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Currency Watch			
USD	EUR	GBP	JPY
81.97	89.43	104.37	0.57

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INTERNATIONAL NEWS

Africa's share in US' apparel imports nears 4% amid global downturn

Africa is gradually increasing its share in US apparel imports, inching close to 4 per cent between January and April 2023. During this period, the US imported $1.043 billion worth of apparel from Africa, out of its total imports of $26.24 billion. While the African share is still small in comparison to total US apparel imports, the trend of continued growth stands in stark contrast to the general downward trend in global garment trade.

Africa's share was 3.98 per cent in the period under review compared to the Asia-Pacific region's 70.20 per cent, Central-South America's 13.05 per cent, and Europe's 4.69 per cent shares in US total apparel imports, but it is significant given the steady rise in Africa's share since 2019.

The US imported apparel worth $87.308 billion from all over the world in 2019, with imports from Africa valued at $2.722 billion, or 3.12 per cent of the total. Africa's share marginally increased to 3.14 per cent in 2020, when imports from the continent amounted to $2.229 billion out of a total of $71.039 billion, according to Fibre2Fashion's market insight tool TexPro.

In 2021, the US' total apparel imports were valued at $87.229 billion, of which $2.96 billion or 3.40 per cent came from Africa. The following year, US imports from Africa rose to $3.700 billion, out of a total of $105.286 billion, raising Africa's share to 3.51 per cent. This share further increased to 3.98 per cent in the first four months of this year, as per TexPro.

Source: fibre2fashion.com – June 24, 2023

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Turkiye's exports rise by 14.4% YoY, imports by 15.5% YoY in May 2023

Turkiye's exports and imports increased by 14.4 per cent and 15.5 per cent year on year (YoY) respectively in May this year.

Provisional data by the Turkish Statistical Institute and the ministry of trade shows that exports were worth $21.659 billion during the month, while imports were worth $34.186 billion.

The foreign trade deficit was worth $12.527 billion in May—a 17.6 per cent YoY increase.

Exports and imports increased by 0.1 per cent and 8.8 per cent YoY respectively between January and May this year. During the five-month period, exports were worth $102.476 billion and imports were worth $158.498 billion.

Foreign trade deficit increased by 29.3 per cent YoY during the period, worth $56.22 billion.

The share of manufacturing industries products in total exports was 95.1 per cent in May, while it was 94.6 per cent for the five-month period.

Turkiye's main partner country for exports in May was Germany, with exports worth $1.811 billion. It was followed by the United States ($1.306 billion), the United Kingdom ($1.56 billion), Iraq ($1.11 billion) and Italy ($1.4 billion). The ratio of these first five countries in total exports was 28.6 per cent in May.

In the January-May 2023 period, the main partner country for exports was again Germany, with exports worth $8.924 billion. It was followed by the United States ($6.58 billion), Italy ($5.152 billion), the United Kingdom ($4.934 billion) and Russia ($4.858 billion). The ratio of these five countries in total exports was 29.2 per cent during the period.

The top country for imports in May was Russia, with imports worth $4.569 billion. It was followed by China ($4.347 billion), Germany ($2.671 billion), the United Arab Emirates ($1.809 billion) and the United States ($1.633 billion). The ratio of these five countries in total imports was 44 per cent in the month.

In January-May 2023 period, the top country for imports was again Russia, with imports worth $21.822 billion. It was followed by China ($18.483 billion), Germany ($11.428 billion), Switzerland ($10.478 billion) and the United States ($6.454 billion). The ratio of these countries in total imports was 43.3 per cent during the period.

Source: fibre2fashion.com – June 25, 2023

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UK's private sector registers slow growth in June 2023: S&P Global

The UK's private sector has witnessed a growth slowdown in June 2023, marking the slowest expansion since March, according to the S&P Global / CIPS Flash UK Composite Output Index. This comes amidst contrasting inflationary pressures in the manufacturing sector, which experienced an outright reduction in factory gate charges for the first time in over seven years.

At 52.8 in June, down from 54 in May, the headline seasonally adjusted S&P Global / CIPS Flash UK Composite Output Index signalled only a moderate expansion of private sector business activity. The index has registered in positive territory since February, but the rate of growth eased further from April's recent peak and was softer than the long-run survey average.

Output levels in the manufacturing sector decreased moderately during June and the rate of contraction was unchanged since May. Production cutbacks were attributed to falling new orders amid subdued underlying demand and a headwind from customer destocking, as per S&P Global.

Total new work across the UK private sector increased only slightly in June, with the rate of expansion easing further from April's 13-month peak. The latest rise in new orders was the slowest in the current five-month period of growth. Manufacturers experienced a steep and accelerated fall in new work, with survey respondents citing weak market conditions at home and abroad.

Despite softer rates of output and new business growth across the private sector economy, latest survey data signalled continued strength in the labour market. Job creation was recorded for the third month running and the pace of staff hiring was the fastest seen since September 2022.

