 16,300 RMB/ton. The RMB weakened against the dollar, from 6.88 to 6.94 RMB/USD.

Indian spot prices (Shankar-6 quality) eased from 97 to 94 cents/lb over the past month. In domestic terms, prices decreased from ₹63,000 to ₹60,700 per candy. The INR was steady against the dollar, holding near ₹82 per USD.

Pakistani prices were near 82 cents/lb one month ago but traded above 85 cents/lb for most of the past month. More recently, prices had fallen back to 82 cents/lb. In domestic terms, prices held near 20,000 PKR/maund for most of the past month. The Pakistani rupee weakened from 285 to 295 PKR/USD from early April to early May.

In May, the USDA released its supply and demand estimates for the upcoming crop year. The report shows a slight decrease in cotton production and a significant increase in global mill-use. Global ending stocks are expected to remain almost unchanged.

The main changes in production at the country level include a decrease in China's production, a decrease in Turkiye's production, an increase in India's production, an increase in the US' production, and an increase in Pakistan's production.

Regarding mill-use, India, China, and Pakistan are expected to have the largest increases. India is projected to see the highest increase in mill-use.

Global cotton trade is forecast to expand, with increases in both imports and exports. China, Bangladesh, and Vietnam are expected to have the largest increases in imports, while Brazil, India, and the US are forecast to have the largest increases in exports.

Source: fibre2fashion.com– May 16, 2023

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China's social logistics sector hits over 347 trn yuan in 2022

In 2022, China's total social logistics sector rose by 3.4 per cent year-on-year (YoY), hitting a total of 347.6 trillion yuan (around $50 trillion). The logistics industry's total revenue in 2022 amounted to 12.7 trillion yuan, marking a 4.7 per cent increase from the previous year, as per the China Federation of Logistics and Purchasing.

The growth of the East Asian country's logistics industry has been further bolstered by a robust expansion in the e-commerce logistics sector. Data from a survey jointly conducted by the China Federation of Logistics and Purchasing and JD.com showed a 0.7-point increase from March to April in the index tracking e-commerce logistics activities, rising to 109 points. This surpasses the highest point reached in 2022, according to local media reports.

The strong performance of the e-commerce logistics sector was reflected in eight out of the nine major sub-indices, which measure activities in various fields. The indices for business volume and rural business have both shown growth for four consecutive months. The survey predicts that the rapid recovery of e-commerce logistics activities is set to continue, with the index likely to reach 110 points or higher in May.

This surge in China's e-commerce logistics is believed to be largely driven by the recovery of domestic demand, further stimulated by holidays.

Source: fibre2fashion.com– May 16, 2023

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Sri Lankan apparel industry in crisis due to struggling global economy

According to estimates, companies had to lay off workers in an industry that in 2022 contributed 50 per cent of Sri Lanka's export revenue due to global economic crises that destroyed the demand for garments.

According to the reports, Sri Lanka's clothing industry contributed nearly half of the country's export earnings last year after enduring both the Covid pandemic and the crippling economic crisis. However, changes in the global economy have caused a drop in demand, forcing manufacturers to fire hundreds of workers.

One of Sri Lanka's top export sectors is apparel, which makes products for well-known international companies like Victoria's Secret, Marks & Spencer, and Nike, among others. The industry brought in around 46 per cent of Sri Lanka's export earnings last year, or US $ 5.93 billion.

However, industry statistics showed that by March of this year, year-over-year export volumes had decreased by around 11 per cent. This was due to the struggling global economy.

According to Yohan Lawrence, the head of the Joint Apparel Association Forum (JAAF) of Sri Lanka, a substantial decline in demand was caused by softening market conditions in the US, the EU and Britain; concerns about a worldwide recession; and the Russia-Ukraine war. According to data, Lawrence continued, Sri Lanka is losing market share to Bangladesh, its neighbour.

Trade agreements are at the core of this dynamic, since Bangladesh as a least developed country (LCD) holds more preferential trade terms, and could export apparel free of duty to the EU and the UK under the 'Everything but Arms (EBA)' trade agreements.

Sri Lanka, however, trades under the Generalised System of Preferences, which comes with conditions based on the rules of origin.

Source: apparelresources.com– May 15, 2023

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Cambodia's RCEP exports leap 16% to $2.89 bn in Q1 2023: MoC

Cambodia's exports in the first quarter (Q1) of 2023 to the Regional Comprehensive Economic Partnership (RCEP) countries reached $2.89 billion, marking a 16 per cent increase from the same period in the previous year, according to the latest data by the ministry of commerce.

The leading destinations for Cambodia's exports within the RCEP were Vietnam, Thailand, and China, with the value of shipments amounting to $1.25 billion, $958 million, and $328 million, respectively.

Meanwhile, China emerged as Cambodia's largest import source, with a total import value standing at $2.53 billion. Vietnam and Thailand followed, with imports valued at $957 million and $440 million, respectively.

