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The Cotton Textiles Export Promotion Council (TEXPROCIL)

Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA

W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

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INTERNATIONAL NEWS

Italy becomes European leader in technical textiles production

Technical textiles are utilised in a plethora of fields, although they are still relatively unrecognised and not very visible. Yet they are playing an increasingly important role in fashion, especially in the luxury sector, always keen on innovation. European consumption of technical textiles has grown from a value of €8 billion in 1995 to almost €30 billion today, although it is difficult to quantify the revenue of this highly disparate sector. Italian manufacturers, currently the leading technical textiles producers in Europe, attempted to outline the sector's salient features in a new symposium, called 'Textile Made in Italy 5.0', that was held in Milan on May 18.

Technical textiles are ubiquitous: they are used to produce uniforms and high-tech fibres in the medical field, protective vests for law enforcement, flight suits, fireproof suits for fire-fighters, as well as in the automotive, food, construction, glass and aquaculture sectors, in household appliances, electronic devices, touch screens, water filters, induction hobs, and of course for sport performance apparel. But they have never been so invisible. The manufacturing industry, with a 19% share, is the main market for technical fabrics in Europe, according to 2018 data, followed by the transport sector (with a 17% share), furniture and packaging (13%) and construction (11%).

The global technical textiles sector is worth €160 billion, of which 60% is generated in China, followed by the European Union with a 15% share, worth €26 billion. More than a quarter of Europe's technical textiles output (25.8%) is produced in Italy, where the sector's revenue was €6.71 billion in 2021, when the country topped the ranking ahead of Germany and France.

Italy, otherwise renowned for the high quality of its traditional fabrics, employs nearly 27,000 people in this sector, with some 2,800 SMEs that are unique for their extremely high levels of specialisation and R&D. Italian exports are worth just over €3 billion, almost half the country's output, placing it second exports-wise behind Germany and ahead of France.

However, this record output is still underestimated, according to the participants of the symposium organised by the Tessili Tecnici (technical textiles) section of Sistema Moda Italia (SMI), the association of Italy's textile and apparel producers. "Italian technical textiles are largely unrecognised, yet they are incredibly present in every aspect of our daily lives," said SMI's President Sergio Tamborini.

"In technical fabrics, functionality is essential. They are designed with specific, measurable functions in mind, and are created to fulfil a mission, whereas traditional fabrics used for clothes are created with the aim of providing warmth or offering certain sensations, for example lightness, without having a specific purpose," said Paolo Canonico, global technical and R&D director at textiles producer Saati Spa. "Each field of application has its own rules and standards. The technical fabric sector covers all types of manufacturing, from yarn to fabric, and other related chemical processes," he added.

"The applications are so numerous, and technical fabrics have so many niche segments, that it is really hard to define and measure the sector's boundaries. But it is surely booming. China, the world's largest producer, has seen its volumes soar by 110% over the past five years.

China exports as much as Europe, but Europe's unit value per product is double that of China, because European products have a much higher added value," said Aldo Tempesti, head of SMI-TexClubTec's technical textile division. He also emphasised that Europe leads all other regions in terms of patents. Germany is the country that has invested most in this respect, and holds the most patents.

Yet, despite their fast-growing results, top Italian technical textiles producers have struggled to assert themselves. "During the pandemic, Italy built an industry that specialised in technical garments for the medical sector. But as soon as the crisis was over, public health services once again started sourcing in China, for cost reasons.

Far from being discouraged, we redoubled our innovation efforts and started producing eco-sustainable protective suits, for example using a mono-material that is easy to recycle," said Chiara Ferraris, head of communications at Bergamo-based textiles group Radici, which specialises in polyamides and polymers.

The push for sustainable development, a major innovation driver, will undoubtedly accelerate demand for technical textiles, especially by the fashion sector, as indicated by Luca Sburlati, CEO of Pattern, a stock market-listed Italian group with a revenue in excess of €100 million, specialised in developing and manufacturing garments for leading labels. "Major luxury groups are re-orienting their strategies towards sustainability.

Especially through materials. They are also increasingly demanding in terms of performance. The demand for high-tech fabrics is sustained and increasingly significant," said Sburlati. "In the past, the world's best cashmere was produced in Italy, in Biella. Nowadays, we are asked [for cashmere] that is also waterproof, and endowed with other functional characteristics," he added.

Pattern began working on 3D fabrics only a few years ago. It was one of the first manufacturers to venture in this direction. 3D technology is now used by all leading labels. "At the time, no label wanted to hear about it," said Sburlati, who describes himself as a "technological artisan." "Our role is, essentially, that of translating a designer's ideas into realistic prototypes.

But technical applications are so many, that of course labels cannot be familiar with all of them. It's up to us to play the role of cultural mediators, explaining to [labels], and to end-consumers, the various types of innovation they can exploit. The more we realise the value that can be generated through these innovative textiles, the more it must be communicated," he said.

"Italian technical textiles output increased by between 3% and 4% in 2022. Given the potential there is, we should be aiming to grow by at least 15-20%," concluded Sburlati, calling on Italian producers to unite.

Source: fashionnetwork.com– May 27, 2023

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Global e-commerce boom may fuel surge in delivery emissions: Report

The surge in global e-commerce could drive last-mile delivery emissions through the roof, with a predicted increase in annual parcel volume from over 315 billion in 2022 to a staggering 800 billion parcels by 2030, according to a recent study. This steep growth curve is anticipated to result in unprecedented environmental and public health impacts, disproportionately affecting communities of colour and lower-income neighbourhoods.

If current delivery practices continue unaltered, global e-commerce could result in the emission of up to 160 megatons of CO_2/year by 2030, equivalent to the yearly CO_2 emissions of 44 coal plants. This figure accounts for only part of the total environmental burden; other pollutants including nitrogen oxides (NO_x), particulate matter (PM), and carbon monoxide (CO) are also expected to be emitted in large quantities, as per the study titled 'Cost of Convenience' by the Clean Mobility Collective (CMC) and Stand.earth Research Group (SRG).