Supply conditions improved again in June, as signalled by a reduction in vendor lead times across the manufacturing sector for the fifth successive month. Fewer instances of supply shortages encouraged firms to reduce their inventories, with stocks of purchases decreasing at the steepest pace since May 2020. However, weaker-than-expected demand meant that manufacturers' stocks of finished goods increased to the greatest extent since November 2022.

A combination of lower demand and improving supply conditions led to a steep decline in manufacturers' average cost burdens during June. The decrease in manufacturing input costs was the fastest since February 2016. Around 26 per cent of the survey panel reported lower purchasing costs in June, while only 11 per cent signalled a rise.

Total private sector input cost inflation was the softest since February 2021, but prices charged inflation eased only slightly in June.

Looking ahead, private sector firms remain optimistic about their prospects for output growth during the next 12 months. The degree of confidence slipped to its lowest since January, but was still higher than the long-run survey average.

Relatively upbeat expectations were recorded in the manufacturing sector, despite some reports citing concerns about the impact of higher interest rates and softer customer demand due to housing market weakness. Survey respondents typically noted resilient market conditions and positive sentiment regarding their long-term business expansion plans.

Source: fibre2fashion.com – June 26, 2023

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Cotton Australia delegation joins Better Cotton meet in Amsterdam

Representatives from Cotton Australia recently participated in the international Better Cotton Conference held in Amsterdam, the Netherlands. Gunnedah cotton grower Scott Morgan, Cotton Australia's Adam Kay, and Cotton to Market's Brooke Summers attended the event.

The Better Cotton Conference involved industry leaders and experts exploring the most important issues in sustainable cotton production including climate action, traceability and data, sustainable livelihoods, and regenerative agriculture, Cotton Australia said on its website.

Morgan, a myBMP certified grower who also participates in the Better Cotton Programme, thereby receiving a premium for his cotton, took part in a panel discussion sharing his knowledge of climate mitigation and adaptation at his farm including his solar-powered pumps and his involvement in cotton circularity trials.

Kay took the opportunity at the opening session of the conference to discuss the Australian cotton industry's efforts to mitigate climate change.

Over 250 people attended the conference in person and hundreds more online with participants from the entire cotton supply chain. The conference saw a mixture of formats including plenary, breakouts, and interactive workshops.

Source: fibre2fashion.com – June 23, 2023

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Sri Lanka: Textile exports expand amidst economic crisis

Textile exports from the island nation rose by 5.9 per cent year-on-year to US$88.9 million during the first quarter of 2023 amidst economic crisis and other internal challenges.

The exports of other made-up textile articles stood at $26.1 million during the same period, down 19.6 per cent, according to the Central Bank's 'External Sector Performance' report.

Textiles, garment, and other made-up textile articles' exports together accounted for 53.62 per cent of all industrial exports from Sri Lanka during the period under review, the report showed.

Exports of all textile products totalled $1,273 million in January-March 2023, while Sri Lanka's total industrial exports stood at $2,374.7 million in the first quarter of the current year.

In March 2023, all textile products exports from the nation declined by 10.2 per cent year-on-year to reach $417.2 million.

Category-wise, garment exports decreased by 10.7 per cent to $379.5 million, while textile exports eased 0.3 per cent to $28.5 million. The exports of other made-up textile articles were down by 15.6 per cent to $9.3 million.

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

The COVID-19 pandemic has led to a decrease in global demand for clothing, resulting in domestic wardrobe inventory build-up.

This reduction in demand has affected the textile industry, particularly as big brands, anticipating a post-COVID surge, now face inventory build-up in their warehouses.

As a consequence of the challenging market conditions, several factories have closed down, and others have been forced to place their workers on furlough.

The competitive landscape in the textile industry has intensified as brands dictate cheaper prices, turning it into an auction-like scenario among countries in the region.

Source: sundaytimes.lk– June 25, 2023

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France's apparel imports from China decline to $1.3 bn in Q1 2023

Imports of apparel from China to France have been steadily decreasing in recent quarters, reaching a low of $1,294.011 million in the first quarter of this year. This is in contrast to the $1,786.580 million recorded in the fourth quarter of last year and $2,060.171 million in the third quarter. Despite this downward trend, China remains the largest supplier, accounting for 20.35 per cent of France's apparel imports.

As per the trade data from Fibre2Fashion's TexPro market insight tool, France imported $1,603.547 million worth of apparel from China in the first quarter of 2022, and $1,163.374 million in the second quarter of the same year.

Imports for the first four months of this year stood at $1,603.057 million. In comparison, the total value of apparel imported by France last year was $6.613 billion. This is an increase from previous years, with imports valued at $6.369 billion in 2021, $5.674 billion in 2020, and $6.286 billion in 2019.

China retained its position as the top supplier of apparel to France, holding a 20.35 per cent market share in the first four months of this year. The total value of apparel imports during this period was $7.877 billion, according to TexPro.

However, when it comes to fabric imports, China fell to second place in the period from January to April 2023. Fabric imports from China totalled $54.948 million, representing 10.15 per cent of France's total fabric imports of $541.394 million during the same period.

