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Currency Watch			
USD	EUR	GBP	JPY
81.97	89.32	103.98	0.57

NATIONAL NEWS	
No	**Topics**
1	Comm min asks exporters to focus on potential sectors to boost exports
2	India's manufacturing growth rebounds in Q1 2023 post shrinkages: BCG
3	Global trade fairs on cards; sectoral targets for $1 trillion exports by ’30
4	Soon, you may be able to use the same QR codes for e-Rupee and UPI payments
5	India-Russia cooperation could generate additional $200 bn revenue by 2030
6	Ecommerce operators face problem in GST drive to check fake registration
7	Amazon to be strongest MSME enabler, ONDC has long way to go
8	Maharashtra's industry growth agenda at ASSOCHAM Conclave
9	Cotton yarn steady in north India; Panipat to cut recycled yarn output

SAYING NO TO CHILD LABOUR

G20 भारत 2023 INDIA

INTERNATIONAL NEWS

China's industrial logistics sector up 3.6% in Jan-May 2023: CFLP

China's industrial products logistics has witnessed a year-on-year (YoY) growth of 3.6 per cent in the period between January and May, according to the latest data released by the China Federation of Logistics and Purchasing (CFLP). This growth rate was in line with that of the initial four months of the year, making up approximately 70 per cent of total social logistics.

In terms of total social logistics, the numbers climbed 4.5 per cent YoY, reaching 129.9 trillion yuan ($17.99 trillion) during the same January-May timeframe. The month of May alone saw a YoY rise of 4.8 per cent in social logistics.

Despite forthcoming challenges, the CFLP expressed optimism regarding the sector's growth potential, saying that Chinese logistics firms have demonstrated resilience and an increased ability to respond to market demand, said Chinese media reports quoting CFLP.

The CFLP predicts further improvements in the sector as the economy slowly returns to normalcy. The federation projects a 4.5 per cent rise in total social logistics for the first half of the year.

Source: fibre2fashion.com – July 03, 2023

HOME

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USA: Legal Expert Looks at the Future of Trade Agreements

The structure of trade agreements will play a critical role in shaping the future of supply chains, especially amid a shifting sourcing landscape. That's according to Nicole Bivens Collinson, president of international trade and government relations at Sandler, Travis & Rosenberg P.A., who joined Sourcing Journal's Global Outlook last month.

Covering 40 percent of the world's GDP, the Indo-Pacific Economic Framework includes Australia, Brunei, Fiji, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand and Vietnam, as well as the U.S., with Canada, Bangladesh, Laos, Myanmar and Cambodia expressing interest in joining.

Despite the breadth of the framework's reach, Bivens Collinson said little is known of what the deal announced in May last year actually entails. "It's something that everyone wants to know, because no one is really quite sure exactly what it is," she said.

The fine points of the deal are still being hashed out after three rounds, with a fourth round in South Korea later this year. Outside of India, all partners have agreed to the main pillars laid out in IPEF, which include trade, supply chain resiliency, clean energy and decarbonization, and taxation and anticorruption measures.

The trade agreement overlaps to some degree with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which the U.S. abandoned during the Trump administration. IPEF now represents the main U.S. economic initiative in Asia, aiming to unite member nations and "promote sustainability, resilience and inclusiveness," USTR Katherine Tai said earlier this year.

IPEF countries have so far "substantially concluded" negotiations on the supply chain pillar, U.S. Commerce Secretary Gina Raimondo reported in May. A supply chain council, crisis response network and labor rights advisory board will be established after domestic consultations and a comprehensive legal review in the coming months.

The U.S.-Taiwan initiative on 21st Century Trade is a trade agreement that "could be causing some consternation between the United States and China's relationship," Bivens Collinson said. The deal developed last year covers customs administration and trade facilitation, good regulatory practices, services, domestic regulation, anti-corruption and small-and-medium-sized enterprises.

The legislation was borne "outside of the normal framework" for a U.S. trade agreement, Bivens Collinson said, in that Congress hasn't given President Joe Biden authority to negotiate it. "There's a bit of a push and pull between Congress and the administration right now," she added.

In June, the Senate Finance Committee and the House Ways and Means Committee approved legislation to reassert the role of Congress as the sole authority over international trade. House lawmakers voted to approve the first drafted agreement, which will streamline customs, fight corruption and help SMBs navigate regulations across both markets. While it aims to bolster the relationship between the U.S. and Taiwan, it does not include market access provisions.

Source: sourcingjournal.com – July 03, 2023

HOME

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Cotton Forecast Points to Price Stability, Record Yields

The global cotton picture is picking up after three years suffering under La Niña weather conditions and the toll its cooler temperatures took on crop yields, according to Antonia Prescott, deputy editor of Cotton Outlook, the trade publication covering the worldwide cotton industry.

Over the past 12 months, U.S. harvests were looking grim and forecasters were not optimistic about how and when it would reverse course. In West Texas for example, where 50 percent of U.S. cotton crops are grown, some 70 percent of cotton planted fell to abandonment at one point. That means that almost three-quarters of the cotton that was planted was not harvested.

It turned itself around in the end, however, Prescott said in an interview with Sourcing Journal editor in chief Peter Sadera for Sourcing Journal's Global Outlook event. If conditions remain favorable, according to Prescott, the U.S. crop will be 16.5 million bales this year, up from 14.5 million bales a year ago.

Australia and Brazil have also rallied, the latter producing a record 3 million tons of cotton. Australia produced 5.5 million bales, after the three-year drought, also the country's largest crop on record.

Pakistan's biggest problem over the past year was not drought but massive floods last August that could have dealt a destructive blow to the yield of the fifth-largest cotton-growing nation. But it too managed to escape relatively unscathed. Ten months after the floods, the prospects are deemed good thanks to land regained from competing crops.

India, on the other hand, has plateaued and is now officially in decline, according to Prescott. It has the largest planted area, 11.5-13 million hectares, but uneven climate patterns are causing uncertainty over the size of the crop. The rainfall is normally uneven, but now a late monsoon season is adding to the problem.