The health implications of these emissions are far-reaching. In 2022 alone, pollutant emissions from last mile deliveries likely contributed to around 12,000 cases of aggravated asthma and over 20,000 incidents of respiratory symptoms globally.

From 2023 to 2030, these emissions could lead to up to 168,000 cumulative cases of asthma exacerbation, 285,000 cases of respiratory symptoms, and as many as 9,500 premature deaths worldwide if no substantial changes occur in electric vehicle (EV) adoption rates.

In terms of ecological impact, the study has estimated that one billion trees would need to be planted and allowed to grow for a decade to sequester the emissions of a single year of current last-mile parcel deliveries.

Source: fibre2fashion.com– May 28, 2023

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Vietnam exports to ASEAN down by 4.7% YoY to $10.85 bn in Jan-Apr 2023

Vietnam's exports to the Association of Southeast Asian Nations (ASEAN) hit $10.85 billion in the first four months this year, accounting for 10 per cent of the country's total. The figure was a drop of 4.7 per cent year on year—a low level compared to the country's 13 per cent drop of overall export revenue during the period.

Six among the 24 export markets with turnover of over $1 billion are ASEAN members.

Meanwhile, imports from ASEAN member nations during the period were worth $13.360 billion, accounting for 13.4 per cent of the country's total imports—but down by 17.6 per cent year on year, resulting in a trade deficit of $2.51 billion—a decrease of 48 per cent compared to the same period last year.

Thailand was Vietnam's largest market among ASEAN member countries, with two-way trade reaching $6.25 billion, a news agency reported. It was followed by the Philippines with $1.73 billion—up by 7 per cent year on year, and Indonesia, Cambodia and Malaysia.

Source: fibre2fashion.com – May 28, 2023

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Australia's apparel imports from Cambodia defy global declining trend

Australia's apparel imports from Cambodia have defied the current global decline trend. The imports reached $42.575 million during the first quarter of this year, showing an increase compared to both the previous quarter and the same quarter of the previous year. Most apparel-exporting countries have registered a drop in shipments due to sluggish purchases by brands and retailers. High inflation rates in Europe and the US have curtailed demand in retail markets.

Australia's garment imports from Cambodia rose to $42.575 million in the period from January to March 2023, up from $38.347 million in the period from October to December 2022, and $26.651 million in the period from January to March 2022. Shipments totalled $37.390 million in July-September and $28.536 million in April-June of the previous year, according to data obtained from Fibre2Fashion's market insight tool TexPro.

Annual trade data paints a similar picture. Imports from Cambodia reached $140.926 million in 2022, compared to shipments totalling $112.846 million in 2021. Australia's apparel imports from Cambodia fell to $96.221 million in 2020, down from $116.376 million in 2019, but rebounded in 2021 and increased further in 2022. Inbound shipments were valued at $99.487 million in 2018, according to TexPro.

In a product-wise analysis, Australia imported trousers and shorts worth $10.655 million during the first quarter of this year, accounting for 26.03 per cent of the total. The import value of jerseys was $9.071 million (22.16 per cent), innerwear $3.699 million (9.04 per cent), T-shirts $3.650 million (8.92 per cent), and shirts $3.546 million (8.66 per cent).

Source: fibre2fashion.com – May 29, 2023

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Turkiye's Q1 2023 garment exports to Saudi Arabia surge 14x

Turkiye's garment exports to Saudi Arabia surged fourteen-fold in the first quarter (Q1) of 2023, reaching a value of $52.242 million. This represents a significant increase compared to the same period last year, and nearly doubles the figures from the previous quarter. The boost in Turkiye's garment exports is part of an overall uptick in bilateral trade between the two nations, following a period of diplomatic tension.

Relations between Turkiye and Saudi Arabia had been strained in the aftermath of the 2018 assassination of Saudi journalist Jamal Khashoggi, with bilateral trade—including the textile sector—suffering as a result. However, efforts to normalise relations from both countries have led to a substantial increase in garment exports.

The textile trade between these nations is evolving. Turkiye's garment exports stood at a mere $3.592 million in Q1, 2022, increasing to $5.038 million in Q2. They then leaped to $30.867 million in Q4 of the same year, culminating in Q1 of this year with the aforementioned $52.242 million. This most recent figure is not far off from the total exports for all of 2022 when Turkiye exported apparel worth $62.730 million. Remarkably, it signifies a more than four-fold increase from the 2021 exports, which totalled $14.415 million, according to Fibre2Fashion's market insight tool TexPro.

Garment exports from Turkiye experienced a downturn in 2021 due to diplomatic difficulties. Recognising the impact on trade and economic cooperation, the leaders of both nations took corrective measures. As a result, exports to Saudi Arabia, which had plummeted 91 per cent to $14.415 million in 2021 from $172.870 million in 2020, are now witnessing a robust recovery.

Source: fibre2fashion.com – May 28, 2023

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Africa to be 2nd fastest growing region in 2023-24, eyes green growth

Africa is poised to be the world's second-fastest growing region after Asia in 2023-24, a testament to its economic resilience amid multiple global shocks, according to the African Development Bank's (AfDB) 2023 African Economic Outlook. Africa will boost its post-pandemic recovery with a projected GDP growth of 4.3 per cent in 2024, up from 3.8 per cent in 2022. Twenty-two countries will register growth rates above 5 per cent.

These promising prospects, however, hinge on global conditions and Africa's ability to strengthen its economic resilience. The report has urged the adoption of robust policies, particularly those promoting green industries and large-scale guarantees to mitigate the risk associated with private sector investments in natural capital.

