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INTERNATIONAL NEWS

Global economic growth forecast at 3% in 2024: Standard Chartered

The global economy is expected to continue to decelerate in the coming months, with the 2023 global growth forecast maintained at 2.7 per cent and the 2024 forecast lowered to 2.9 per cent from 3 per cent, according to Standard Chartered Bank's Q3 2023 Global Focus Economic Outlook report.

Despite aggressive rate hikes from the Fed and European Central Bank (ECB), developed market economies have proven resilient. The US has managed to stave off recession, though it's anticipated to face economic contraction in the fourth quarter (Q4) of 2023 and Q1 2024 due to the impact of monetary and credit tightening. Slowing consumer spending is expected to further dampen US economic growth.

Meanwhile, the eurozone narrowly avoided a significant recession in Q4 2022 and Q1 2023 following disruption of Russian gas flows. However, weak global trade and slow economic momentum measured by purchasing manager's indexes (PMIs) may pose a recessionary risk if not ameliorated in coming months, as per the report.

In contrast to the expected slowdown in developed markets, India's economy is showing robust growth with strong domestic demand and manufacturing activity, largely driven by pent-up demand for services. The public sector capex recovery is expected to bolster India's economic resilience.

Association of Southeast Asian Nations (ASEAN) economies are projected to maintain healthy growth in 2023, despite the absence of a spillover effect from China's reopening. Notably, Vietnam, Indonesia, and the Philippines are expected to grow more than 5 per cent, and Thailand and Malaysia are anticipated to grow above 4 per cent.

However, China's recovery has lost some steam after an initial surge driven by pent-up consumer demand. Despite some measures to support growth, the government isn't expected to provide a significant stimulus package. The 2023 GDP growth forecast for China has been adjusted downward to 5.4 per cent from 5.8 per cent, the report added.

The Gulf Cooperation Council (GCC) region is anticipated to remain a bright spot in the global economy in H2, underpinned by robust non-hydrocarbon growth.

In Sub-Saharan Africa, improving outlooks are driven by domestic reform momentum and progress in debt restructuring initiatives in several countries.

Source: fibre2fashion.com– July 22, 2023

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Bedding dominates Australian home textiles imports in Jan-May '23

Australia's imports of home textile products reached $630.445 million during the first five months of the current year 2023. Bedding was the most dominating product within the basket of home textiles. The imports of bed were valued at $201.899 million during the period under review, accounting for 32.02 per cent in the total value of the imports.

The second most dominating product, made-ups, contributed 21.82 per cent in the total imports as its inbound shipment was valued at $137.574 million in the same period. Floor, bathroom & kitchen, and camping were the next three top contributors in Australia's imports of home textiles. The shipment was noted as: floor $88.301 million (14.01%), bathroom & kitchen $48.414 million (7.68%), and camping $44.057 million (6.99%), an analysis of trade data of Fibre2Fashion's market insight tool TexPro indicated.

The imports of window was $42.751 million (6.78%) and sacks and bags $37.753 million (5.99%). Rest of the products in home textiles contributed very negligible both in terms of volume and value. These products were furnishing articles, table, used/new rags, worn clothing and sets.

As per TexPro, made-ups dominated with inward shipment of $690.682 million during last year 2022. It contributed 29 per cent in the total imports of home textiles, which was valued at $2,381.396 million. Bed, floor, camping, and bathroom & kitchen were among the top five products. In the total imports, bed contributed 25.76 per cent, floor 10.38 per cent, camping 9.33 per cent and bathroom & kitchen 8.27 per cent.

Source: fibre2fashion.com – July 21, 2023

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China's online retail sales grow 13.1% in H1 2023: NBS

China's online retail sector experienced significant growth in H1 2023, reaching 7.16 trillion yuan (approximately $1 trillion), a year-on-year (YoY) increase of 13.1 per cent, according to the National Bureau of Statistics (NBS). A contributing factor to this growth was the booming livestreaming e-commerce industry.

Livestreaming platforms monitored by the commerce ministry reported sales of 1.27 trillion yuan in the first six months of 2023. They hosted 110 million livestreaming shows featuring 70 million different products.

Over 2.7 million live streamers have actively participated in this online sales boom. Furthermore, close to half of the 18 product categories monitored by the ministry experienced double-digit growth, said Chinese media reports quoting the ministry of commerce.