Source: fibre2fashion.com– June 26, 2023

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Non-store retailing boosts UK sales in May 2023

Retail sales volumes in the UK witnessed a modest increase of 0.3 per cent in May 2023, slightly decelerating from the 0.5 per cent rise seen in April, according to recent estimates. This growth was primarily driven by robust sales in non-store retailing and automotive fuel stores, which saw rises of 2.7 per cent and 1.7 per cent, respectively.

A surge in sales for goods including summer clothing by online retailers, thanks to the warm weather in the latter half of May, played a significant role in the non-store retailing sector's performance, the Office of National Statistics (ONS) said in a press release.

Meanwhile, the automotive fuel sector rebounded in May following a 1.7 per cent drop in April, although its sales volumes remained 9.5 per cent below the pre-COVID-19 February 2020 levels.

However, not all sectors saw growth. Non-food stores saw a slight decline in sales volumes of 0.2 per cent in May, following a rise of 0.9 per cent in the previous month. In specific categories, clothing stores experienced a 0.4 per cent drop in sales, whereas department stores enjoyed a 0.6 per cent increase.

Overall, total non-food store sales volumes, which include department, clothing, household, and other non-food stores, dropped by 0.2 per cent over the month.

Source: fibre2fashion.com– June 26, 2023

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BGMEA looks to tap $100b RMG market by 2030

The apex apparel-body BGMEA has started developing high-end fashion items using local heritage stuff, including fabrics, in a bid to earn $100 billion from garment exports by 2030.
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The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) steps include raising its global market share to 12 per cent from below 7.0 per cent now.

For this, BGMEA in sync with commerce ministry and the World Trade Organisation trained 160 varsity students, participants from garment units, weavers and jamdani makers to help them develop design with local motifs on fabrics for high-end garment items.

"After achieving the milestone of 45-billion-dollar RMG export in 2022, we've taken a strategic vision to achieve 100-billion-dollar apparel export by 2030," BGMEA president Faruque Hassan said on Wednesday.

"To pursue this vision and increase our global market share, we're working to make ourselves more advanced in terms of product and fabric diversification, product sophistication, new design development, value addition and technological upgradation."

Mr Hassan expects local makers to start producing high-end apparel items from jamdani fabrics as prices of those goods are very high, he added.

He made the observations and suggestions at a programme hosted to hand over certificates to the trainees at BGMEA Complex in Dhaka under a project.

Export of garment items made of jamdani fabrics from here is currently very low as very few are trying to develop design and apparel items, mentioned Mr Hassan.

Some boutique designers buy jamdani products from local jamdani makers, especially from Sonargaon and Rupganj, to manufacture garment items from jamdani fabrics.

He further said that the training programmes provided networking opportunities for local weavers with designers, academicians and brands.

BGMEA is also working on the making of garment items from recycled yarn and fabrics as per the demand of international retailers and brands.

Usually, jamdani means sari, but high-end garment items can also be made from jamdani fabrics, especially for wedding and bridal collection, said Anadil Johnson, founder of Chicago-based fashion house Neval.

The Bangladeshi-origin fashion designer has been sourcing jamdani fabrics from Sonargaon for more than 10 years to make high-end value-laden garment items, especially wedding and bridal wear, for her customers in the USA.

Ms Johnson trained up weavers and students at BGMEA for developing skilled human resources in Bangladesh.

Bangladesh has a great opportunity to grab a good market of heritage-designed garments as it has the tradition of making jamdani and muslin, she cited.

There is a significant market demand for bridal clothing globally worth $62 billion annually, according to Ms Johnson.

Ayub Nabi Khan, pro-vice chancellor of BGMEA University of Fashion and Technology, said India has been exporting $5.0-billion heritage garments annually.

The project for developing design for heritage garment items was taken by commerce ministry in August 2018.

The tenure of the project terminates at the end of this month, said Elias Mia, project director.

Source: thefinancialexpress.com.bd– June 23, 2023

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Bangladesh aims to scale up status as high-value RMG exporter

Bangladesh is pursuing a vision of elevating its position as a high value garment exporter in the world, said Faruque Hassan, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"We are seeking every possible opportunity to unleash the potential of the RMG industry and take it to the next level with a strategic shift from volume based production to high-value garments and value addition. The prospect is bright for Bangladesh and we're highly optimistic about attaining our goal," he said.

Faruque Hassan came up with the observations while addressing the opening ceremony of the 11th Intex Bangladesh Trade Expo organized by Worldex India in Dhaka on Thursday, said a press release.

Mohammed Hatem, Executive President, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA); Rajesh Bhagat, Managing Director, Worldex India; Sunil Patwari, Chairman, Cotton Textiles Export Promotion Council (TEXPROCIL); and Mahesh N Sanil, Executive Director at Powerloom Development and Export Promotion Council also spoke at the event.

In his address as the special guest, Faruque said, "We are developing partnerships with global brands, technology providers, industry associations, international organizations and other stakeholders to collaborate on building the capabilities of the industry in manufacturing high value garments, especially products made from manmade fibre and technical textiles. Also we are working on developing Bangladesh as a global hub of recycling,"

The BGMEA president said they have also taken initiatives to develop fashionable garments linking the rich culture and heritage of Bangladesh with fashion. "With the support of the government, BGMEA is providing training to Bangladeshi fashion professionals and designers so that they can develop fashionable garments using homegrown heritage materials like Muslin, Jamdani, Khadi, Silk, Monipuri etc." he further said.