The report's unveiling at the Bank Group's Annual Meetings in Sharm El Sheikh, Egypt, was a noteworthy event, attended by African leaders, experts, and development partners. The theme of the meetings was 'Mobilizing Private Sector Financing for Climate and Green Growth'.

Prof Kevin Urama, the Bank Group's chief economist and vice president for economic governance and knowledge management, presented the report, detailing potential policies for encouraging more private sector financing for climate and green growth in Africa.

Unveiling the 220-page report, African Development Bank Group president Akinwumi Adesina emphasised the need for African nations to do more, including mobilising more domestic resources and restructuring debt to withstand global headwinds.

Source: fibre2fashion.com – May 28, 2023

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Pakistan: Weekly Review: Prices of cotton remain stable

The prices of cotton remained stable previous week, as trading volume remained low. Partial arrival of the new crop has already begun, as five ginning factories started working partially.

Caretaker chief minister Punjab Syed Mohsin Naqvi has said that at present, the position of cotton crop is satisfactory. The relevant institutions are actively working to increase the production of cotton. He claimed that cotton production target will be achieved.

Chairman southern zone of All Pakistan Textile Mills Association (APTMA) Zahid Mazhar said that due to the shortage of gas, textile industry of Sindh and Punjab is working at just 50% capacity.

Prime Minister Shahbaz Sharif said that despite the challenges and other difficulties, the government is determined to provide real support to the textile and all export sectors.

Federation of Pakistan Chambers of Commerce and Industry's Cotton Committee has said that increase in cotton production is inevitable for the revival of the country's economy.

In the local cotton market, the price of cotton remained stable during the last week, although the business volume was very low. There are reports that one ginning factory in Punjab has started its operation. In Sindh province also, one ginning factory in Sanghar has started operations partially.

One ginning factory in Shahdadpur has made a deal of 400 bales at Rs 20,200 per maund on the condition of delivery from June 6 to June 10. It is expected that some ginning factories in Punjab and Sindh will partially start their operations soon. Up till now the rate of new Phutti is in between Rs 9,500 to Rs 10,200 per 40 kg while the rate of Banola is in between Rs 3,800 to Rs 4,200 per maund.

As per the details, the situation of cotton crop in Sindh and Punjab is satisfactory. According to the experts if the weather conditions remain favourable it is expected that cotton production will be around one Crore bales, though, the government had set the target of production of one Crore twenty seven lac and seventy thousand bales.

Special efforts are being made to increase the cotton crop in the province of Punjab. In this regard incentives are being given to the cotton farmers and for this the government and related institutions are actively working. Governor Punjab and caretaker chief minister is taking interest in increasing the production of cotton. Ginners had the stock of one lac bales of old cotton. The rate of old stock of cotton is in between Rs 1,7000 to Rs 21,000 per maund.

On the other hand, the textile sector is still in crisis, and the situation is feared to get worse with every passing day.

A few days back, PHMA and PRGMEA have jointly requested the government through advertisements in newspapers to resolve the problems of these sectors immediately as their exports are being badly affected.

Moreover, APTMA Southern Zone Chairman Zahid Mazhar said that due to severe gas crisis in Sindh and Balochistan, almost 50% of textile and other industries are barely functioning.

The rate of cotton in Sindh as per quality is in between Rs 17,000 to Rs 20,500 per maund. The rate of Phutti is in between Rs 6,500 to Rs 8,000 per 40 kg.

The rate of cotton in Punjab is in between Rs 19,000 to Rs 21,000 per maund while the rate of Phutti is in between Rs 8,000 to Rs 9,500 per 40 kg.

The Spot Rate Committee of the Karachi Cotton Association kept unchanged the rate of cotton at Rs 20,000 per maund

Naseem Usman, Chairman of Karachi Cotton Brokers Forum, said that there was an overall fluctuation in the international cotton market. The rate of Future Trading of New York Cotton reached at 86.70 US cents a pound, after hitting a low of 80 cents before closing at 83.35 cents a pound. Bearish trend was witnessed in the rate of cotton in India.

According to USDA's weekly export and sales report for the year 2022-23, one lac thirty one thousand and two hundred bales were sold.

China was at the top by buying 64,800 bales. Vietnam came in second with 30,400 bales. Turkey bought 11 thousand 700 bales and was in the third place.

Bangladesh was at the fourth position by buying 9,000 bales. Pakistan bought 3,800 bales and stood at the fifth position.

One lac and forty thousand and five hundred bales were sold for the year 2023-24.

Turkey was at the top by 54, 600 bales.

Mexico was second with 24,000 bales.

China bought 4,400 bales and stood at the third place.

Meanwhile, due to the large-scale shutdown of industries in Sindh and Balochistan due to gas shortage, the textile industry of Balochistan is forced to work at 50 percent of its production capacity, said Zahid Mazhar, Chairman of All Pakistan Textile Mills Association Southern Zone.

He demanded that the gas produced in Sindh and Balochistan should be supplied to these provinces first and after fulfilling the requirement of Sindh and Balochistan, the excess gas should be supplied to other provinces. On the contrary, gas from both provinces is being supplied to Punjab, which is against Article 158 of the Constitution.

Apart from this, a high-level meeting was held in the Chief Minister's Office under the chairmanship of caretaker Chief Minister Punjab Mohsin Naqvi, in which the progress regarding cotton sowing was reviewed.

Mohsin Naqvi directed the concerned authorities to achieve cotton sowing and production targets in all circumstances. During the meeting, it was decided that cash rewards will be given to the farmers who get high yield of cotton and the concerned staff will also be encouraged to achieve the desired target of cotton sowing.

It was also decided in the meeting that cotton farmers will not face shortage of any essential items including water, seeds and fertilizers during cotton sowing.