Output in India is measured in the amount of seed cotton delivered weekly or daily to gins, which usually peaks over the season then evens out. There was no peak this year, leading observers to predict a decline in total output that never materialized. Total yield in India this growing season was 30 million Indian bales, which weigh 170 kg. each (U.S. bales weigh 226.8 kg. or 500 lbs. each).

"It is true that output is smaller than first estimated last spring but extended arrivals means production is now proving to be 30 million bales," Prescott said. "It's not as bad as it was feared a few months ago."

India has the lowest yields of any major cotton producer, according to Prescott, who attributed that to seed quality. Farmers use Indian GMO seed, which contains a great deal of counterfeit seed that has a negative impact on yield. She noted that it would not take much to improve the yield over 13 million hectares, which is the goal of the newly formed government agency, the Textiles Advisory Group, whose first order of business will be to tackle the seed problem.

Prices collapsed last November to between about 97 cents to 105 cents per pound, according to the 'A' Index, Prescott said. In her view, the issue is pressure at both ends, the costs to farmers of labor and energy, the latter exacerbated by the invasion of Ukraine by Russia, causing fuel and fertilizer shortages all around. On the opposite end is a dearth of demand from consumers and retailers, especially in the U.S. and Europe, the two powerhouses of apparel consumption. Prescott noted how orders are few in number and low in price.

Prices to spinners are low and falling, she noted, but traders in the middle are still doing business while waiting for the standoff to break. Mills, meanwhile, are buying on a hand-to-mouth basis.

Yet, she said, a shift is inevitable. Huge crops from Australia and Brazil will eventually hit the market and things will start to even out. She noted comparisons between the current market and what she called the two-year "bull run," 2020-2022, when cotton prices rose dramatically. They started to go up in response to the U.S. Federal Reserve flooding the market with cheap money to stimulate the economy worldwide, then real cotton price discovery took over.

The crash came eventually. Investment firms got out of their long positions in those commodities, forcing prices into a downward spiral. Cotton Outlook's 'A' Index lost 50 percent of its value in six months, Prescott recalled. Consumers came out of lockdown to massive inflation, causing them to change their financial priorities. "Eventually, the normal rules of supply and demand are brought to bear," she said.

Source: sourcingjournal.com – July 03, 2023

HOME

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Is Uzbekistan Ready for its Cotton Close-Up?

After a decade-plus freeze-out, Uzbekistan is not only back on the cotton-sourcing map but it also has some of the industry's biggest names supporting its return.

Earlier this month, Better Cotton unveiled its so-called Roadmap of Sustainability Developments, which it devised with the Central Asian nation's key stakeholders to maintain the momentum of extensive government-led reforms—the same ones that led both the International Labour Organization and the Cotton Campaign to declare a breakthrough in the elimination of systematic child and forced labor in 2022.

Because Uzbekistan is the world's sixth-largest cotton grower, operations there are "intrinsic" to Better Cotton's goals of "mainstreaming" more sustainable cotton production. The program's goals are to build effective management systems, raise farmers' awareness of sustainability best practices and promote decent working conditions for laborers.

"Better Cotton sees its work in Uzbekistan as an opportunity to create value and drive improvements for the environment, producers, and workers in the country's cotton sector, and to bring us closer to our vision of a world where all cotton is more sustainable," said Rachel Beckett, senior program manager at the Geneva- and London-headquartered organization.

Shortly after, the International Labour Organization (ILO) and the World Bank's International Finance Corporation (IFC) touted a new Better Work program designed to uplift working conditions and boost competitiveness in Uzbekistan's textile and garment sector. For the next two years, they said, Better Work will serve as an "industry convener," collaborating with the country's tripartite constituents—meaning government, employers and workers' organizations—to monitor and improve labor standards through compliance assessments, training and advisory services.

"The program will support the sustainable growth of textile and garment manufacturing, which has the potential to create thousands of new, decent jobs for mostly women garment workers in rural areas across the country," said Conor Boyle, officer-in-charge at Better Work.

The European Bank for Reconstruction and Development (EBRD) is supplying the program's initial funding.

The international financial institution has poured money into dozens of projects in Uzbekistan before, including $60 million into an IFC-backed pilot program for growing cotton in Uzbekistan based on the Better Cotton approach. Indorama Agro, the agricultural enterprise it featured, has attracted scrutiny by civil society groups, which accuse it of "land grabbing" and other human rights violations. Indorama, which remains a Better Cotton partner, has vehemently denied the allegations.

The IFC, too, is a longstanding investor in Uzbekistan, with contributions going back to 2016. The ILO has been monitoring the cotton harvest in Uzbekistan under an agreement with the World Bank since 2015, when it estimated that one in eight people of working age in Uzbekistan participated in what it dubbed the "world's largest recruitment effort." Seven years later, the agency concluded that reforms had progressed to the point that the cotton sector was now "free" of child and forced labor.

But Allison Gill, forced labor program director at the Global Labor Justice-International Labor Rights Forum, the Washington, D.C. nonprofit that coordinates and hosts the Cotton Campaign, told Sourcing Journal that the most important thing that Uzbek authorities can do to open its textile industry to new markets is to allow freedom of association and "real" organizing and bargaining rights for workers.

The Cotton Campaign, whose members include the American Apparel & Footwear Association, Anti-Slavery International and Human Rights Watch, recently urged German businesses, consultancies and multi-stakeholder groups to jettison ties with Turkmenistan's textile industry to avoid profiting from the same state-sanctioned forced labor that was endemic in its Uzbek neighbor.

"The German co-hosts of this Investment Forum have failed to conduct even the most basic human rights due diligence in their selection of partners," Raluca Dumitrescu, coordinator of the Cotton Campaign, said of an event in Düsseldorf that promoted German investments in Turkmenistan earlier this month. "Encouraging sourcing of textiles from Turkmenistan, as long as Turkmen cotton continues to be produced with state-imposed forced labor, defies national laws governing human rights due diligence and supply chains that bind global brands and retailers, including the Supply Chain Act in Germany."