The RCEP, a free trade agreement that came into effect on January 1, 2022, comprises 15 Asia-Pacific countries, including the ten member states of the Association of Southeast Asian Nations (ASEAN) and their five trading partners: China, Japan, South Korea, Australia, and New Zealand.

The trade pact has increased Cambodia's exports, brought in new investment, and significantly contributed to the country's economic growth, Cambodian media reports quoted vice president of the Cambodia Chamber of Commerce, Lim Heng, as saying.

The RCEP is anticipated to eliminate up to 90 per cent of tariffs on goods traded among its signatories over the next two decades. As the world's largest trade bloc, RCEP represents approximately 30 per cent of the global GDP, 28 per cent of global trade, and 32.5 per cent of global investment.

In 2022, Cambodia's exports to RCEP countries totalled $6.34 billion, marking a year-on-year increase of 7 per cent. The RCEP accounted for approximately 60 per cent of Cambodia's total international trade of $52 billion in the same year.

Source: fibre2fashion.com– May 17, 2023

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Vietnam, Bangladesh to explore scope of FTA to boost economic ties

Vietnam and Bangladesh recently agreed to explore possibilities of concluding a free trade agreement to further boost bilateral trade and economic ties, particularly in context of the latter graduating from the least developed country (LDC) status in 2026.

The second Foreign Office Consultations between the two countries, held in Dhaka on May 14, were led by Bangladesh foreign secretary Masud Bin Momen and Vietnamese deputy foreign minister Hung Viet.

Momen urged Vietnamese businesses and entrepreneurs to avail of benefits offered by Bangladesh, particularly in the economic zones, media outlets in Bangladesh reported.

Momen sought an expeditious inclusion of Bangladesh as a sectoral dialogue partner of the Association of Southeast Asian Nations (ASEAN).

Bangladesh also proposed formation of a joint commission at the foreign ministers' level for comprehensive cooperation.

Source: fibre2fashion.com– May 17, 2023

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NATIONAL NEWS

Sh. Goyal meets Mr. Dombrovskis on the side-lines of India-EU TTC Ministerial Meeting

On the side lines of the first Ministerial meeting of India-European Union Trade and Technology Council (TTC), Union Minister for Commerce & Industry, Textiles, Consumer Affairs, Food & Public Distribution, Shri Piyush Goyal had bilateral meeting with the Executive Vice-President of the European Commission responsible for an Economy that Works for People, and the European Commissioner for Trade, Mr. Valdis Dombrovskis. The meeting was also attended by senior officials from both sides.

During the bilateral discussions the leaders recalled the long-standing partnership between the two sides and underlined the need to work together to deepen the association given their commitment to democracy and rule-based international systems.

They emphasised the need for expediting the ongoing FTA negotiations by finding convergence on all issues after due consideration to mutual sensitivities including on market access for balanced and meaningful outcomes that would support the economies and employment on both sides.

Both sides also affirmed their commitment to work together on common priorities for WTO related issues. Both sides recognised the need for consensus-based solutions including Permanent Solution on Public Stock Holding that would support the livelihoods and food security for millions in India as well as in large parts of the developing world. They expressed hope that their joint efforts would enable finding meaningful solutions in the upcoming WTO Ministerial Conference.

This meeting was followed by meeting of the Working Group 3 Stakeholders co-chaired by Shri Piyush Goyal and Mr. Valdis Dombrovskis. The meeting included stakeholders representing India and the EU. Working Group 3 focuses on Trade, Investment and resilient supply chains.

The EU side had representatives from major European industrial bodies including Business Europe, Digital Europe, Food Drinks Europe, Copa-Cogeca, EFPIA and ACEA.

The delegation of Indian business leaders attending the meeting in person represented sectors including Chemicals, metals, textiles, digital infrastructure, and steel while representatives of other sectors like agri-food industry, marine/logistics were present in virtual mode.

Source: pib.gov.in- May 16, 2023

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Sh. Goyal emphasises India’s 10x+ growth potential in the next 25 years

During his two-day visit to Brussels to attend the first Ministerial meeting of India-European Union Trade and Technology Council (TTC), Union Minister for Commerce & Industry, Textiles, Consumer Affairs, Food & Public Distribution, Sh. Piyush Goyal was invited to attend the business meeting organised by Federation of Enterprises in Belgium (FEB). The meeting was held at the Federation office wherein the Minister delivered a Keynote address.

The meeting was attended by more than 28 business delegates from the Belgium side along with six members of the Indian business delegation. Mr. Rene Branders, President of FEB gave the welcome remarks and the meeting was moderated by Mr Pieter Timmermans, CEO of FEB.

In his keynote address, Sh. Goyal emphasised India’s 10x+ growth potential in the next 25 years which would reinforce its position as the fastest growing large economy, focus on 4Ts of Trade, Technology, Tourism and Talent, its ambitious mission for sustainability and renewable energy which is evidenced by its performance of achieving Paris targets in 2021 itself – 9 years ahead of schedule, etc.