Mohsin Naqvi emphasized that we have to achieve the target of cotton sowing and complete maintenance of cotton fields is also necessary. He ordered the concerned authorities to stop incidents of water theft and assured the supply of essential water to the cotton fields.

He directed to take more effective action against those selling fake medicines and seeds across the province. A proposal regarding survey of crops by satellite was discussed in the meeting.

However, the Prime Minister has emphasized on the importance of innovations in textile sector to increase exports.

Prime Minister Shehbaz Sharif asked the exporters to bring innovation in the textile industry to increase exports, which would help the country earn valuable foreign exchange.

Addressing an event at the Textile Expo, he said, "Despite various challenges, we have very strong, very forward-looking, and very hardworking entrepreneurs who have gradually built Pakistan's export culture.

Malik Sohail Talat, coordinator of the cotton committee of the Federation of Chambers of Commerce and Industry of Pakistan, while appreciating the government's policies regarding increasing cotton production this year and the timely decision to set the support price of cotton Phutti at Rs 8500 per 40 kg, said that Punjab government announcement of various incentive schemes for the farmers and vigorous publicity campaign are commendable steps as the increase in cotton production has become imperative to revive the economy.

Source: brecorder.com– May 29, 2023

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Pakistan: Is textile a rent-seeking industry?

Speakers at an hour-long panel discussion on the question of "Is textile a rent-seeking industry?" on Saturday could've simply said "no" and wrapped up the programme within a minute.

But the like-minded panellists, including the owners of the two of the largest textile mills, used the discussion forum organised by the Pakistan Textile Council to dwell at length on the bad hand that the state has dealt the dollar-earning sector.

Shahzad Saleem, who serves as chairman of the Nishat Chunian Group, condemned the "persecution" of businessmen — especially in textile and power sectors in which his business group holds large stakes — in the name of rent-seeking.

Rent-seeking is a term that's often used locally to disparage businesses for making profits without contributing to the overall productivity in the economy.

The textile industry, in particular, is accused of lobbying the government for access to subsidised energy and cheap financing. The argument is that the incentives it enjoys dwarf the economic benefit it generates in terms of dollar earnings and job creation.

Similarly, power producers are called rent-seekers for earning guaranteed returns on the basis of take-or-pay contracts. Automakers have come under fire for lobbying to limit imports for their own gains while cement players are routinely accused of cartelisation.

Mr Saleem laid the blame for economic imperfections on the state's incompetence instead. "Rent-seeking is all about not taking risks," he said while noting that six of the 10 major textile exporters from 30 years ago have gone bankrupt. "(Textile) is a highly risky business," he said.

He also mentioned the "negative narrative" that absolves certain sectors like real estate and agriculture of all blame while labelling the manufacturing sector as "thief," even though the latter contributes 56 per cent in taxes despite its 15pc share in the economy.

Low exports are one of the fundamental reasons for Pakistan's chronic balance-of-payments crisis. They decreased 26.2pc year-on-year to $2.1 billion in April. With $1.2bn monthly foreign sales, the textile industry accounted for a 57.7pc share in the country's total exports last month.

"Our textile exports compete with the world," remarked the panel moderator Ali Khizar, a business and economy journalist.

He highlighted the fact that leading textile makers in the 2000s became wealthy on income they made through subsidised financing but invested the same profits subsequently in real estate projects, which generated no dollar earnings or tax revenue.

Interloop Ltd Chairman Musadaq Zulqarnain said capital formation, albeit through fair means, has become a "gaali" in Pakistan because of the unfounded accusations of rent-seeking.

In an apparent reference to the quasi-official control on the outward remittance of dollars, he said his businesses operating out of Sri Lanka didn't face even one day of delay in dividend repatriation despite the sovereign default.

Calling Pakistan a commercially isolated country, he advocated for a liberal trade regime in the region that has a population of 3bn.Lahore University of Management Sciences Associate Professor Dr Ali Hasanain said the government should use incentives at its disposal in a way that nudged return-seeking, ratio-nal entrepreneurs towards the most productive sectors.

Source: dawn.com– May 28, 2023

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NATIONAL NEWS

India's exports: What worked and how can we achieve the $1 trillion target?

India continues to be the fastest growing economy in the world despite supply chain constraints, rising inflationary pressures and a sluggish global growth. A significant contributor to this is the country's exports performance which is going strong two years in a row despite strong headwinds. The country's total merchandise exports in FY2022–2023 are estimated to be $447 billion—the highest ever achieved—as compared to $422 billion in the previous fiscal. This 6 per cent y-o-y growth is in tandem with other global manufacturing hubs, such as Hong Kong (SAR) China, Vietnam, and Taiwan.

What are the commodities dominating the exports basket?

An analysis of the export quantity in the last few years shows how India's merchandise exports have shifted away from traditional commodity baskets, such as textiles and gems and Jewellery, and have focused more on engineering goods, organic and inorganic chemicals, and electronic goods.

Government initiatives, such as export promotion schemes and sector-specific Production Linked Incentive (PLI) schemes, are enabling India to become a high-value commodity exporter. We have achieved a momentous growth in electronics exports due to a strong domestic manufacturing landscape.

For instance, India's smartphone exports, which were nearly non-existent in 2014, have reached a record figure of $11 billion in FY2023 due to the increasing presence of global electronics manufacturers. The drugs and pharmaceuticals industry has also benefitted from PLI schemes for pharmaceuticals, bulk drug parks, active pharmaceutical ingredients, etc.

However, exports also surged in the pandemic-induced years due to increased global collaborations and donations of critical drugs. While a spike in oil prices led to an increase in petroleum exports, it remains to be seen how easing inflation may affect the value of this going forward.

What's driving the exports surge?