Gill noted that Uzbekistan, while much changed from 12 years ago, still harbors key risks. These include the lack of independent and credible monitoring, grievance and remedy mechanisms for workers; major restrictions on association, expression and assembly; and a dearth of independent trade unions.

Tackling these will help create an "enabling environment in which labor rights can be monitored and reported on by workers themselves and improved through collective bargaining," Gill said. "This is good for workers and good for business; it ensures rights are respected and allows problems to be resolved so business can flow without interruption."

International developmental and financial organizations have a role to play, too, she said.

"The most important thing development banks and donor agencies can do to support the industry is to make real investments in freedom of association and other fundamental labor rights," Gill said. "There really is no substitute. Brands looking to source from Uzbekistan need real guarantees that labor rights in their specific supply chains are respected."

Better Cotton and Better Work's initiatives are separate programs, though they plan to partner with the same pool of vertically integrated cotton "clusters" to ensure social and environmental compliance across the entire value chain. There are roughly 130 clusters, according to a panel at the Global Fashion Summit in Copenhagen last week.

"In practice, it means that in the same cluster, Better Cotton will cover the cotton production part to support cotton farmers to adopt more sustainable production practices including social and labor aspects in line with our [Better Cotton] standard on the yarn and fabric production as well as processing stages," a Better Cotton spokesperson said. "Better Work will focus on improving labor standards."

Even so, Gill said guaranteeing human rights remains a challenge where independent human and labor rights organizations aren't allowed to register and freedom of speech is under attack. She said that the only democratically elected union in the country, which is operating at Indorama, has been "crushed with impunity" by both the company and the authorities.

"Programs like Better Work have a role to play in capacity building and promoting labor standards, but are no substitute for the fundamental labor rights that are vital not only for workers but also to give brands confidence," Gill added.

Source: sourcingjournal.com – July 03, 2023

HOME

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Yarn Expo: Asia's Largest Sustainable Show

Yarn Expo Autumn 2023, Asia's largest yarn and fibre trade fair, is set to highlight sustainable fibres in response to the growing demand for eco-friendly textiles. Taking place from August 28-30, exhibitors such as Arkema, Everest Textile, and The Movement China Ltd will showcase their innovative, low-environmental impact products.

The event will feature a wide range of cutting-edge eco-friendly products across seven major zones, including cotton yarn, chemical fibre, fancy yarn, linen and ramie yarn, wool yarn, cashmere yarn, and overseas yarn. Attendees can network and stay informed about the latest trends in organic, regenerated, and recycled fibres.

The eco fibre market has witnessed significant growth due to heightened environmental awareness and consumer preference for sustainable goods. Asia-Pacific (APAC) leads the global market with a revenue of $14.9 billion in 2022 and is expected to maintain its dominance with a 9.2% compound annual growth rate (CAGR) from 2023 to 2030.

Favorable government policies and a shift towards bio-based alternatives like organic cotton and hemp contribute to this trend. Yarn Expo Autumn 2023 provides a platform for industry players to meet the increasing market demand for eco-friendly yarn and fibre. It offers buyers a compelling opportunity to source sustainable products from a diverse range of exhibitors.

The expo will run alongside Intertextile Shanghai Apparel Fabrics—Autumn Edition, CHIC, and PH Value, creating synergy among the fibre and yarn, apparel fabrics and accessories, and knitted garments industries, opening up new business opportunities for exhibitors and buyers alike.

Source: fashionatingworld.com – July 01, 2023

HOME

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Sri Lanka's garment exports ease 16.5% to $1,843.3 mn in Jan-May 2023

Sri Lanka's garment exports were valued at $1,843.3 million from January to May 2023, showing a decrease of 16.5 per cent compared to exports of $2,206.6 million during the same period in the previous year, according to statistics released by the Central Bank of Sri Lanka. The country's garment exports fell by 14.2 per cent in May 2023 due to a global economic slowdown.

In the first five months of 2023, textile exports from the island nation dropped by 3.1 per cent year-on-year, totalling $144.6 million. The exports of other manufactured textile articles were valued at $42.7 million during the same period, a decrease of 19 per cent, as detailed in the bank's report titled 'External Sector Performance'.

Exports of textiles, garments, and other manufactured textile articles collectively made up 53.07 per cent of all industrial exports from Sri Lanka during the reviewed period, the report showed. All textile product exports summed up to $2,030.6 million from January to May 2023, while Sri Lanka's total industrial exports were $3,825.2 million in the first five months of the year.

In May 2023, all textile product exports from the country dropped by 14.5 per cent year-on-year, totalling $413.9 million. Categorically, garment exports decreased by 14.2 per cent to $374.6 million, while textile exports declined by 18 per cent to $30.4 million. Exports of other manufactured textile articles fell by 12.1 per cent, amounting to $8.9 million.

Conversely, imports of textiles and textile articles declined by 28.8 per cent to $999.9 million, while imports of clothing and accessories were down by 35.1 per cent, amounting to $71.2 million from January to May 2023.

Source: fibre2fashion.com – July 04, 2023

HOME

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Philexport calls for implementing PEDP to save domestic garment sector

The Philippine Exporters Confederation Inc (Philexport) recently urged the government and the private sector to jointly work to immediately implement the strategies under the Philippine Export Development Plan (PEDP) 2023-2028 to save the domestic apparel industry amid the global trend of reshoring or onshoring.

In a statement, Philexport trustee for the textile, yarn and fabric sector Robert Young made the call to bring down the cost of doing business in the country and boost competitiveness.

Exporters can receive support for their infrastructure requirements, such as power, transport, logistics and telecommunications connectivity, under the PEDP.

“The new digital and robotics manufacturing that will play a significant role in the reduction of labour cost is also part of the plan,” Young was quoted as saying by a domestic news outlet.

Global events like the pandemic and the Russia-Ukraine war, the dependence on Asia and the orientation for imports and apparel production are now transforming the sector, Young, who is also president of Foreign Buyers Association of the Philippines (FOBAP), noted.