This was followed by roundtable discussions which included testimonials from Belgium enterprises which are present and operating in India, testimonials from Indian and foreign companies present in Belgium and remarks from business organisations present during the meeting. The issues discussed during the roundtable include tariff and duties, protection of IPR, investments, need for regulations in waste management sector, reducing regulatory compliances, zero carbon technology and green financing, off-shore wind systems, etc.

In response to the round table discussion, Sh. Goyal under scored that there must be a level playing field for both the developed and emerging economies while addressing the global challenges such as climate issues. While India is committed to achieve its targets of net zero emissions, there should be meaningful contribution by all concerned and that commitments made under the Paris agreement must be adhered to by all countries.

He also expressed hope that that the mechanism of India EU Trade and Technology Council (TTC) could emerge as an effective platform for finding solutions to these challenges.

The Minister also noted that Indian and EU share several common concerns with respect to WTO issues where their positions are largely aligned and therefore, through their collective efforts, could jointly contribute to find consensus-based solutions in the upcoming WTO Ministerial Conference.

Source: pib.gov.in- May 16, 2023

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India remains a bright spot, economy expected to grow 6.7% in 2024: UN

India's economy is expected to grow by 6.7 per cent in the calendar year 2024, supported by resilient domestic demand, according to a UN report which said higher interest rates and weaker external demand will continue to weigh on investment and exports this year for the country.

The World Economic Situation and Prospects as of mid-2023 released on Tuesday said India's economy, the largest in the South Asian region, is expected to expand by 5.8 per cent in 2023 and 6.7 per cent in 2024 (calendar year basis), supported by resilient domestic demand.

However, higher interest rates and weaker external demand will continue to weigh on investment and exports in 2023, it said.

Inflation in India is expected to decelerate to 5.5 per cent in 2023 as global commodity prices moderate and slower currency depreciation reduces imported inflation.

The estimates for India's economic growth in the mid-year assessment remained unchanged from the projections made in the World Economic Situation and Prospects 2023 report launched in January this year.
India's many positives

The flagship report issued in January had said that India's GDP is projected to moderate to 5.8 per cent in 2023 as higher interest rates and global economic slowdown weigh on investment and exports.

India's economic growth is expected to remain "strong" even as prospects for other South Asian nations "are more challenging." India is projected to grow at 6.7 per cent in 2024, the fastest-growing major economy in the world, the flagship report had said.

Chief of the Global Economic Monitoring Branch, Economic Analysis and Policy Division, UN Department of Economic and Social Affairs, Hamid Rashid had said at a press conference that India is a "bright spot" in the world economy.

In response to a question by PTI on the trajectory of the Indian economy, Rashid said on Tuesday “India remains a bright spot. Our projection for India hasn't changed since January and we see many positives, including the inflation has come down significantly.”

“We are pretty confident with our forecast right now for the year,” he said.

India’s inflation is about 5.5 per cent while the regional average for South Asia is 11 per cent. Rashid said this means there will be significant room for both fiscal expansion and monetary accommodation and that would support domestic demand.

External risks persist

He however added that risks lie on the external side. He noted that if the external financing condition deteriorates further and it becomes much tighter, then India would face some challenges and exports may face some challenges going forward.

The mid-year assessment said that prospects for a robust global economic recovery remain dim amid stubborn inflation, rising interest rates and heightened uncertainties.

Instead, the world economy faces the risk of a prolonged period of low growth as the lingering effects of the Covid-19 pandemic, the ever-worsening impact of climate change and macroeconomic structural challenges remain unaddressed.

According to the report, the world economy is now projected to grow by 2.3 per cent in 2023 (+0.4 percentage points from the January forecast) and 2.5 per cent in 2024 (-0.2 percentage points), a slight uptick in the global growth forecast for 2023.

In the US, resilient household spending has prompted an upward revision of the growth forecast to 1.1 per cent in 2023. The European Union’s economy—driven by lower gas prices and robust consumer spending—is now projected to grow by 0.9 per cent, the report said.

China’s growth this year is now forecast at 5.3 per cent, as compared to the 4.8 per cent projected earlier this year, as a result of Covid-19-related restrictions being lifted.

“The current global economic outlook presents an immediate challenge to delivering on the SDGs,” said UN Under-Secretary-General for Economic and Social Affairs, Li Junhua.

“The global community must urgently address the growing shortages of funding faced by many developing countries, strengthening their capacities to make critical investments in sustainable development and helping them transform their economies to achieve inclusive and sustained long-term growth.”

Global trade remains under pressure due to geopolitical tensions, weakening global demand and tighter monetary and fiscal policies. The volume of global trade in goods and services is forecast to grow by 2.3 per cent in 2023, well below the pre-pandemic trend.