1. Strengthening manufacturing capabilities: Since the launch of the 'Make in India' movement in 2014, annual FDI growth has doubled from $45 billion in 2014–2015 to $84 billion in 2021–2022, leading to an improvement of the manufacturing sector. Further, numerous PLI schemes across sectors—such as automobile, textile, electronics, pharmaceuticals, and food products—are empowering domestic manufacturers to become globally competitive. India has also been focusing on improving logistics. For instance, the average turnaround time for container vessels at major ports has improved from 43.44 hours in 2014 to 26.58 hours in 2021. Recent reforms such as PM Gati Shakti and the National Logistics Policy have been implemented to further reduce logistics costs and increase the competitiveness of our products. India's rankings in the World Bank's Logistics Performance Index improved significantly over the years, rising from 54 in 2014 to 44 in 2018 and further advancing to 38 in 2023. This attests to the country's commitment towards improving logistics.

2. Trade regulations: The government has focused on export-specific regulatory developments, which has helped exporters gain global recognition. The introduction of the World Trade Organisation (WTO) compatible schemes, such as the Remission of Duties and Taxes on Export Products (RoDTEP) and Rebate of State and Central Taxes and Levies (RoSCTL), continue to be beneficial. Recently, the government expanded the list of items applicable under the RoDTEP scheme from 8,731 to 10,481 to boost their shipments globally. These include products across sectors of chemical, pharma, and textiles. Other than this, Market Access Initiative, Districts as Export Hubs, and Champion Service Sectors scheme are also accelerating the overall trade.

3. Changing global landscape: The growing sentiment of the 'China plus one' strategy among developed economies is putting Indian commodities on the global map. The country is also experiencing growing demand from new markets, such as the Netherlands, Brazil, and Saudi Arabia, which is leading to considerable export gains. Additionally, India has been proactive in signing Free Trade Agreements (FTAs) with strategically significant countries to boost economic activities. Recently, India concluded FTA deals with Mauritius, Australia, and the UAE, which are expected to further provide impetus to Indian exporters. For instance, the India-Australia Economic Cooperation and Trade Agreement is expected to increase the total bilateral trade to USD45–50 billion by 2035.

Road to $1 trillion merchandise export target by 2030

1. Key learning from Southeast Asia: India needs to make itself more prominent in global trading patterns, as the country's share in global exports was 2.1 per cent in 2022. The government can consider drawing strategic lessons from Southeast Asian countries that are capitalising on the global trading opportunity. Low labour costs, reduction in tariffs and a significant growth in trade ties have enhanced these countries' export competitiveness. Additionally, Hong Kong (SAR) China, Singapore, Malaysia, and Vietnam have been consistently focusing on the production and export of high-value products. For instance, high-technology exports as a percentage of manufactured exports for Hong Kong (SAR) China is around 71 per cent whereas for India, it is just around 10 per cent. Going ahead, given India's ambitious target of $200 billion for engineering exports and USD120 billion for electronic goods export by 2025, greater emphasis must be given to the development of R&D.

2. Regulatory reforms: India has implemented significant structural changes to improve its export patterns. For instance, the new Foreign Trade Policy (FTP) will provide a necessary boost to India's trade. Key features of this policy include internationalisation of the Indian rupee, digital transformation, enhanced collaboration, and a dynamic period for policy upgradations. India also plans to establish a single trade body, replacing the existing multiple export promotion councils, to facilitate efficiency and accountability in trade. Moreover, corrections in input tariffs to maintain a stable cost structure can also be considered.

The way forward

Reforms and policy initiatives in recent years are resolving manufacturing challenges and boosting exports. Additionally, the government can consider addressing the complexities in disbursement of funds under the PLI schemes. Disbursements stood at an estimated value of $350 million in FY2023, which is only 1.4 per cent of the total outlay of the scheme.

Out of this, approximately $201 million was disbursed in the electronics sector. While electronics have benefitted the most, pacing up of incentivisation will help India's pivot towards high-value exports. Further developments in the PLI scheme will help the country tap into the estimated $1 trillion global semiconductor market opportunity by 2030.

India must also focus on skilling its vast youth population. With proper implementation of initiatives, such as the Skill India Mission and the recent budgetary focus on knowledge and skill development, India can look to enhance its labour advantage.

Going ahead, if India continues to focus on catalysing domestic manufacturing and addressing structural economic challenges, it will be on track to achieve the target of $1 trillion in merchandise exports by 2030.

Source: economictimes.com- May 27, 2023

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Textile Industry likely to get second tranche of PLI worth ₹4,307 crore

The second edition of the production-linked incentive (PLI 2.0) scheme for textiles is likely to have an outlay of ₹4,307 crore and will cover manufacture of garments, made-ups and textiles accessories of all materials, natural or man-made, per the Cabinet note finalised by the Textiles Ministry.

"A Cabinet note, together with guidelines, for PLI scheme for apparel/garments, made-ups and textiles accessories, with an outlay of ₹4,307 crore, has been finalised and circulated to the Prime Minister's Office and the Cabinet Secretariat," an internal note of the Textiles Ministry stated.

While the existing edition of the PLI scheme for textiles, introduced in 2021, is limited to production of man-made fibre (MMF) fabrics and apparels and technical textiles, the second edition being proposed will be open for garments, made-ups and accessories of all materials including cotton, a source tracking the matter told businessline.

"The government decided to go in for second edition of PLI for textiles as the total corpus of ₹10,683 crore allocated for the scheme will not get used up as incentives for the 64 selected applicants under the first phase. Going by estimates, just a little over ₹6,000 crore will be used," the source said.

Larger participation

The objective of the proposed PLI 2.0 is to enhance India's manufacturing capabilities in value added finished textile products which, by nature, requires low investment but has high employment generation capacity, according to another note.

The proposed minimum investment and turnover criteria is, therefore, considerably lower under the proposed scheme so that even MSMEs can participate. "The qualifying investment under the proposed scheme is likely to be in the ₹15-45 crore range, with minimum prescribed turnover of ₹30-90 crore, to earn incentives ranging between 8 per cent and 10 per cent," the source said.