The BGMEA President said Bangladesh and India have a huge scope to complement each other in the apparel and textile trade.

He said avenues of cooperation might include expanding business opportunities for garment exports, raw materials supply, exchange of knowledge, expertise and technologies that would benefit both Bangladesh and India.

Bangladesh is making all-out efforts to move to manufacturing non-cotton apparels for sustainable growth of the RMG industry, he said while inviting investors and businessmen from India to explore the investment opportunities in Bangladesh's non-cotton textile industry.

So our relationship isn't competitive, rather it's complementary, Faruque Hassan remarked.

Source: bangladeshpost.net– June 23, 2023

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NATIONAL NEWS

Union Minister of Commerce and Industry Shri Piyush Goyal lauds the support and encouragement provided to exporters by ECGC Ltd.

Union Minister of Commerce and Industry, Consumer Affairs, Food & Public Distribution and Textiles, Shri Piyush Goyal lauded the support and encouragement provided to exporters by ECGC Ltd. Addressing the media in New Delhi today, the Minister emphasized the importance of transparency and simplification of procedures and said that all the procedures at ECGC Ltd. will be made completely digital in the next few months.

The Minister said that the digitisation of processes at ECGC will enhance the convenience for the exporters. Shri Goyal also said that a new grievance redressal mechanism at ECGC Ltd. will be established where a Live video-conference facility will be available daily for one hour on the website of ECGC Ltd.

Last year ECGC Ltd. extended cover under Export Credit Insurance for banks (ECIB) scheme for the accounts with export credit working capital limits up to Rs. 20 crore sanctioned by the banks (excluding Traders and GJD Exporters) with enhanced cover of 90%.

Four banks namely SBI, Central Bank of India (CBI), Bank of Maharashtra and Saraswat Bank have so far opted for the enhanced cover. The experience under the cover has been satisfactory in terms of low default ratio in the last one year.

Shri Goyal said that the extended cover under the scheme has resulted in easing of interest rates on the credit/loans obtained from the banks.

The Minister announced that the benefit of the enhanced cover will be extended to the accounts with limits up to Rs. 50 crore for above four banks without any additional cost. It is expected that around 3000 exporter-borrower accounts will benefit from this.

For nine banks where six-year claim to premium ratio (CPR) is less than 70%, cover for accounts with export credit working capital limits up to Rs. 20 crore will be offered enhanced cover of 90% without any additional cost provided the banks are extending the export credit at an interest rate corresponding to the accounts rated ‘AA’ (or with equivalent rating). Around 3000 exporter- borrower accounts will be supported by the enhanced cover under WT-ECIB for such banks.

This product was first of its kind in the export credit insurance industry all across the globe. The product facilitates the borrower accounts to be treated equivalent to ‘AA’ rated accounts with reduced cost of export credit to the exporters.

ECGC Ltd. will provide enhanced cover under the policy covers (providing protection against commercial and political risks on account of the overseas buyers) issued to the exporters in the policies available for sale in all the channels.

100% cover will be provided for existing policyholders where ‘No Claim Bonus (NCB)’ is 50% and the policy proposal has been received directly from the exporters and not through insurance brokers. 5% additional cover under the policies will be given where the proposal is received directly from the exporter and not through insurance brokers.

During FY 2022-23, ECGC Ltd. supported more than 16,000 exporters with an aggregate value of business covered to the tune of Rs.6.68 lakh crore. CMD, ECGC Shri M. Senthilnathan said that the business covered value is expected to increase to more than Rs.10 lakh crore in the current FY.

ECGC Ltd. envisages to provide claim and other insurance related services to exporters and banks digitally after implementation of the upgraded software system (ERP system) which is likely to be implemented within the next six months.

ECGC Ltd., a premier Export Credit Agency (ECA) of the Government of India, was set up in 1957 under the Companies Act to promote exports from India by providing export credit insurance services to exporters and banks. It functions under the administrative control of the Ministry of Commerce and Industry.

Over the years, the Company has designed different export credit risk insurance products to suit the requirements of Indian exporters to protect them against credit risk involved in exports.

The Company also provides insurance to commercial banks extending export working capital loans to exporters. The products to banks are aimed at ensuring availability of adequate and affordable working capital for exporters.

The products to exporters help them in retaining the existing markets in addition to expanding exports to new and emerging markets by extending adequate credit to buyers.

Source: pib.gov.in– June 22, 2023

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Win-win for US-India trade

The US and India announced many new initiatives during Prime Minister Narendra Modi's Washington visit during June 21-13. Both countries have deep people and trade connections, thanks to a four million-strong Indian diaspora, two lakh Indian students in the US and over $300 billion worth of bilateral trade in goods, services and software.

What effect will the new equations/announcements during the PM's visit have on 'Make in India' and bilateral trade?