General retail sales of consumer goods in China maintained robust growth of 8.2 per cent YoY in the January-June period, an increase of 2.4 percentage points over the first quarter. The total retail sales amounted to approximately 22.76 trillion yuan.

Notably, online retail sales in China's rural regions experienced an increase, growing 12.5 per cent YoY in H1, a pace 3.7 percentage points faster than the first quarter. The rural online retail sales amounted to 1.12 trillion yuan in the same period.

Source: fibre2fashion.com – July 22, 2023

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US imports T-shirts of $2.5 bn in Jan-Apr 2023, Nicaragua top supplier

The United States imported T-shirts of $2,538.634 million during January-April 2023. Nicaragua was the top supplier of the product, supplying T-shirts valued at $277.628 million during the period.

The other top suppliers of T-shirts to the US were Honduras, China, Bangladesh and Guatemala. The imports from Honduras were valued at $247.470 million (9.75%), China $202.044 million (7.96%), Bangladesh $183.931 million (7.25%), and Guatemala $172.931 million (6.81%), as per an analysis on trade data of Fibre2Fashion's market insight tool TexPro.

The top five countries together accounted for more than 50 per cent of US imports of T-shirts during the four-month period.

The imports from other suppliers were valued as: Vietnam $168.279 million (6.63%), El Salvador $160.259 million (6.31%), Mexico $148.042 million (5.83%), Haiti $139.145 million (5.48%) and India $137.326 million (5.41%).

Region wise distribution of the imports indicated that Central & South America dominated the trade. The imports from the region were valued at $1,224.573 million in the first four months of the current year. It constituted 48.24 per cent of the total imports.

The imports from other regions were: Asia-Pacific $912.288 million (35.94%), North America $151.866 (5.98%), Africa $99.302 (3.91%), Middle East $94.754 (3.73%) and Europe $55.849 (2.20%), as per TexPro.

Source: fibre2fashion.com – July 22, 2023

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Indonesia, UK hold 2nd JETCO meeting to boost bilateral trade

Indonesia and the United Kingdom yesterday held the second Joint Economic and Trade Committee (JETCO) meeting to boost bilateral trade, worth £3.5 billion a year. UK minister for international trade Nigel Huddleston and Indonesia's vice minister of trade Jerry Sambuaga agreed to establish a working group on digital economy and develop renewable energy opportunities—two areas of key interest for UK businesses, an official UK government release said.

Indonesia's economy is projected to reach the world's top ten by 2035 and turn the seventh largest by 2050. JETCO was launched in 2022 to help promote and develop trade.

"The UK is the second largest exporter of services in the world and the majority of these were delivered by digital means. Easing digital trade could unleash growth in UK services exports, already worth £658 million to Indonesia last year," Huddleston said.

In discussions today, Minister Huddleston also highlighted opportunities for increased collaboration in areas such as food and drink, agriculture, education services, Indonesia's energy transition, legal services and fintech.

"Indonesia's increasingly tech-savvy population and a growing middle class make it an incredibly attractive market for UK businesses. The UK-ASEAN Business Council [UKABC] is committed to supporting the growth of the UK-Indonesia trading relationship, by working with both governments to promote the tremendous number of trade and investment opportunities it has to offer," UKABC chair Edward Henry Butler Vaizey said.

UKABC provides awareness on the latest opportunities in the region and facilitates trade and investment content delivery for UK companies looking to expand their operations into markets across Southeast Asia. Annual bilateral trade between the UK and Indonesia is growing, with trade up by 33 per cent in current prices last year on the previous year.

Source: fibre2fashion.com – July 22, 2023

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Average rate of China's fabric export to EU-27 at $1.19/mtr in Jan-May

China exported fabric worth $1,372.347 million during the first five months of current year to EU-27 countries. In terms of quantity, it supplied 1,148.557 million metres of fabric, which indicates an average rate of $1.19 per metre. The average rate of fabric was slightly lower than the average rate of $1.20 per metre during the year 2022.

An analysis of trade data of Fibre2Fashion's market insight tool TexPro indicates that average rate of exported fabric had register steep rise during the previous years, but it eased slightly during the current year. The exports were valued at $3,839.798 million during the last year and the quantity was 3,196.863 million meters, which averaged at $1.20 per metre.

The outbound shipment to EU-27 was noted at $3,384.130 million in 2021 when total 2,903.028-million-metre fabric was exported. Therefore, average price was recorded at $1.17 per metre.