The government may also do away with the condition of setting up of a new company to be eligible for the scheme. Instead, it may allow all companies registered in India to participate under conditions such as maintenance of separate accounts and counting investments in only new machines towards eligibility, sources said.

Once the Cabinet approves the proposal, the PLI 2.0 scheme for textiles can be announced and implemented.

Source: thehindubusinessline.com- May 28, 2023

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IPEF members power ahead on supply chain agreement, three new bodies likely

The government on Sunday said the members of the 14-nation bloc Indo-Pacific Economic Framework for Prosperity (IPEF) have "substantially" concluded the negotiations on the supply chains agreement, including improving logistics and connectivity, promoting investments in critical sectors and cooperation for mitigation of disruptions to ensure business continuity.

Talks on supply chains, clean economy and fair economy were held on May 27 in the US. Commerce and industry minister Piyush Goyal virtually participated in the ministerial meeting.

"At this meeting, negotiations under the Supply Chains (Pillar-II) were substantially concluded; while good progress was reported under the other IPEF Pillars," the commerce and industry ministry said.

The proposed IPEF Supply Chain Agreement contemplates the establishment of three new IPEF supply chain bodies to facilitate cooperation among the partners, according to a press statement issued after the meeting by IPEF members. The three bodies are the supply chain council, the supply chain crisis response network and IPEF labour rights advisory board.

The proposed advisory board, comprising government, worker and employer representatives, and a subcommittee of government representatives, would support the IPEF partners' promotion of labour rights in their supply chains, promotion of sustainable trade and investment, and facilitation of opportunities for investment in businesses that "respect labour rights".

"The proposed labour advisory board would be intrusive and use labour standards to prevent members from importing components and then re-exporting them. This will affect our pharmaceutical exports," said an expert on trade matters, who did not wish to be identified.

The proposed agreement on supply chains aims to increase the resilience, efficiency, productivity, sustainability, transparency, diversification, security, fairness and inclusivity of the supply chains through collaborative activities and individual actions taken by each IPEF partner.

It would also seek to improve crisis coordination and response to supply chain disruptions and work together to support the timely delivery of affected goods during a crisis.

IPEF partners will undertake the necessary steps, including further domestic consultations and a legal review, to prepare a final text of the proposed supply chain agreement.

Once finalised, the proposed pact will be subject to IPEF partners' domestic processes for signature, followed by ratification, acceptance or approval.

The IPEF was launched jointly by the US and other partner countries of the Indo-Pacific region including Japan, Australia and seven ASEAN members, and is structured around four pillars - trade, supply chains, clean economy and fair economy (issues such as tax and anti-corruption). India has joined all the pillars except trade.

During his intervention under this pillar, Goyal urged expeditious implementation of all action-oriented cooperative and collaborative elements identified as part of this agreement.

Clean economy, fair economy

Under the fair economy pillar, IPEF partners are working on an agreement that will strengthen the implementation of effective anti-corruption and tax measures to boost commerce, trade and investment among IPEF economies.

"India needs to be careful as this will have obligations and implications on export taxes even if that is not specified in the agreement," said the trade expert cited earlier.

As part of the clean economy pillar, the member countries aim to advance cooperation on research, development, commercialisation, availability, accessibility, and deployment of clean energy and climate-friendly technologies.

Source: economictimes.com- May 28, 2023

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India's exports to Germany may get adversely impacted due to recession: Exporters

With the German economy contracting for two consecutive quarters, India's exports from sectors such as apparels, footwear, and leather goods to the European Union nation are likely to be impacted adversely, according to exporters. Data released by the Federal Statistical Office on Thursday shows that Germany's gross domestic product (GDP) declined by 0.3 per cent from January to March. This follows a drop of 0.5 per cent in Europe's biggest economy during the last quarter of 2022.

"This is going to affect Indian exports not only to Germany but Europe as a whole since other countries are also already in recession," Mumbai-based exporter and Chairman of Technocraft Industries Sharad Kumar Saraf said.

He said India's export to Germany stood at USD 10.2 billion in 2022-23 and it could see a fall due to long-term recession in Germany and the most affected sectors would be leather products, chemical, and light engineering items.

Economic think-tank GTRI co-founder Ajay Srivastava said: "Recession will adversely impact India's exports of value USD 2 billion. This includes smartphone, apparels, footwear, and leather goods. In a recession, daily use products are the first to be impacted".

Export of iron and steel products will also be impacted due to the soon to be levied carbon border tax by Germany, he said.

Apparel Export Promotion Council (AEPC) Chairman Narendra Goenka said the recession in Germany would affect order flows into India.

"Business will be down by minimum 10 per cent. This slowdown will definitely impact the investment flow from Germany," Goenka added.

However, Saraf said Germany is the ninth largest investor in India and investments from there may not be affected since in recessionary conditions, German companies would be looking at cheaper alternatives.

Yogesh Gupta, Regional Chairman, FIEO (Eastern Region), said since Germany is the main growth driver for the EU (European Union), recession in that nation will impact the purchasing there.

"However, it is too early to comment on the impact of the recession on Indian exports," Gupta said.

In 2022-23, India's exports to Germany included machinery (USD 1.5 billion); electronics (USD 1.2 billion), including smartphones (USD 458 million); apparels (USD 990 million); organic chemicals (USD 822 million); footwear (USD 332 million); leather goods (USD 305 million); articles of iron and steel (USD 474 million); and auto components (USD 406 million).

Two consecutive quarters of contraction is a common definition of recession, though economists on the euro area business cycle dating committee use a broader set of data, including employment figures.

Germany is one of the 20 countries that use the euro currency.