Plans to reshore or onshore manufacturing could result in the imminent closure of the apparel manufacturing for export market and its related industries in the country and displacement of apparel workers on a large scale, he added.

“Philippine market share for the sector is one-tenth of one per cent of an annual global market size of $995 billion trade value,” the PEDP stated.

Source: fibre2fashion.com – July 04, 2023

HOME

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Vietnam to focus on developing logistics system in central region

Vietnam's ministry of transport (MoT) recently called for more investments to be prioritised for the logistics system in the north central and central coastal regions as part of its recent plan to develop modern, comprehensive and cost-effective transport that also guarantees defence and security for the regions by 2030, with a vision till 2045.

The plan will accord priority to develop a national and international logistics system linked to seaports, airports, international border gates, key economic corridors and inter-regional trade routes in 14 provinces and cities, including Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri, Thua Thien - Hue, Da Nang, Quang Nam and Quang Ngai.

Apart from constructing two airports in the central provinces of Quang Tri and Binh Thuan, the ministry will upgrade nine other operational airports in the region, and set up a logistics centre to facilitate freight transportation activities at Da Nang International Airport and Chu Lai Airport.

It also plans to develop logistics hubs at airports, with an annual transportation demand exceeding 250,000 tonnes. Companies will be encouraged to raise investment in container transport, modernise transport vehicles and cargo handling equipment and improve service quality, a news agency reported.

Priority will be given to the development of multi-modal transport on corridors, especially the North-South corridor and those linking to international seaports to increase the volume of goods transported and reduce costs. The development of the inland port system will be stepped up to facilitate the connection between modes of transport and logistics services.

Linkage between various modes of transport will be created, generating conducive conditions for forming large-scale transport enterprises capable of joining domestic and international transport chains.

Source: fibre2fashion.com – July 04, 2023

HOME

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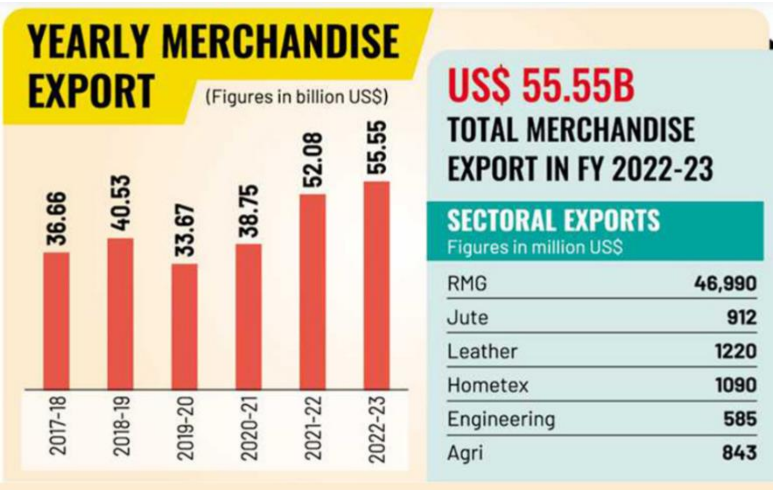
Bangladesh: Merchandise export highest, yet misses annual target

Bangladesh bagged a record-high US$55.55-billion earning from merchandise export in the just-past fiscal year, riding on a double-digit growth for readymade garments, in a little relief amid forex crunch.



Yet, the export growth of 6.67 per cent missed the annualized target by 4.21 per cent. The FY2022-23 target was $58 billion.

Officials, however, welcome the goods-export earnings at this trying time as a "blessing at" as the country faces a foreign-currency crunch with the dollar reserves sinking to or below $30 billion.

In the fiscal 2021-22, the country earned US$52.08 billion, according to Export Promotion Bureau (EPB) data released Monday.

Save RMG, plastic, and non-leather footwear among 10 major sectors, frozen and live fishes, agricultural products, jute and jute goods, leather and leather goods, home textiles, chemical products including pharmaceuticals, and engineering products witnessed negative growth throughout the financial year.

According to the EPB data, single-month earnings in June 2023 stood at US$5.03 billion in a 2.51-percent growth over June 2022. In June 2022, export earnings were US$4.90 billion.

And again the June'23 earnings also fell short of target by 9.61 per cent.

Out of the annual total of US$55.55 billion, readymade garment or RMG exports fetched US$ 46.99 billion, recording a growth of 10.27 per cent during the July-June period.

The sector’s earnings slightly exceeded the target set for the fiscal 2022-23 by 0.41 per cent.

In the corresponding period of FY22, the country earned US$ 42.61 billion from apparel exports.

In FY23, the knitwear subsector of RMG earned US$ 25.73 billion, registering a growth of 10.87 per cent, while earnings from woven garments amounted to US$ 21.25 billion, up by 9.56 per cent.

Home textiles witnessed about 32.47-percent negative growth, with earnings amounting to US$ 1.09 billion.

Asked about the export performance as per official reckonings, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Faruque Hassan attributed the positive growth in the country’s largest foreign-currency- earning sector to value-added garment items and exports to new and non-traditional markets, among others.

“Machinery up-gradation, diversification for value-added items, which entrepreneurs are now adopting to sustain their competitiveness, and rising exports to new markets like Japan, Australia, Korea and India helped maintain the positive growth,” he said.

He mentions that a number of local apparel makers are in Paris now to showcase their latest innovations despite problems here. Such participation helps in raising confidence among buyers.

Last fiscal, unit prices of locally made clothing items also increased, he said.

The industry leader, however, appeared apprehensive that export in the coming months might not sustain the positive growth as many factories are running below their production capacity.

According to the EPB data, jute sector experienced negative growth during the just-ended fiscal year.

Exports of jute and jute goods dropped 19.1 per cent to US$ 912.25 million from US$ 1.12 billion in the same period of fiscal year of 2021-22.

Earnings from agricultural items like vegetables, fruits, and dry foods also suffered a negative growth of about 27.47 per cent to US$ 843.03 million during the July-June period of FY23. According to the official statistics, engineering-product shipments declined 26.37 per cent to US$ 585.85 million.