The US strategy for India rests on two critical factors: the US desire to contain China at trade, technology and military levels, and replace Russia as India's most prominent defence supplier. During 1990-2010, the US actively supported China's rise.

Apple engineers worked for years with several Chinese firms to develop them into global quality component suppliers. China's near monopoly of the world's electronics design and manufacturing ecosystem can be attributed to this factor. Similar examples abound in most hi-tech areas, where Western firms supported China's rise.

But now, the US is working to find an alternative to China. In October 2022, the US export control rules restricted the country and its allies from assisting the Chinese production of 16 nanometres or smaller chips. The result: As Apple iPhone 15 Pro Max uses 3-nanometre chips, such phones could not be produced in China any more. This may be the part reason for Apple shifting part production to India. India's smartphone exports exceeding $12 billion in FY23 underline the high potential of the partnership.

Make in India

Modi's visit resulted in the closing many deals to further manufacturing. These include the GE-HAL deal, which may allow India to co-produce jet engines for use in Tejas Light Combat Aircraft and Generation 5 fighter jets.

The aircraft servicing industry got a boost with Boeing setting up logistics support in India. Indian ship servicing industry may get a boost with the

US Navy finalising agreements with Larsen and Toubro and Mazagon Dock Ltd for shiprepair facilities in Chennai, Mumbai, and Goa.

As India buys 16 drones worth $3 billion, it should insist on some level of technology transfer to augment its expertise. The semiconductor supply chain gets a boost with a new $2.75 billion semiconductor assembly, testing, marking, and packaging (ATMP) unit in Gujarat. Micron Technology will invest $800 million, while Indian Semiconductor Mission will foot the remaining bill.

This is not about setting the Fab. The Critical and Emerging Technology (CET) initiative has been announced. It will promote joint research in quantum, advanced computing and artificial intelligence. Most initiatives are announcements or MOUs, but they signal a positive way to strengthen the ties.

Bilateral trade

The US is a significant destination for India's software exports and a top buyer of Indian goods. About 60 per cent or an estimated $100 billion revenue of Indian IT and ITeS firms comes from the US.

The US bought Indian goods worth $80.1 billion in 2022. India's key exports to the US are textiles and apparel ($11 billion), cut and polished diamonds ($8.9 billion), pharmaceuticals ($6.7 billion), petroleum products ($6.3 billion), machinery ($6.3 billion), electronics ($5.3 billion), steel ($3.2 billion), automobiles ($3 billion), gold jewellery ($2.4 billion), shrimp ($1 billion), smartphones ($909 million).

The US has withdrawn the GSP benefits from India, making Indian firms pay full tariffs. India has taken up the issue with the US.

On the import side, the US is India's third largest partner, exporting goods of value $51.3 billion to India in 2022. India's essential imports from the US are petroleum crude ($11.5 billion), petroleum products ($4 billion), LNG ($1.7 billion), rough diamonds ($8 billion), coking coal, etc. ($3.9 billion), machinery($3.1 bilion), electronics ($2.2 billion), medical equipment, etc. ($2.7 billion), airplanes ($1.5 billion), and gold ($1.7 billion).

Almost 40 per cent of imports are petroleum and coal. The former president Donald Trump called India the tariff king on account of high

MFN duties. The estimated bilateral services trade outside of IT and IT services trade is $60 billion.

The IPEF

India, the US and 12 other countries are negotiating the Indo-Pacific Economic Framework for Prosperity (IPEF). The negotiations centre around four subjects called pillars. These are trade, supply chain, clean economy and fair economy. Negotiations on the supply chain pillar were largely concluded in May.

India has not joined the trade pillar but agreed to be an observer. This means India is not in the negotiating room but may join later. The fallout of this could be India having to accept whatever has been agreed upon among the members.

Joining the trade pillar is not in India's interest as the focus is on agreeing to WTO Plus standards and practices the US follows in digital trade, labour, environment, agriculture, etc. India may have to agree to free cross-border data flows, not charge tax on services offered online in future, reiterate the ILO convention or COP 26 commitments, allow the import of GM seeds and foods, and mandatory seeking of public inputs before increasing tariffs or imposing trade restrictions. India must set its domestic laws on these issues before taking international commitments.

India and the US have agreed to terminate six outstanding disputes at the WTO. India has also agreed to remove retaliatory tariffs on chickpeas, lentils, almonds, walnuts, apples, boric acid, and diagnostic reagents imported from the US.

Since India had imposed retaliatory tariffs in response to the US imposing additional tariffs on steel and aluminium imports, it is expected that the US will eliminate these tariffs.

India-US partnership has been one of equals both at the people and trade levels. Both should maximise the opportunity without sacrificing strategic autonomy. Be it geopolitics or trade relations.

Source: thehindubusinessline.com– June 25, 2023

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Trade diversification: India set to revive FTA talks with South Africa-led group

India is set to revive talks for a free trade agreement with the five-member South African Customs Union (SACU), a big market for its automobiles, refined petroleum products, unmounted diamonds, and pharmaceuticals, in a bid to get a firmer foothold in the African market and diversify trade, according to official sources.