Source: economictimes.com- May 26, 2023

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Cotton yarn prices fall in Mumbai, market challenges persist

The cotton yarn market in south India has been faced with serious concerns over dwindling demand. Some traders reported panic in the market, making it challenging to determine the prevailing rates. The general consensus was that cotton yarn prices fell by an additional ₹3-5 per kg in Mumbai. Fabric prices also saw a decline in the markets of western India. The Tiruppur market in south India, however, managed to maintain a steady trend, albeit amidst slower demand. There is a possibility of further price drops as the absence of buyers continues to impact both markets.

Cotton yarn prices in Mumbai fell by ₹3-5 per kg following a decline in the cost of cotton fibre. The weaving industry's lacklustre demand further exacerbated the market's concerns. Fabric prices also decreased, reflecting a sluggish sentiment across the entire textile value chain. A trader from the Mumbai market told Fibre2Fashion, "There was a sense of panic in the market as traders were unsure how to cope with the situation. Prices are falling because no one wants to buy cotton in the current scenario."

In Mumbai, cotton yarn was traded lower by ₹3-5 per kg. The 60 count carded cotton yarn of warp and weft varieties was sold at ₹1,460-1,490 and ₹1,320-1,360 per 5 kg (excluding GST), respectively. Other prices include 60 combed warp at ₹340-345 per kg, 80 carded (weft) cotton yarn at ₹1,410-1,450 per 4.5 kg, 44/46 count carded cotton yarn (warp) at ₹268-22 per kg, 40/41 count carded cotton yarn (warp) at ₹252-262 per kg and 40/41 count combed yarn (warp) at ₹275-280 per kg, according to Fibre2Fashion's market insight tool TexPro.

In the Tiruppur market, cotton yarn prices have remained steady, but there could be a further downward adjustment due to cheaper cotton and the weaving industry's sluggish demand. The recent decline in cotton prices has provided some relief to spinners, allowing them to minimise their losses and potentially reach their breakeven point. A trader from Tiruppur told F2F, "Traders did not reduce prices over the last couple of days as they sought to maintain their margins. However, cheaper cotton may lead to a decline in yarn prices. Buyers still show reluctance towards new purchases."

Prices in the Tiruppur market were noted as 30 count combed cotton yarn at ₹266-272 per kg (excluding GST), 34 count combed cotton yarn at ₹277-283 per kg, 40 count combed cotton yarn at ₹287-294 per kg, 30 count carded cotton yarn at ₹242-246 per kg, 34 count carded cotton yarn at ₹249-254 per kg and 40 count carded cotton yarn at ₹253-260 per kg, as per TexPro.

In Gujarat, cotton prices have seen a sharp drop due to weak sentiments in the global market and low demand from spinning mills. The natural fibre has experienced a decline of ₹1,000-1,500 per candy (356 kg) over the last few days. According to trade sources, while prices may continue to ease, a significant drop is not anticipated. Spinning mills might be encouraged to purchase if prices continue to fall. Cotton was trading at ₹56,000-56,500 per candy of 356 kg. Cotton arrivals in Gujarat were estimated at 20,000-22,000 bales of 170 kg, while all India arrivals were projected to be around 80,000-90,000 bales of 170 kg.

Source: fibre2fashion.com- May 26, 2023

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India's Panipat sees 70% export drop; China adds to the woes

India's principal home furnishings hub, Panipat, is grappling with a steep decline in both export and domestic demand. Export demand from key markets such as the US and Europe has fallen by 60-70 per cent. Industry players find themselves at a loss regarding how to stimulate demand recovery. Domestic demand, moreover, is projected to remain sluggish until the start of the festival season in August 2023. The import of blankets and other home furnishings from China at reduced duty rates has further added to the woes of the industry.

Industry insiders noted that the flagging demand for home furnishings can be gauged from the plummeting prices of the basic raw material, cotton comber. The prices have dropped from a high of ₹170 per kg to ₹120-122 per kg. Worth noting is that the industry has been wrestling with a comber shortage due to a slowdown in combed yarn production and dwindling imports from Bangladesh. Comber is a by-product of combed cotton yarn. Sluggish production, triggered by a decrease in combed cotton yarn demand, has resulted in a lower supply of comber.

The sources also revealed that while the Indian home furnishing industry used to import comber from Bangladesh, the latter has been focusing more on promoting its domestic home furnishing industry, hence reducing the supply to India. Sources added that even though southern India's spinning mills generate a significant volume of comber, this supply has also diminished in recent months. However, the steep drop in comber consumption has caused prices to fall over the past two to three months.

Panipat-based exporter Lalit Goel told Fibre2Fashion, “The serious problem of slower export orders began after Russia-Ukraine war. It fuelled inflation due to supply disruption of crude oil and other commodities. Consumers have little money in hand for buying non-essential goods. Therefore, brands and retailers are facing little sale which reduced new export orders.”

Goel mentioned that export demand has declined by about 70 per cent compared to shipment volumes during the pandemic. Manufacturing units for spinning, weaving, and other processes are operating at a reduced capacity. Some sources indicate that smaller units are struggling more to maintain production and are closing down due to insufficient funding.

Ramesh Verma, a Panipat-based exporter and member of the Handloom Export Promotion Council, told F2F, “High inflation in Europe and the US has already dried up new export orders. Large numbers of manufacturing units are idle as they are lacking demand. Import of blanket and other home furnishing products from China has also added to the problems.” He explained that blankets and certain other items carry a high import duty rate of up to 30 per cent, but if imported in pieces, the duty is significantly lower. These goods are being imported in pieces and then sold as refurnished products at considerably lower prices after stitching.

Preetam Singh Sachdeva, a recycled yarn manufacturer and trader, stated, “It is a critical period for the entire Panipat-based home furnishing industry. Neither export demand can support, nor domestic sale is positive. There is a sense of uncertainty and pessimism about revival of the industry.”