The mid-year report noted that central banks in South Asia continued their interest rate hikes in early 2023 to tackle inflation and stabilise exchange rates. However, the Reserve Bank of India kept the policy rate unchanged at 6.5 per cent in April 2023, after a cumulative increase of 250 basis points since May 2022, it said.

Source: thehindubusinessline.com- May 17, 2023

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CBAM no tariff barrier, India's high tariffs help compete with non-transparent nations: Piyush Goyal

Commerce and industry minister Piyush Goyal on Tuesday said that the intention of the EU's Carbon Border Adjustment Mechanism (CBAM) is not to create a barrier to trade and the two sides are engaged to "find the right solutions" for it.

Addressing the media after the first India-EU Trade and Technology Council meeting in Brussels, he also said that India has to keep tariffs high on many products at times to compete with certain geographies which are "very non-transparent" and the developed countries are the "unintended consequence of the high tariffs".

"The CBAM is a mechanism that the European Union has proposed and we remain engaged with the European Union. I'm sure that the intention is not to create a barrier to trade but to find a way forward," Goyal said.

The mechanism, which is due to kick in from October, will impact India's steel and aluminium exports. "We have a long time ahead of us within which we'll be working together to find the right solutions to this," he said. On the issue of tariffs, Goyal said that India's tariffs very often are misconstrued to be high on most items of raw materials or intermediates.

Emphasising on India's ability to compete with certain geographies which are "very non transparent", Goyal said: "We need to keep our tariffs high on many products at times. Developed Countries are the unintended consequence of the high tariffs, and which is why we are engaged in free trade agreement negotiations with the European Union".

The tariffs, he said, are generally very low on duty on many items of technology, many items which are helping the Indian economy grow and India has kept the duties very low, the actual applied rates are much lower than what was agreed to at the WTO as bound rates.

He said the FTA will also open the doors of the European Union marketplace for Indian goods of high quality at very competitive prices, which will be good for consumers in European Union.

Source: economictimes.com- May 17, 2023

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India's recovery is strong and broad-based, well-placed to sustain growth rates of above 6%: Morgan Stanley

All the conditions are in place for India's sustained economic expansion, and is well-placed to sustain growth rates of above 6 per cent, Morgan Stanley said in a new research report

"India's economy is going from strength to strength. This broad-based recovery in demand runs counter to the weakness we are seeing outside of Asia. We see healthy balance sheets sustaining the robust trends in domestic demand. India is a key contributor to Asia's growth outperformance," Morgan Stanley said in a report titled Asia Macro Charts: Trendspotting: India - Sustaining the Strong and Broad-Based Recovery.

"We have been constructive on India's growth outlook for some time, arguing that We think India is benefitting from a combination of cyclical and structural tailwinds. In recent months, a wide variety of indicators suggest that India's recovery is strong and broad-based, and is well-placed to sustain growth rates of above 6%," Morgan Stanley said.

Room to run

For instance, services PMI is at a 13-year high, and manufacturing PMI is near an 11-year high, both well above that of other economies; passenger vehicle sales are at 131 per cent of pre-Covid levels, real goods, and services tax collections are 35 per cent higher than pre-Covid and services exports have risen by 84 per cent since Oct-20.

"While India will also see some downside to its goods exports, this is being offset by strong domestic demand and services exports. Domestic demand is supported by healthy balance sheets," the report added.

Meanwhile, the key macro stability indicators of inflation and current account deficit have moved back into policymakers' comfort zones. This suggests that policymakers will not have to bring monetary policy into restrictive territory, allowing economic expansion further room to run.

Source: thehindubusinessline.com- May 16, 2023

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Exporters see 11-13% growth in FY24

The Indian industry remains upbeat about exports in FY24 even as it stares at slowdown in demand for textiles, jewellery, engineering goods and chemicals from the US and the EU.

Exporters expect a growth of 11-13% in FY24. Cotton textile and apparel exporters expect 8-10% on-year growth in FY24. India clocked $450 billion exports in FY23.

Exporters expect business to resume fully after July, pinning their optimism on recovery in the advanced markets and improved order book.

"We expect $900 billion exports for the full year, of which $500-510 billion would be goods and around $400 billion services," said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO), adding that the first and second quarters of the calendar year would be slow for exports.

Exporters said many clients had deferred their shipments from the last fiscal to this financial year and those orders will start flowing soon.

Sahai said the volume of orders is lower but the frequency is higher. "By September, we will push orders for Christmas and new year," he said.

EEPC India chairman Arun Kumar Garodia said the Russia-Ukraine crisis, slowdown in advanced economies, high interest rates and geopolitical tensions will continue to adversely impact trade. "The order book will improve from July. We expect to end the full year with growth higher than last year," he said.

Strategy under works

India's goods exports shrank 12.7% on-year to $34.66 billion in the first month of FY24, dragged by sluggish demand and recession in major markets while the trade deficit fell to a 20-month low at $15.2 billion in April.