"We had a meeting with the SACU Secretariat on the proposed FTA/PTA. They are willing to engage. We have to, however, start from scratch. Once we finalise the terms of reference, we will announce a common date for the start of negotiations," an official tracking the matter told businessline.

Last fiscal, India exported goods worth about \$9 billion to SACU countries, which include Botswana, Lesotho, Namibia, South Africa, and Swaziland, accounting for around 2 per cent of its total exports. Its imports from the region were valued at a higher \$11 billion (approx) which accounted for 1.53 per cent of the country's total imports.

"There exists a lot of complementarity between India and South Africa, which accounts for a giant's share of trade with SACU countries. India hopes that this complementarity can be exploited to the advantage of both partners once the FTA is implemented," the official said.

The free trade talks with the SACU, which are likely to be in the form of an FTA including all goods and services but may also be a Preferential Trade Agreement if there are some exclusions, are likely to be less complicated than the ones with India's Western partners. as it would not incorporate non-trade topics like labour, gender, and environment, the official said.

"All member countries in the negotiations would be from the developing world who are not interested in linking trade talks with non-trade issues like labour, gender, environment, and many other new areas that developed countries have started insisting on. So, it will be relatively easy to complete negotiations," the official said.

Gain for auto sector

India's automobile industry could be one of the primary sectors that could gain from an FTA with SACU countries, as it accounts for about 38 per cent of the country's exports to the region.

"There are big gains to be made in the area of automobiles, as tariffs are as high as 20–25 per cent in the SACU markets, and a tariff elimination or reduction would make a big difference," the official pointed out.

Stressing on the complementarities, the official said that India was importing coal, diamonds, gold, and iron ore from the region that were essential inputs for various sectors. "Apart from automobiles and petroleum products, there are gains to be made by the Indian industry in sectors such as pharmaceuticals and iron and steel," he said.

Exploring an FTA with SACU gels well with India's plans for trade diversification by engaging more with Africa (so far, India has an FTA only with Mauritius), which could help mitigate exposure to global volatility.

India and Africa have set a target of doubling bilateral trade to $200 billion by 2030, and the proposed India-Africa SACU may help achieve that.

The first round of technical discussions for the India-SACU PTA took place in Pretoria in October 2007 and continued till 2010, but talks were stalled for a decade till 2020, when both sides started talking about a trade pact again.

Source: thehindubusinessline.com– June 25, 2023

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India, Egypt elevate ties to 'strategic partnership' during PM Modi's visit

On Sunday, the concluding day of Prime Minister (PM) Narendra Modi's two-day visit to Cairo, India and Egypt signed a "landmark" strategic partnership treaty, which the two sides had agreed upon during Egyptian President Abdel Fattah el-Sisi's visit to New Delhi in January this year as chief guest for the Republic Day parade.

Cairo is keen on increased Indian investments. It has suggested New Delhi use Egypt's geographical location as a springboard to three regions: Europe, West Asia, and the whole of Africa, and offered the possibility of an industrial zone for India in Egypt.

Egyptian support would bolster India's claim to the leadership of the Global South and closer relations with an Arab country beyond those in the Persian Gulf.

However, the pomp of Modi's visit to Egypt had a message for his critics back home.

The Egyptian President conferred the Order of the Nile Award, Egypt's highest state honour. Bharatiya Janata Party social media chief Amit Malviya tweeted that Modi "has 13 such international awards from different countries, more than any other Indian PM has ever had".

Finance Minister Nirmala Sitharaman said that "of the 13 awards he has been given as PM of the country, six have been given by countries where Muslims are in the majority".

Modi also met the Grand Mufti of Egypt, a meeting that comes within days of former US President Barack Obama's interview to CNN, where he said he would look to raise the subject of Indian Muslims with the Indian PM.

At a press conference in the national Capital, Sitharaman slammed Obama. "A former President under whose rule six Muslim-majority countries were bombed with more than 26,000 bombs. How will people trust his allegations?" she asked.

On Sunday, Modi and the Egyptian President held a "private one-on-one conversation", a follow-up of the latter's January visit to New Delhi. Over two days, the two sides discussed increased economic cooperation, including Indian investments in infrastructure, especially in the Suez Canal Authority, and signed agreements in agriculture and health care.

On Saturday, the first day of his two-day visit to Egypt, the first bilateral visit by an Indian PM since 1997, Modi met the India Unit in the Egyptian Cabinet, set up earlier this year after El-Sisi's Delhi visit.

The unit proposed new areas of cooperation, while Modi "welcomed this 'whole of government approach' to take forward bilateral relations", the Ministry of External Affairs (MEA) said.

The Egyptian Prime Minister and seven Egyptian Cabinet ministers attended the meeting, as did the Suez Canal Economic Zone (SCZONE) Chairman Waleid Gamal Eldien who visited India earlier this month. They discussed ways to strengthen trade and investment, cooperation in renewable energy, green hydrogen, information technology, digital payment platforms, and pharmaceutical.

The Indian side promised Egypt its continued support for its request for membership in BRICS (acronym for the regional economies of Brazil, Russia, India, China, and South Africa). Foreign Secretary Vinay Kwatra said while there were several requests, India was "looking actively" at BRICS membership for its "friendly and strategic partner" like Egypt.