Export earnings from frozen and live fishes decreased by 20.76 per cent to US$ 422.28 million in the same period. Pharmaceutical exports stood at US$ 175.42 million, registering a 7.08-percent negative growth in tandem with the losing lot.

Bangladesh received US$1.22 billion from the export of leather and leather goods in the July-June period of FY23, registering a negative growth of 1.74 per cent.

Earnings from footwear other than leather items, however, grew by 6.61 per cent to US$ 478.86 million during the period.

The EPB also showed export of plastic products having witnessed a 26.23-percent growth to US$ 209.86 million.

Talking to the FE on Monday, executive director of Policy Research Institute of Bangladesh Dr Ahsan H Mansur said export growth slowed down in last few months of the fiscal year 2022-23 mainly because of the global economic crisis which also affected Bangladesh.

“If we look into the US market, Bangladesh is relatively in better position compared to China, Vietnam and India,” he said, adding that RMG sector sustained its competitiveness on the global market.

But sectors beyond RMG could not perform well consistently as, if any sector does well in a fiscal, it fails to maintain the same pace in next year, he explains the export enigma and terms such situation ‘concerning’.

“So, no sector can be said perform good and identified as growing or potential ones,” he said, adding: “All are stressing for products diversification which is not happening.”

Source: thefinancialexpress.com.bd– July 04, 2023

HOME

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Pakistan: Textile exports fall 15pc to $16.51bn in FY23

Pakistan textile exports have nosedived by 15 percent to $16.51 billion in the financial year 2023 as compared to the exports of $19.32 in FY22, latest data compiled by the Pakistan Bureau of Statistics (PBS) showed on Monday.

The target for textile exports in FY23 was set at $24 billion, which couldn't be achieved amid an economic downturn that led to import restrictions on cotton and other important raw materials for the industry, and non-availability of regionally competitive energy tariff -RCET (gas at $9 per mmbtu and electricity at 9 cents per unit).

The financial year 2023 witnessed a decrease of $2.81 billion in textile exports as compared to the previous other. In June 2023, the exports tumbled by 13 percent to $1.48 billion as compared to the exports of $1.71 billion in the same month last year.

According to a spokesperson of the All Pakistan Textile Mills Association, an increase of 55 percent in textile exports was seen in FY22 when the exports soared to $19.32 billion from $12.5 billion the previous year. The spokesperson attributed the significant increase in FY22 to competitive energy tariffs

"RCET significantly enhanced industry's competitiveness on the global stage and enabled Pakistani products to compete at par as a consequence of similar energy input costs with competing countries of the region," he said.

An improved competitiveness of Pakistan's textile industry, he added, had attracted additional investment of $5 billion in expansion and new projects.

The investments further augmented the available export capacity by an estimated $5-$6 billion per annum but all went in vain when the country started facing the acute dollar' liquidity crisis and imposed import restrictions and the government's decision to withdraw the RCET regime which led to the closure of 400 textile units across the country causing a massive dip in textile exports, according to the APTMA official.

In May 2023, textile exports dipped 20 percent to $1.31 billion as compared to $1.64 billion recorded in the same month the previous year.

In first three months of FY23, textile exports remained at a positive trajectory as in July, textile exports increased by 1 percent to $1.48 billion from $1.47 billion in the same month of fiscal 2021-22. Likewise in August of FY23, the exports surged by 8 percent to $1.58 billion from $1.46 billion a year before, and in September, the exports went up by 3 percent to $1.53 billion from $1.49 billion in the last financial year.

Textile exports remained in a negative trajectory by 13 to 30 percent from October 2022 to June 2023. In October, 2022, the exports plunged by 15 percent, in November by 18.39 percent, in December, by 16.05 percent, and in January 2023 by 15 percent.

In February 2022, the exports decreased by 30 percent, in March by 23 percent, in April by 29 percent, and in May 2023, textile exports witnessed a decline of 20 percent.

Source: thenews.com.pk– July 04, 2023

HOME

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NATIONAL NEWS

Comm min asks exporters to focus on potential sectors to boost exports

The commerce ministry on Monday asked exporters to focus on potential key sectors such as food, electronics and engineering and 12 major markets to boost exports, an official said.

It was also suggested to focus on organising fairs and exhibitions at global scale, the government official said.

These issues among others were discussed during a meeting called by the ministry with the industry and exporters.

The meeting was chaired by commerce and industry minister Piyush Goyal.

The six sectors which hold huge potential to increase the country's exports include food, textiles, engineering, electricals and electronics, medical devices, pharma and auto components.

The main global destinations where exports could be promoted further include the US, UK, Brazil, Germany, Saudi Arabia, Sweden, Taiwan, Korea, Japan and Russia.

An industry representative, who participated in the meeting, said that emphasis was given on both trade and investments.

Increasing investments will help in promoting trade through integration with global value chains.

The meeting assumed significance as the country's merchandise exports have been contracting for the last four months due to demand slowdown in the global markets.

An exporter said that the export figures for June are also looking "disappointing" due to the global economic uncertainties.

"Trade and investments need to be promoted parallelly," the exporter added.

Exports declined for the fourth consecutive month by 10.3 per cent year-on-year to USD 34.98 billion in May, while the trade deficit widened to a five-month high of USD 22.12 billion, according to the ministry data.

Cumulatively, exports during April-May this fiscal contracted by 11.41 per cent to USD 69.72 billion, while imports declined 10.24 per cent to USD 107 billion.

Demand slowdown in major markets, high inflation in developed economies and the Russia-Ukraine war are impacting the country's exports.

Representatives from different export promotion councils from sectors such as apparel and medical devices participated in the meeting besides Federation of Indian Export Organisations (FIEO) and industry associations.

Last month, commerce secretary Suni Barthwal has stated that the ministry is working on a trade strategy to promote exports.

As part of that, the Department of Commerce, Department for Promotion of Industry and Internal Trade (DPIIT), Invest India and Indian missions abroad would focus on 40 countries.