"Looking at the uncertainty, the government has not fixed any export target for the current fiscal and would only forecast, but exporters and industry were asked to give their own targets," an official said, adding that an overall strategy both for goods and services exports was needed.

The commerce and industry ministry has held a round of talks with services exporters to formulate short-term, mid-term and long-term strategies.

The share of India's services exports in overall global services exports has risen from 4% to 4.4%, said World Trade Organization.

Sectoral Outlook

Cotton textile and apparel exporters expect 8-10% on-year growth in FY24 after a slow first quarter.

"April was sluggish in terms of demand. There is not much demand internationally. We expect some pick up and exports to increase 8-10% over the last fiscal," said a representative of the cotton textile industry.

Around 70% of India's cotton textiles go to the US and the EU but demand is down almost 10% on the retail side, especially home textiles while readymade garments' demand is down 10-12% over last year.

"Commodity prices have fallen, which impacted exports. However, gas prices in the EU and inflation are stabilising. This will help push demand for discretionary spends," said a representative from the synthetic textile industry.

Exports of processed foods are likely to rise 6-7% this year.

Source: economictimes.com - May 17, 2023

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Textile and apparel export in April down by double digits

India's textile and apparel export in April month is down by double digits. As per the official data, the export of textile yarn fabric made-up articles was 17.06 per cent down in April 2023.

Textiles exports continued to decline in April 2023 because of subdued demand due to recessionary effects in major economies.

The Confederation of Indian Textile Industry (CITI) analysis of exports and imports of textile and apparels for April 2023 also says that during April '23, India's textiles exports registered de-growth of 20.70 per cent over the previous year while the apparel exports registered a de-growth of 23.10 per cent during the same period.

It can be mentioned here that as weakening global demand and declining commodity prices continued to weigh on outbound shipments, India's overall goods exports fell the steepest in three years in April.

The commerce ministry data showed that the goods exports declined by nearly 13 per cent in April to US $ 34.66 billion from US $ 39.70 billion in the previous year period.

Santosh Sarangi, Director General of Foreign Ttrade (DGFT) was quoted by Mint, the leading english daily saying that the apparel industry has been impacted fairly badly. If you look at the Bangladesh economy, it has been severely hit due to reduced demand for readymade garments.

The demand scenario does not look good as far as the US and Europe are concerned, at least for the next two to three months, he added. "Hopefully, things will change from September onwards."

The textile yarn fabric, made-up articles' import is also estimated to reduce by 17.06 per cent as in April '22 it was US $ 194.58 million and in April '23 it is estimated at US $ 161.38 million.

Source: apparelresources.com- May 16, 2023

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India's RMG exports decline 23.1% to $1,210 mn in April 2023

India’s exports of readymade garments (RMG) of all textiles decreased by 23.10 per cent to $1,210.66 million in April 2023, the first month of the new fiscal 2023-24 (FY24), as per the data released by the department of commerce under India’s ministry of commerce and industry. RMG exports were noted at $1,574.37 million in the same period of the previous fiscal.

The exports of cotton yarn, fabrics, made-ups, and handloom products declined by 23.42 per cent to $887.89 million in April 2023 from $1,159.49 million in the corresponding period of the previous fiscal. Carpet exports came down by 15.85 per cent to $105.19 million from $125 million in the same period of the last fiscal. Man-made yarn, fabrics and made ups exports went down by 13.93 per cent year-over-year (YoY) to $393 million from $456.59 million in April 2022.

India’s import of textile, yarn and fabric and made-up articles decreased by 17.06 per cent to $161.38 million in April 2023 against $194.58 million in the corresponding period of the previous fiscal. The inbound shipment of cotton raw and waste slipped by 13.81 per cent to $45.3 million from $52.56 million in April last year.

India’s overall exports (merchandise and services combined) in April 2023 is estimated at $65.02 billion, showing an increase of 2 per cent over April 2022. Overall imports in April this year are estimated at $66.40 billion, which was 7.92 per cent lower than the imports of April 2022.

During FY23, the exports of RMG of all textiles increased by 1.10 per cent to $16,191.47 million. Garment exports were noted at $16,014.84 million in 2021-22.

Source: fibre2fashion.com- May 16, 2023

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What next for India and Russia in trade and investment

When I wrote for this newspaper back in 2019, I stressed the need for Russia and India to develop cutting-edge financial mechanisms in order to overcome the stalemate in their economic cooperation, when, despite diversified efforts on both sides, the mutual trade volumes barely crossed the 10 bln USD mark for several years in a row.

Since then tremendous changes took place globally and in our two countries. As the world economy struggled to recover from the consequences of the pandemic, new testing times arrived in 2022 with unprecedented sanctions against Russia, interrupted food and energy supplies on the global markets and geopolitical instability exceeding the levels of the Cold War era.