The PM's other engagements included meeting the Grand Mufti of Egypt Shawki Ibrahim Allam on Saturday. "The Grand Mufti also appreciated the PM's leadership in fostering inclusivity and pluralism," the MEA said. Their discussions focused on issues related to social and religious harmony in society and countering extremism and radicalisation, the MEA said.

Kwatra said the Grand Mufti recently visited India, where he "had first-hand experience of India's diverse and strong social and cultural fabric". Modi said India would set up a Centre of Excellence in Information Technology at the Dar-al-Ifta, which the Grand Mufti heads.

On Sunday, the PM visited Al-Hakim mosque in Cairo, where he also met the leaders of the Bohra community, who are actively involved in the upkeep of the Fatimid-era Shi'a mosque. Modi has had close links with the Bohra community since his days as chief minister of Gujarat.

The PM met Tarek Heggy, a renowned Egyptian author and petroleum strategist, and their discussion covered issues related to global geopolitics, energy security, radicalism and gender equality, the MEA said.

He also met Hassan Allam, chief executive officer of Hassan Allam Holding Company, one of the largest Egyptian companies in West Asia and North Africa.

In recent months, apart from visits from Egypt, including those of the Grand Mufti and the chairman of the SCZONE, Indian External Affairs Minister S Jaishankar and Defence Minister Rajnath Singh have visited that country. Egypt has also been invited as a special guest during the Group of Twenty meetings in India.

India's bilateral trade with Egypt stood at $6.06 billion in 2022–23, down from the previous year's record high of $7.26 billion. India has maintained a trade surplus with Egypt, with exports of $4.1 billion, against imports of $1.95 billion in 2022-23.

Exports from India to Egypt are broad-based, but diesel is followed by organic chemicals ($311 million), heavy machinery ($256 million), iron and steel ($223 million), and cotton ($201 million). Refined petroleum is the single biggest import item from the country.

According to the Indian Embassy in Cairo, around 50 Indian companies have invested upwards of $3.2 billion in apparel, agriculture, chemicals, energy, automobiles, and retail. Directly and indirectly, they employ approximately 35,000 Egyptians.

Major Indian investments in Egypt include TCI Sanmar Chemicals, Alexandria Carbon Black, Kirloskar, Dabur India, Flex P Films, scib Paints, Godrej, Mahindra, and Monginis.

Source: business-standard.com– June 25, 2023

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India should consider free trade agreement with Egypt, say exporters

India should consider negotiating a free trade agreement (FTA) with Egypt as the Mediterranean nation holds huge potential for the domestic industry in various sectors like agri products, steel items and light vehicles, according to exporters.

Prime Minister Narendra Modi is in Cairo for a two-day state visit at the invitation of Egyptian President Abdel Fattah El-Sisi. Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said that India and Egypt have historic trade relations, which are robust and fairly balanced.

India's exports increased to USD 4.1 billion in 2022-23 from USD 3.74 billion in 2021-22. However, imports from that country declined to about USD 2 billion against USD 3.5 billion in 2021-22. Fertiliser, crude oil, chemicals, raw cotton, and raw hides are major import items from Egypt. The main export items include wheat, rice, cotton yarn, petroleum, meat, flat-rolled products, ferroalloys (related to iron) and light vehicles.

"The prime minister's visit is significant as Egypt is the gateway to Africa and Europe. A cementing of economic relations and possibly a feasibility study for FTA can be undertaken as Egypt has such FTAs with countries in West Asia and Africa," Sahai said.

Besides cooperation in agriculture, biotechnology, pharma, and renewable energy, India should explore tie-ups in logistics with Egypt, he added. "We should look at taking trade to USD 15 billion in the next three years from the current over USD 6 billion," he said.

Engineering exporter and Director of Geco Trading Corporation Khalid Khan said that Egypt is a major trading partner of India in Africa.

Ludhiana-based engineering exporter and Hand Tools Association President SC Ralhan suggested that Egypt should consider starting trade with India in domestic currency. About 50 Indian companies are operating in Egypt.

Source: business-standard.com – June 25, 2023

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Exports from Rajasthan surge by Rs 31,000 cr to Rs 77,771 cr in FY23

Exports from Rajasthan have increased by around Rs 31,000 crore in the last six fiscal years to Rs 77,771 crore in 2022-23.

According to an official statement, shipments from Rajasthan were Rs 46,476 crore in 2017-18, which increased to more than Rs 77,771 crore in last fiscal year.

Exports were Rs 51,178.41 crore in 2018-19 ; Rs 49,946.10 crore in 2019-20; Rs 52,764.31 crore in 2020-21; Rs 71,999 crore in 2021-22 and Rs 77,771.37 crore in 2022-23.

The successful implementation of industrial policies, export promotion programmes and campaigns of the state government have given impetus to exporters and exports, the statement said. The state government's 'Export Promotion Process and Documentation Training Program Scheme' has contributed significantly in the increase in exports.