These countries, including the US and European Union nations, account for 85 per cent of India's total exports.

Source: business-standard.com– July 03, 2023

HOME

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India's manufacturing growth rebounds in Q1 2023 post shrinkages: BCG

India's real gross domestic product (GDP) grew by 6.1 per cent year on year (YoY) in the first quarter (Q1) this year, with manufacturing growth rebounding after contracting in the previous two quarters, according to the Boston Consulting Group (BCG).

Select high-frequency indicators improved on the back of buoyant demand, at varying growth rates, in May this year, BCG said in its 'India Economic Monitor' for June.

The index of industrial production (IIP) declined in April after improving in the previous month, partly due to weaker monthly performance of manufacturing. The purchasing managers' index (PMI) for manufacturing reached its highest value in May this year since October 2020.

Trend and investment indicators indicated mixed trends. Merchandise trade deficit rose to a five-month high in May, with tepid export growth. Foreign direct investment surged in April, but remained below April 2022 levels.

Analysts' forecasts indicate a GDP growth of 5.5-6.5 per cent YoY for fiscal 2023-24, BSC added.

Source: business-standard.com– July 02, 2023

HOME

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Global trade fairs on cards; sectoral targets for $1 trillion exports by '30

India is mulling mega trade fairs for food, textiles and auto components, on the lines of Messe Frankfurt, Gulfood and Canton Fair, to achieve 12% growth in goods exports by 2030. These suggestions figured in a meeting held by commerce and industry minister Piyush Goyal with industry and exporters on Monday.

Officials said investment promotion arm Invest India, which is also drawing up the country's trade strategy, has identified 100-odd companies across 30 sectors and 30 countries, and around a 100 more being shortlisted as part of the Strategic Investment Targets Initiative. Besides, sectoral targets have been set for $1 trillion goods exports by 2030.

The commerce and industry ministry has identified 12 priority countries including the US, Canada, Germany, Brazil and South Korea where Indian exporters would do global exhibitions.

"There is a need to scale up our exhibitions and invite foreign companies to exhibit here," said an official. The push for export promotion activities comes amid falling outbound shipments.

Source: economictimes.com– July 04, 2023

HOME

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Soon, you may be able to use the same QR codes for e-Rupee and UPI payments

In a few weeks, the QR codes for Central Bank Digital Currency- retail (e-Re retail) and UPI (Unified Payments Interface) could become interoperable, according to a report in The Hindu Businessline (HBL). This means that merchants can accept payments made through e-Re retail using the same QR code they use for UPI payments. They will no longer need to have a separate QR code for e-Re transactions.

The National Payments Council of India (NPCI) and the Reserve Bank of India are closely working on this project. HBL quoted sources as saying that the interoperability between e-Re and UPI QRs will be implemented only at the front end. UPI will continue to follow a different process at the back end, and e-Re will continue to operate in the current way. UPI is directly connected to the user's bank accounts, while e-Re operates on a bank wallet mechanism.

Both payment processes will function independently at the back end. After interoperability becomes operational, a payment made through the UPI gateway will be credited to the receiver's UPI account, and a payment done through e-Re will be credited into the receiver's wallet.

A banker was quoted as saying that unless more merchants sign up for the use of e-Re, its adoption rate will remain poor. This upgrade to e-Re is crucial to boost the adoption rate of digital currencies. The adoption rate for UPI gateways by merchants is strong and rising steadily, and they already have QR stickers for various payment gateways. The banker added that merchants resisted the idea of piling on another QR sticker, and therefore, it was decided to make e-Re QR codes and UPI interoperable.

According to RBI reports, the total value of e-Re payments in the country is just about Rs 16.39 crore. The value of retail digital currency transactions was less than Rs 6 crore.

Source: business-standard.com– July 03, 2023

HOME

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India-Russia cooperation could generate additional $200 bn revenue by 2030

India-Russia co-operation can generate additional revenue of about $200 billion by 2030, with about half generated through growing trade volumes in petroleum and coal. Still, there needs to be a focus on making trade more mutual, according to a report by a Russia-based strategy consultancy.

Mutual benefits could be achieved by focussing on joint projects in third countries, increased Indian exports in items like pharmaceuticals and joint ventures in manufacturing, which could contribute another $100 billion in increased revenue by 2030, per an analysis by Moscow-based consultants Yakov & Partners.

As Russia redirects trade flows from its traditional markets, the dramatic growth in India-Russia bilateral trade (in 2022) presents both an opportunity and a challenge, it said. “Given the current trade deficit, there is no doubt that India-Russia co-operation should be taken to the next level and trade should be harmonised. Hundreds of billions of Indian rupees earned by Russian exporters and held in Indian banks could be deployed for both investments in India and exports of Indian goods to Russia,” the report said.

With the Western economies imposing economic sanctions against Russia following its attack on Ukraine in January 2022, Russia increased its exports to India (dominated by crude) to $36 billion last year from $9 billion in 2021, while India’s exports decreased despite multiple opportunities, the report emphasised.

Of the $200 billion potential additional revenue generation by 2030 envisaged in the report, increased trade volumes, driven by Russian oil and coal, are expected to generate $90 billion.

“Oil and petroleum products should be the main drivers of Russian exports as India’s oil demand is expected to grow by 40 per cent to 7 mb/d (million barrels per day) by 2030 (vs. 2020). ...India’s total imports of coking coal are expected to grow by 12 per cent over the same period, while Russian low-cost coal can gain market share,” it noted.

For more balanced gains, the report highlighted several avenues. One such area is getting into joint projects to upgrade infrastructure in the Middle East, Asia and Africa. “India and Russia could potentially capture a significant share of that market in countries with which they have strong ties (the UAE, South Africa, Bangladesh,Indonesia, Vietnam and others)...a 20 per cent market share could lead to around $ 60 billion of additional annual revenue by 2030,” the analysis stated.