At the same time, trade between India and Russia reached the record level of 44.4 bln USD during the financial year 2022-2023, having surpassed the targets set by the leadership of the two countries. Today Russia is India's 5th trade partner, after US, China, UAE and Saudi Arabia. However out of this volume just 2.8 bln USD account for India's exports to Russia, a declining figure. India's deficit in trade with Russia is currently second in volume, after its trade with China. Hence, today and in the foreseeable future the two countries will face the new challenge of correcting this trade imbalance and diversifying the avenues and formats of their economic partnerships.

Decision makers on both sides are determined to maintain the relationship between Moscow and New Delhi as special, privileged and refer to it as one among the steadiest in the world.

The two countries' regulators aim to work further on removing multiple bottlenecks and barriers, including those in cross-border payments, logistics and tariffs, in order to respond to the new challenges, in the mutual interests of the two countries. One of the most important tasks in front of the Indian and Russian authorities at this stage – is securing bilateral financial and goods streams from hostile interference and making them more efficient. Protection of investments is also high on priority.

Still some experts are of the opinion that it will be next to impossible or very difficult to increase India's exports to Russia to balance India's growing imports (that now include not just crude oil, but also fertilisers, coal, metals, wood products, as well as animal and vegetable oils). However, there exists a number of recently emerged prerequisites that make this task more realistic than before.

One of these prerequisites – is the macroeconomic stability in Russia. Despite the common perception, spurred by the media, Russia managed to avoid difficulties like hyperinflation (currently inflation rate for 2023 is expected at 5,3%) and recession (with GDP growth at varying estimations, between 0,7-1,2% for 2023). One of the important tasks faced by the government in Moscow is balancing between mobilisational economy and maintaining the normal consumer and social sentiments. So far this task has been dealt with quite successfully too, with high level of resilience – politically, socially and economically.

It helps to have self-sufficient energy and natural resources sectors, strong agriculture, but also well-developed education systems and deep cultural traditions. It also helps to have reliable and neutral partners like India, oriented towards own national interests, first and foremost, and not sacrificing the interests of their own people for the sake of someone else's political agenda.

India's consistent independent course, widely recognised and respected in Russia, has inspired Russia's business community to consider new trade links with India much more attentively. The Russian business leaders look at India differently today than some 10-15 years ago not just because they are forced out of their comfort zone and because they face a very practical necessity to search for alternative suppliers, markets and opportunities. It is also India's reformist course and developmental achievements that provide those other prerequisites for renewed business activity between the two countries. They include growth of manufacturing sector in India, increase in the purchasing power of India's middle class and accelerated development of digitisation both in India and in Russia, to name a few. The interest towards India and its market trends in Russia is enormous. There is a lot of natural curiosity and appetite for knowledge about India of today. At the same time – not too many overinflated expectations, that have been the legacy of the Soviet era. The new generation of entrepreneurs in Russia has very realistic outlook about the complexities of working with India. They learn quickly about India's changing requirements and capabilities.

India's tremendous success on the path of digital transformation, as well as its booming startup scene and VC activity are now quite well-known in Russia. Russian digital technology - focused companies, venture capital firms and startups are on the forefront of business activity between the two countries outside the traditional government-to-government segment. Though numbers are still modest, they have arguably the most relevant and interesting experience of working with the new India. One of the most advanced sectors here is EdTech, where the Russian companies combine expertise in STEM disciplines with creativity and much needed adaptation to the local market, responding to India's strong requirements for educational and vocational services.

Digitisation of production is likely to grow rapidly in the near future. There are some good examples of serving the needs of India's industry with Russian digital solutions, famous for their advanced algorithmic foundations, too. Smart navigation and logistics, utilities, urban infrastructure and cyber security are just some of the areas for possible joint work in IT in the future. When promoting its digital solutions, Russia emphasises the importance of technological sovereignty that will be essential for countries like India and Russia in the world of tomorrow.

Infrastructure is another sector where there is a good fit. Smart grids, distributed power systems and energy efficiency, as well as the development of gas transportation and consumption infrastructure and upgrading India's prodigious railway system also have high significance and potential. In March 2023 the Russian-Indian consortium of Transmashholding, the leading Russian company in railway engineering, and Rail Vikas Nigam Ltd. have jointly won a tender for production, supply and maintenance of 120 Vande Bharat Express high-speed trains.

The contract is worth 1.7 bln USD and presents an important milestone for Russian companies within the fundamental "Make in India" framework. Shipbuilding and space industry, that has recently opened up to private participation in order to better serve the needs of India's rapid development – is where opportunities for Russian participation as well as joint development and production in India are high, too.