Insiders estimate that the Panipat industry exports around 40 per cent of its total production, with the remaining output sold domestically. The industry experienced a boon during the pandemic when global demand for home furnishings hit a peak. However, as consumer preferences shifted from home furnishings to garments after COVID, Panipat's newly added production capacity remained underutilised. The Russia-Ukraine conflict also severely impacted the industry.

Source: fibre2fashion.com - May 26, 2023

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Exempt 11% import tax on cotton: SIMA

COIMBATORE: The Southern India Mills' Association (SIMA) has appealed to the Central government to exempt cotton from 11% import duty till October this year, similar to the exemption from April to October 2022.

The demand for cotton textiles nosedived from April 2022, due to inflation in major importing countries, declining demand, etc., The global export of cotton textiles declined to $143.87 billion during the calendar year 2022 as against $154 billion and $170 billion recorded during 2021 and 2020 respectively.

Ravi Sam, chairman of SIMA, said cotton arrival in the current season was less than 60% as on March 31 as against the usual arrival of 85% to 90% for many decades. He has said the abnormal month-on-month kapas price prevailed during the last year, making the farmers and kapas traders hold over 47% of the cotton hoping for a price rise despite Cotton Corporation of India announcing the closure of MSP operations on March 31, 2023.

He has said kapas price was around Rs 9,000 per quintal (100 kg) during peak arrival months (December to February) of last year despite a daily arrival rate of 1.32 to 2.2 lakh bales, the kapas price exceeded Rs 11,000 per quintal during April 2022, adding daily arrival rate during peak season was lowest during the current cotton season with only around 1 to 1.3 lakh bales.

"It would be difficult to gin the cotton during the rainy season and therefore, the farmers should dispose of the available cotton to fetch better prices.

The industry might face a shortage of cotton during the end and beginning of the season till the new cotton arrives on the market. Therefore, it is advisable to exempt ELS cotton from 11% import duty and also other cotton varieties from June to October, similar to the exemption given from April to October 2022," he added.

Source: newindianexpress.com - May 29, 2023

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SIMA tells cotton farmers to dispose of held back stocks ahead of monsoon

The Southern India Mills Association (SIMA), the apex body of spinning mills in South India, has asked farmers to dispose of cotton stocks held back by them before the monsoon begins to fetch better prices. “It will be difficult to gin cotton during the rainy season,” said Ravi Sam, SIMA Chairman. Besides, the quality of cotton might deteriorate during the rainy season and get lower prices.

However, he said cotton prices are expected to prevail at current rates until June-end.

Cotton crop estimate

Cotton prices, which were ruling at ₹62,000 a candy (356 kg) on May 2, are now quoting at ₹56,500. Kapas (seed cotton) prices have plunged to ₹7,000 a quintal against over ₹₹8,200 from December 2022-February 2023. Prices are, however, 11 per cent higher than the minimum support price of ₹6,080.

According to the Committee on Cotton Production and Consumption, the cotton crop this season is estimated at 337 lakh bales. Of this, 272 lakh bales have arrived in the market. About 10 lakh bales of summer cotton, grown in Tamil Nadu and a few other States, are likely to arrive over the next few months, he said.

During the current cotton season to September, cotton arrivals as of March 31 were 60 per cent lower. Over the last several decades, 85-90 per cent of the crop usually arrives by March 31.

47% crop held back

Farmers held back their produce this year as prices were abnormal last season. Expecting better prices, farmers stored their produce on their terraces and in their backyard. “Farmers and kapas traders held back over 47 per cent of the cotton hoping for a rise in prices like last year,” Sam said.

Prices of kapas (seed cotton) prevailed around ₹9,000 a quintal during the peak arrival season from December to February in the 2021-22 season despite daily arrival being 1.32 to 2.2 lakh bales (170 kg). Prices exceeded ₹11,000 during April 2022.

On the other hand, daily cotton arrivals were one of the lowest in the current season at 1-1.3 lakh bales. During the same time, global cotton prices have dropped below 100 US cents a pound, triggering a panic in the cotton value chain.

Shortage likely during season-end

On the other hand, the SIMA Chairman urged the Centre to permit import of extra long staple (ELS) cotton at zero customs duty. Currently, cotton imports attract 11 per cent duty. Last year, ELS cotton imports were allowed at zero duty between April-October.

With the global cotton season beginning in August, global cotton prices are expected to be stable in the coming months. "However, the industry may face a shortage of cotton during the end of the season and start of the next season until the new cotton crop arrives in the market," he said, justifying his plea for imports at zero customs duty.

The SIMA chief said Indian cotton trade is taking advantage of the 11 per cent Customs duty to keep domestic prices 8-15 per cent higher and this was the root cause for the substantial drop in cotton textiles and clothing exports from India.

Reasons for the price crash

Referring to the fall in prices, he said demand for cotton nosedived from April 2022 due to inflation in major importing nations. Cotton textiles export declined to $143.87 billion in 2022 from $154 billion in 2021 and $170 in 2020. "All the major cotton textile exporting countries such as China, Vietnam, Türkiye and the US recorded lower exports, while Pakistan could sustain its export level mainly due to duty free access in key markets," Sam said.

The total Indian textiles and allied products export, which was $42.9 billion during 2021-22, dipped to $35.4 billion during 2022-23 as a result of slack demand, he said.

Cotton yarn exports dropped by almost 50 per cent, while cotton fabrics and made-ups exports declined by 17 per cent and raw cotton shipments dipped 73 per cent during the year 2022-23 compared with 2021-22, the SIMA Chairman said in a statement.

He said the production capacity across the cotton textile value chain dropped by 30 per cent resulting in the demand for home-grown cotton dropping, leading to a significant drop in cotton prices this month.

Source: thehindubusinessline.com - May 27, 2023

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