Transfer of Russian manufacturing capacity and technology to India can be another area of pushing mutual trade. According to the report, Shipbuilding, power generation, railway machinery, chemicals and fertilizers and steel could be combined into one special economic zone, generating sales of about $8 bn per annum.

Further, replacing Western suppliers in the Russian pharmaceutical sector, which is likely to grow to $60 billion by 2030 from $42 billion in 2022, could generate around $ 15 billion of revenue for Indian companies, especially generic producers, by 2030, it said.

The report also proposed the creation of a new Indian-Russian player in the ocean freight market could facilitate the growing trade volumes between the two countries and ease the redirection of Russian trade flows to India. “Assuming that such a joint venture captures a 25 per cent share of shipments between India and Russia, it could generate around $ 22 billion of revenue by 2030,” the report said.

Source: thehindubusinessline.com– July 03, 2023

HOME

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Ecommerce operators face problem in GST drive to check fake registration

The pan-India drive against fake GST registration has created problems for e-commerce companies which maintain virtual offices in various states with minimal staff and no books of accounts.

Talking to PTI, MakeMyTrip Group Vice President -Taxation Tajinder Singh said that the GST officials should enquire with the head offices with regard to virtual offices before categorising the state registration as a fake entity for non-production of books of accounts.

"We maintain virtual offices in states ...in this fake registration drive the field offices have mistook these offices as fake registration, however we were only using these offices for tax payment, there was no ITC flow or fraud being committed using those registration. Because of this, lot of registration were blocked for compliance purpose and that created problems for us," Singh said.

Centre and state GST authorities have on May 16 launched a two-month drive to check fake registration under Goods and Services Tax (GST). The fake registrations are mainly taken to defraud the exchequer by wrongfully claiming Input Tax Credit (ITC).

In this drive, 45,000 fake registrations have been identified and evasion worth Rs 13,000 crore detected. Also, wrongful availment of ITC worth Rs 1,430 crore has been blocked.

Singh said that the field offices should take into account the fact that virtual offices are maintained with a few staff and often they do not attend office everyday. The virtual office with a place of address is created only to comply with state GST laws and are not meant to claim wrongful ITC.

"When field officers come to this virtual offices, they will not find physical presence of employees and in that sense they would say nothing is there. After going back they will send us emails and we provide them the information. All the information is available, all the records are available. It may not be readily available when they approach the office," Singh added.

The e-commerce companies have been representing to the GST authorities that they should be allowed to keep the headoffice address for registration in states to help them do away with the requirement of having a physical presence or maintaining a physical office.

On the issue faced by e-commerce companies, Central Board of Indirect Taxes (CBIC) Member GST Shashank Priya said one thing we have been advising is that wherever you have indicated as a virtual office, the line of distinction between a fake registrant and an e-commerce operator is very thin.

He said there should be some distinguishing feature by which virtual offices in states can say that this is genuine.

"You should be able to fetch your books of accounts. Sometimes when the officers go, the administration people say that the records are not with us, they are with the head office. So that creates a suspicion.

"Since there is a requirement to have records kept at the place of registration, there should be an electronic means of fetching the records and showing it to them to satisfy that you are legitimate registrant," Priya said.

Source: economictimes.com– July 03, 2023

HOME

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Amazon to be strongest MSME enabler, ONDC has long way to go

Under its India's Global Selling programme, Amazon is targeting to enable $20 billion in cumulative exports by 2025, with apparel, toys, jewellery and home being the top export categories.

American e-commerce giant Amazon will emerge as the strongest enabler to the Indian micro, small and medium enterprises (MSMEs), while Open Network For Digital Commerce (ONDC) has a long way to go, according to a report by InGovern Research, a proxy advisory firm. Further, exports through e-commerce would be the next big leap for the MSME sector, the report added."We predict that Amazon will emerge as the strongest enabler to MSMEs due to its scale, while ONDC continues to take tiny steps, it must go a long way to compete with marketplaces like Amazon. Global Selling is the next big leap for Indian MSME e-commerce sellers," the report said.

Under its India's Global Selling programme, Amazon is targeting to enable $20 billion in cumulative exports by 2025, with apparel, toys, jewellery and home being the top export categories. The cumulative exports by Indian exporters under the programme are expected to cross $5 billion, while Amazon estimates $125 billion worth of Indian exports being driven by e-commerce by 2030.There are more than 100,000 Indian exporters selling through Amazon Global Selling, it added.Though ONDC is being used for local e-commerce to compete against Amazon and Flipkart, it can be foreseen that ONDC may soon facilitate global exports.

ONDC will enable local commerce across various segments such as mobility, food order, hotel booking and travel among others, and it aims to create new opportunities, curb digital monopolies, support MSMEs and small traders and help them get on online platforms, the report added.For India to achieve a $5-trillion economy, it requires about $1 trillion in merchandise exports, a large rise from current levels.IT industry body Nasscom had estimated that the share of current online-led exports in total exports from the country to increase 45 times by 2030.

"Indian exporters, largely MSMEs, must grab the opportunity when the global buyers are looking up to India to execute their China plus one strategy and de-risking their China reliance. To this effort, global ecommerce platforms like Amazon and Walmart/Flipkart can be allies of

Indian exporters," it added.According to a road map by Walmart for local sellers with export ambitions, the firm intends to expand its sourcing from India to $10 billion a year by 2027.India's merchandise exports have registered the highest-ever annual exports of $447.46 billion with a 6.03% growth in FY23, surpassing the previous year's (FY22) record exports of $422 billion.

The country is also eyeing to achieve an export target of $2 trillion by 2027.

Source: financialexpress.com– July 04, 2023

HOME

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Maharashtra's industry growth agenda at ASSOCHAM Conclave

The Maharashtra government is taking all the adequate policy measures and setting up infrastructure facilities to ensure that it becomes the top investment destination in India, said Maharashtra's industry minister Uday Samant at the Chemical Conclave – Revolution Towards Sustainable India organised by the apex industry body Associated Chambers of Commerce and Industry of India (ASSOCHAM) in Mumbai.