At present, India's declining export to Russia predominantly consists of pharmaceuticals and organic chemicals. Export positions can be considerably broadened towards various types of advanced industrial equipment, mining and oil processing, food processing, printing and polygraphy machinery, auto components, medical equipment, as well as electronics and textiles. Although both countries are now largely self-sufficient in agriculture and food items, opportunities in this sector exist and need to be carefully studied as well. For instance, Indian manufacturers of whiskey are actively expanding their presence in the Russian market and Russian producers of various oils have found ways of growing their exports to India multifold. There are more categories of mutual interest in this sector that require market research and careful examination.

Most importantly, India's large-scale plans of diversification and strengthening of its manufacturing sector with Make in India and AatmaNirbhar Bharat provide impetus for wide-ranging investment in India with a view of subsequent exports to Russia and third countries in Africa, Asia and the CIS. It is known, generally, that Russia is about prototyping and India is about scaling. Connecting Russian know-how with India's manufacturing capabilities would benefit both countries. "Build in India – sell globally" is what Russian and Indian developers need to consider.

Of course, natural resources will remain one of the paramount elements of Russian-Indian trade and will be powering India's economic growth in the future. But as India aims to build greener and cleaner economy, an important mission not just for India, but for the entire global South and the world at large, there will be new avenues of cooperation here as well. Natural gas and nuclear power partnerships will likely to be complemented with supplies of nickel, copper, cobalt, lithium and other rare and non-ferrous metals indispensable for transition to the climate-friendlier systems.

2023 has already witnessed a stream of intergovernmental meetings and bilateral business forums in Russia and in India. They have been very well-attended from both sides. More important large-scale conferences are coming. Renewed appetite for knowledge of today's Russia shapes up among Indian business circles too. Extending trade outside the traditional scope of goods and building new investment links between the two countries will become possible as a result of this active recalibration.

Source: economictimes.com- May 16, 2023

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Trade eyes more cotton imports from Australia

India has exhausted the 51,000-tonnes quota of duty-free Australian cotton imports for 2023 and if the prices are at the right level, there is scope for more imports, according to a section of the cotton trade.

A four-member delegation from Australian Cotton Shippers Association is visiting textile clusters in India, including Coimbatore, to reconnect with cotton stakeholders here.

Cliff White, who is part of the delegation, said that apart from the 51,000-tonnes quota for 2023, there is a small quantity that is imported by India with duty. "If the Indian cotton crop is small, there is scope for more imports," he observed.

According to Nishanth A. Asher, secretary of the Indian Cotton Federation, the speciality nature of the Australian cotton fibre offers potential for higher imports provided the prices are at the right level.

Some of the textile industry associations have also appealed to the government to increase the quota for duty-free cotton imports from Australia.

John Southwell, Australia's Trade and Investment Commissioner for food, agriculture and consumer goods in India, told The Hindu that the delegation's visit was aimed at reconnecting with cotton stakeholders in the country, giving updates on the Australian cotton sector, and engaging and understanding how Australian cotton could contribute further to the Indian economy.

Under the Australia-India Economic Cooperation and Trade Agreement, India imports 51,000 tonnes of Australian cotton duty free. It can also export textile and clothing duty-free to Australia, he said.

Source: thehindu.com- May 16, 2023

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Tripping trade: on India and its trade stance

This financial year is off to a subdued start on the trade front. Goods exports slumped to $34.6 billion in April, the lowest since last October — the worst month for outbound shipments in 2022-23. This was the third successive contraction in exports, and 12.7% below last April's numbers. Imports shrank by a sharper 14% to trip to a 15-month low of under $50 billion. A slowing global economy had been hurting exports through the second half of 2022-23, with declines in four of six months. But April's initial estimates are troubling not just because they represent the steepest fall in recent months but also signal a sudden shift in sequential momentum akin to the use of emergency handbrakes.

This March, despite lingering global demand weakness, exports had hit a nine-month high of nearly $42 billion while imports were $60 billion. The new Foreign Trade Policy enunciated a two trillion-dollar export goal to be achieved in seven years. Its first month of implementation could not have been off to a shakier start. The prospects of last year's healthy 14.7% growth that lifted total exports to about $776 billion being replicated in 2023-24 look bleak already.

One may draw some succour from the trade deficit easing to a 20-month low. But managing the trade deficit cannot be the goal for policymakers. Falling imports also indicate that domestic demand, India's proclaimed insulation against global headwinds, is ebbing.

Moreover, when imports of petroleum (down 14%), and gems and jewellery plummet, they also affect exports of value-added end products. Petroleum exports shrank 17.5% in April, while jewellery shipments slipped at 30%, marking the seventh contraction in 10 months even as other job creators such as textiles have been hit hard.

That commodity prices have cooled from last year is only one reason for the shrinking trade basket. Officials concede there does not seem to be any immediate respite likely from faltering global demand. China's opening up of the economy may have prompted a global trade growth forecast hike (from 1% to 1.7%) for 2023 from the WTO, but recent Chinese data have been underwhelming about the recovery momentum.

Reluctant European and North American markets are only expected to speed up goods orders by September for the festive season, while services exports that have held up through the recent trade turmoil, may slow too.