Started in 2012, under this scheme, entrepreneurs who wish to make a career in the export sector are given information about export process and documents and world markets in training programmes.

The statement said that under the export-related schemes of the state government, in the last two years, more than 10,000 new exporters have been trained and made international-level exporters.

At the same time, 500 entrepreneurs are trained every year in export promotion process and documentation training programme. Due to these training programmes, exports from Rajasthan are continuously increasing. Considering the importance and achievements of the scheme, Chief Minister Ashok Gehlot has approved a proposal to extend the duration of the scheme for five more years till March 31, 2028.

The scheme ended on March 31, 2023.

Source: business-standard.com – June 24, 2023

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Globalising MSME exports via the E-commerce route: A USD 100 billion opportunity

India's foray in digitisation has not only revolutionised the retail and payments landscape but has also fostered innovation and growth in ancillary and small enterprises. Digital payments, hyper-local logistics, digital marketing and analytics-based customer services have all flourished as a result. A vast population, increasing digital penetration, favourable government policies and the impending adoption of 5G, have all fuelled the widespread adoption of e-commerce, even in tier II and tier III cities. India has emerged as a hotbed for e-commerce growth, empowering Micro, Small and Medium Enterprises (MSMEs) and facilitating their globalization journey. It has enabled them to compete with larger businesses while helping them to expand their reach to a much broader audience.

Leading e-commerce platforms have revolutionized the opportunities available to MSMEs, granting them unprecedented access to a variety of capacity building opportunities. These platforms have served as online entrepreneurship universities where MSMEs can learn and understand customer expectations, best sellers in each category, competitor offers and pricing, packaging, specifications, customer relationship and business process management, as well as showcase their unique products and connect with customers worldwide, surpassing geographical limitations.

The e-commerce boom in India has revolutionized business operations, leading to growth in B2B and D2C segments. The projected market size is expected to reach $350 billion by 2030, playing a crucial role in India's goal of achieving a $5 trillion economy and driving overall economic growth.

Embracing e-commerce offers businesses numerous benefits, including automation of processes, customer insight, expanded market reach, cost savings in marketing, and enhanced customer experiences. Leading e-commerce platforms empower SMEs by reducing operating costs, driving revenue growth, and leveraging customer data for personalized services and refined marketing strategies. With the widespread internet availability, thriving e-commerce marketplaces, easy access to capital, and efficient logistical structures, Indian MSMEs are well-positioned to seize opportunities in international markets too.

According to a report by Fact & Factors, the global cross-border e-commerce market was valued at $785 billion in 2021 and is expected to reach $7,938 billion by 2030, growing at a CAGR of 26.19% between 2022 and 2030. It is essential to acknowledge here that China currently holds a dominant position in the global e-commerce market with over 37% of the cross-border e-commerce market, whereas India is just at a starting point here, with less than 1% market share.

Amazon, which has recently completed 10 years in India, has reportedly enabled over one lakh sellers, mostly MSMEs to export their products, generating over $5 billion in cumulative sales through e-commerce exports. This demonstrates the immense opportunities that lie ahead in the global cross-border e-commerce market. As India progresses, it is imperative to tap into the growing cross-border e-commerce market and harness it to achieve the full global potential of Indian Craftsmen, Weavers, Artisans, GIs and Agro-food rural Enterprises.

The government has taken steps to streamline the exporting process and boost exports through the Foreign Trade Policy 2023. This policy introduces e-commerce export hubs as designated warehousing facilities, simplifying stocking, customs clearance, and returns processing for e-commerce aggregators.

These hubs aim to streamline logistics and reduce costs and time associated with e-commerce exports. The activation of Dak Ghar Niryat Kendras in a hub-and-spoke model with Foreign Post Offices (FPOs) further facilitates cross-border e-commerce, enabling sellers to access international markets. The policy also offers tax remission schemes and a paperless filing system for license redemption, improving efficiency. However, addressing certain gaps is crucial for Indian MSMEs to gain a competitive edge in foreign markets.

Despite favorable policies, e-commerce exporters, especially MSMEs, face challenges such as higher return rates due to customers being unable to examine products before ordering. Returns are treated as imports, incurring additional duties, and bringing them back to India is costly. Streamlining the process to identify and verify returns is necessary to reduce unnecessary costs for businesses. Even with a robust digital payments structure, Indian sellers encounter difficulties in establishing a strong presence in international markets. The government must recognize the opportunity presented by major economies aiming to diversify operations and decrease reliance on China.

By formulating a comprehensive policy for boosting cross-border e-commerce, India can capitalize on this opportunity and secure a significant share of the global market. The potential of the sector to generate economic growth, empower MSMEs, and tap into the global market is immense and as per the internal calculations of India SME Forum, India can easily target US$ 80-100 Billion in e-commerce exports over the next 2-3 years.

To fully harness this potential, it is crucial to address the challenges faced by e-commerce exporters and develop comprehensive policies that facilitate smooth cross-border trade. By doing so, India can position itself as a formidable player in the global e-commerce landscape, paving the way for sustained economic growth and prosperity.

Source: timesofindia.com – June 25, 2023

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