"This government has already put an IT policy in place and is taking all the adequate steps to attract industries. We have also ensured that all the infrastructure facilities are in place to attract foreign investments," Samant said at the event.

Samant informed that the government has kept a target of contributing almost $1 trillion to the Prime Minister's vision of making India a $5 trillion economy.

"The same is not possible without the support of the industries. It is a collaborative effort. We also need to ensure that all the industrial projects that are set up in the state are green projects to reduce our carbon footprint," Samant pointed out.

According to the state industry minister, Maharashtra has around 13 chemical zones and there are plans to set up several more in the state to increase employment opportunities. "The biggest fear that people have is that chemical industries may pollute nature and the ecosystem. We need to assure them that our chemical projects would be totally green and sustainable and would help them in the future. If we are able to do that, then the people of Maharashtra would welcome you with open arms," he added.

The chemical industry has registered $30 billion in exports. "Going forward, the chemical industry has a big role to play in India's goal of becoming a $5 trillion economy," said Ajay Singh, president, ASSOCHAM, and chairman and managing director, SpiceJet Ltd.

Singh also mentioned that Maharashtra has always been an industrial state and has formulated pro industry policies. "The honourable Prime Minister has kept a target of making India into a fully developed country by the year 2047. If that has to happen, Maharashtra will be playing a big role in the future as well," he added.

Shantanu Bhadkamkar, chairman, ASSOCHAM Maharashtra State Development Council and managing director, ATC Group, explained that the chemical industry is the fastest growing industry in the country.

"Maharashtra's chemical industry is poised to lead the way as the fastest growing sector in the country. With the world's attention turning towards India for thought leadership, Maharashtra stands at the forefront, ready to shape the future of the global chemical industry," he added.

Samir Somaiya, chairman and managing director Godavari Biorefineries Ltd, explained that almost 85 per cent of the fuel consumption of the world still comes from fossil sources.

"Reducing our carbon footprint is not just a responsibility, but an opportunity for sustainable growth. The Indian government's 'Panchamrit' initiative is a game-changer for industries, offering a holistic approach to minimise environmental impact. By embracing Panchamrit, industries can unlock a new era of innovation, efficiency, and competitiveness, while simultaneously contributing to a greener and healthier future for all," he said.

Aashish Kasad, Ernst & Young (EY) India national leader – chemicals and agriculture sector, and India Region Diversity and Inclusiveness Business Sponsor, said: "The fast-paced growth of the Indian specialty chemicals industry is inevitable. India is emerging as a preferred manufacturing hub for specialty chemicals for domestic and export markets. The event has brought together key stakeholders to discuss and exchange ideas and shape the future of this dynamic industry."

The recently launched EY-ASSOCHAM report highlighted the impact of the evolving Indian macroeconomic outlook and geopolitics on the landscape of the Indian specialty chemicals market as well as the need for companies to ensure sustainable and transformative growth to make the quantum leap, ASSOCHAM said in a press release.

Source: fibre2fashion.com– July 03, 2023

HOME

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Cotton yarn steady in north India; Panipat to cut recycled yarn output

The cotton yarn market in north India continues to experience steady pricing trends. After a recent rise in cotton prices, the Delhi market reported slightly improved buying. However, demand was less impressive in the Ludhiana market. The diminished demand from the weaving industry has led spinners to reduce their production rate. Recycled yarn millers in Panipat have also decided to curtail production due to insufficient demand.

In the Ludhiana market, cotton yarn prices remained stable, albeit with sluggish demand. Mills and stockists were striving to maintain current prices. A trader from the Ludhiana market told Fibre2Fashion, "There was no surge in demand due to a bearish tone across the entire value chain. However, recent price increases in natural fibres kept prices stable."

In Ludhiana, 30-count cotton combed yarn sold for ₹260-270 per kg (GST inclusive); 20 and 25 count combed yarn traded at ₹250-255 per kg and ₹255-260 per kg, respectively; and 30-count carded yarn was priced at ₹240-250 per kg, according to TexPro, Fibre2Fashion's market insight tool.

The Delhi market also reported a stable trend in cotton yarn prices. However, traders noted an improved market sentiment following increased purchases from the weaving industry. A trader from the Delhi market told F2F, "ICE cotton prices rose last week due to improved exports and reduced acreage reports in the US. This rise in ICE cotton bolstered the natural fibre last week. Anticipating price hikes, buyers stepped forward for new purchases."

As per TexPro, 30-count combed yarn traded at ₹260-265 per kg (GST extra), 40-count combed at ₹285-290 per kg, 30-count carded at ₹232-237 per kg, and 40-count carded at ₹262-267 per kg.

Panipat's recycled yarn market is grappling with prolonged weak demand, compelling roller spinners to scale down their production. Last week, roller spinners announced they would halt production on Fridays and Saturdays for the next month. They will review the situation and make decisions based on market conditions. Amid weak demand, recycled yarn prices remained stable.

In Panipat, 10s recycled PC yarn (grey) traded at ₹77-82 per kg (GST paid). Other varieties and counts, such as 10s recycled PC yarn (black), were priced at ₹50-54 per kg, 20s recycled PC yarn (grey) at ₹92-97 per kg, and 30s recycled PC yarn (grey) at ₹135-145 per kg. Comber prices hovered at ₹120-122 per kg, with recycled polyester fibre (PET bottle fibre) marked at ₹70-72 per kg.

North Indian cotton prices have stayed relatively steady after rising last week. Last week, stronger ICE cotton, which surpassed 80 US cents per pound, lent support to cotton prices. However, demand from local spinning mills remained extremely weak. As a result of poor demand from the weaving industry, spinners have had to cut production. The natural fibre was traded at ₹5,800-5,900 per maund of 37.2 kg in Punjab, ₹5,550-5,650 per maund in Haryana, and ₹5,900-6,000 per maund in upper Rajasthan. In lower Rajasthan, it sold for ₹54,500-56,000 per candy of 356 kg. The cotton arrival was reported at 900 bales of 170 kg.

Source: fibre2fashion.com– July 03, 2023

HOME

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