India must use this slack period to review its overall trade stance, the reliance on a few large markets, and pursue greater integration with global value chains and multilateral trading arrangements. These would yield better outcomes than fresh measures to hold down the import bill.

Source: thehindu.com - May 17, 2023

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Startup and MSME M&As to be cleared within 15-60 days

India on Tuesday revamped the rules governing approval for mergers and acquisitions (M&As) in the startup space to make the process faster and simpler.

M&As in startup and MSME sectors will now be able to secure approval within 15 days that can go up to a maximum of 60 days, a corporate affairs ministry (MCA) notification said.

The move is seen as a big boost for the startup sector that has seen a rise in corporate restructuring in recent times.

The MCA has set an upper limit of 60 days for either approving the merger/amalgamation or placing its views before the adjudicating authority on any objections received. Failure to do so within the time limit will be considered a deemed approval.

As per the notification, if the MCA doesn't receive any objection from the Registrar of Companies (RoC) and official liquidators within 30 days and if it's in the interest of public or creditors of the companies, the ministry can confirm a merger or amalgamation within 15 days.

According to an official notification, the revised Companies (Compromises, Arrangements and Amalgamations) Rules will come into effect from June 15.

Currently, there is no specified time frame for the approval from the RoC or official liquidators. Moreover, where the objections of the RoC and the official liquidators are found to be unsustainable and the government considers the merger or amalgamation to be in public interest, it may issue a confirmation order regarding the merger or amalgamation within 60 days.

However, where the government finds the case to be not in public interest, it has to convey it to the National Company Law Tribunal (NCLT), stating its objections or suggestions in this regard.

Source: economictimes.com- May 17, 2023

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Apparel exporters in Tiruppur, Noida plan periodic shutdowns

Apparel exporters in Tiruppur and Noida have decided to shut their manufacturing units for 10-15 days a month to reduce operational costs amid a shortage of overseas orders, said executives. However, the apparel exporting units have not decided to lay off any workers yet, they said.

About 80% units in Noida have a month's orders in hand, while in Tiruppur, orders have fallen 40-50% compared to the previous year. Tiruppur's exporters said global brands have not placed any major orders for this year's Christmas season.

"We are now waiting for spring-summer orders for next year which are placed in September," said Raja Shanmugam, owner of knitwear firm Warsaw International.

The slowdown in key markets such as the US and European Union has hit knitwear exports from the Tiruppur cluster, Asia's largest textiles export hub, which accounts for more than half of India's knitwear exports. There are 30,000 units in the Tiruppur cluster, including ancillary units too.

"The units are going in for temporary shutdown for 10-15 days a month as the order position is not good. This will help the units keep a check on operational costs even though the profit margins will be impacted. The situation is likely to improve in September when global orders may start coming in," said Shanmugam, also a former president of Tiruppur Exporters Association.

As per provisional figures, knitwear exports from Tiruppur increased 2.5% year-on-year to ₹34,350 crore in 2022-23. The growth rate was not only lower than the historical trend, except during the pandemic, but also lower than the country's overall knitwear export growth of 3.76%. "It will be lesser in 2023-24 compared to 2022-23," said Shanmugam.

In the Noida apparel export cluster, nearly 70% units have just a month's orders in hand. "Only the big units have good orders in hand but the medium and smaller units are suffering from very few orders. These units are working at 30-40% capacity," said Lalit Thukral, president of Noida Apparel Export Cluster, which houses 3,000 units and exports readymade garments worth ₹30,000 crore.

The paucity of orders notwithstanding, the apparel exporting units in Tiruppur and Noida have not yet decided to retrench any workers. "It will not be easy for us to find skilled workers when the order situation improves. Already we have seen a large exodus of migrant workers during Covid-19," said Thukral.

Source: economictimes.com- May 17, 2023

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Sale of cotton items increases as mercury level soars

With intense heat continuing to prevail in most parts of the State, there is a significant increase in the retail sale of cotton items at the weekly textile markets here.

As many as 1,000 textile shops function at the E.K.M. Abdul Gani Textile Market (Gani Market) while over 3,200 shops function at various places in the city. Traders from across the State and from nearby States visit the market frequently and purchase textile items.

K. Selvaraj, president of the Erode Gani Market Weekly All Textile Merchants' Association, told The Hindu that since heat waves prevailed across the State, the demand for cotton items continued to be high. "The retail sale is around 45% while the wholesale business 30%," he said.

He said summer garments, particularly for women and children, and towels from Edappadi and Vennandur were in good demand. Since Erode cotton materials were preferred by wholesalers, orders from Surat, Mumbai, Kolkata were also good, he added.

Traders said business volume was expected to be high till the end of June. Hence, the income of daily wage workers, including load men and autorickshaw drivers, who depend on the textile market for their livelihood, would also be good.

Source: thehindu.com- May 16, 2023

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