China's shipment was $2,452.625 million (2,314.151 million metre) during 2020, with the average price working out to $1.06 per metre. Earlier in 2019, the average price was $1.07 per metre with total shipment of $3,425.692 million (3,204.777 million metre), as per TexPro.

Source: fibre2fashion.com – July 23, 2023

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Australia-Bangladesh willing to take bilateral relations to new height

Australia and Bangladesh want to take the relationship between the two countries to a new height by strengthening partnership and expanding trade and investment in potential areas.

Both sides are also keen to explore opportunities and turn them into reality through collaboration in order to derive reciprocal benefits.

The willingness was expressed during a meeting between Australian Assistant Minister for Trade Senator Tim Ayres and Bangladesh High Commissioner to Australia M Allama Siddiki and BGMEA President Faruque Hassan at the Commonwealth Parliamentary Office in Sydney on July 21.

During the meeting, they had discussions about general trade issues, investment opportunities and areas of collaboration, BGMEA said on Saturday.

They also stressed on the need for finding ways to enhance trade and investment flow for adding dynamism in economic ties.

The issue of Bangladesh's economic development, LDC graduation and its associated challenges and preparations to overcome them was also discussed.

Australian Assistant Minister for Trade Senator Tim Ayres assured that Australia would continue duty free facility for Bangladesh's exports even after graduation out of LDC in 2026.

BGMEA President Faruque Hassan expressed thanks to Australia for supporting Bangladesh in its journey towards development, particularly for the decision of continuation of duty free market access in the post-LDC period.

Highlighting the trade potential, Faruque Hassan said Bangladesh considers Australia as a promising market for apparel exports, especially high-end fashion items.

He also pointed to Bangladesh's interest in enhancing exports of cotton and wool from Australia for its RMG sector, emphasizing the need for enhancing industry connections between Australian exporters of raw materials like cotton, wool and importers and manufacturers in Bangladesh.

It would create a win-win situation for both countries, he further said.

The BGMEA President sought cooperation of Australia in developing knowledge and skills of the students of BGMEA University of Fashion and Technology (BUFT) in textile, apparel, fashion, design and business through collaboration with leading Australian universities and fashion institutes.

Bangladesh High Commissioner to Australia M Allama Siddiki recalled with gratitude Australia's prompt recognition of Bangladesh after it achieved independence in 1971.

Since then Australia has remained a committed development partner of Bangladesh, he said.

Source: daily-sun.com– July 22, 2023

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Vietnamese PM calls for stronger trade, investment ties with US

Vietnamese Prime Minister Ph?m Minh Chinh recently proposed to strengthen ties with the United States, especially in investment and trade, at a meeting with US treasury secretary Janet Yellen in Hanoi.

He suggested promoting cooperation to raise the resilience of supply chains and promote expansion of US business investment in his country, prioritising high technology.

Vietnam wishes for a comprehensive partnership with the United States and cooperate in a variety of sectors, especially banking and finance, the prime minister was quoted as saying by a Vietnamese media outlet.

Trade turnover between the two sides reached more than $123 billion last year. The United States ranked 11th among 142 countries and territories investing in Vietnam.

The State Bank of Vietnam and the US department of treasury should continue to maintain a mechanism to resolve issues through dialogue and exchange, Chinh proposed.

He suggested promoting cooperation in responding to climate change, emphasised implementing the Declaration on establishing the Just Energy Transition Partnership (JETP), and requested the United States to support his country in developing its renewable energy industry and domestic carbon market to connect with the global market.

Source: fibre2fashion.com– July 24, 2023

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Multiple challenges for Vietnam's textile-garment sector

As Vietnam's garment export revenue in the first half (H1) this year dropped by 17.6 per cent year on year (YoY) to $18.6 billion, the country's textile and garment industry is working hard to achieve its ambitious export target of $39-40 billion this year, according to the Vietnam Textile and Apparel Association (VITAS).

Due to global economic slowdown, textile exports to the United States dropped by 27.1 per cent during the first five months, while exports to Canada and the European Union (EU) declined by 10.9 per cent and 6.2 per cent respectively.

Vietnamese textile exporters are also facing stiff competition from China. High lending rates—between 9 per cent and 11 per cent—further raise production costs compared to competitors.

Moreover, the average monthly wage for textile workers in Vietnam is around $300, considerably higher than in Bangladesh ($95), Cambodia ($190) and India ($145)—a key challenge for Vietnam's textile industry to stay competitive.

Imports into Vietnam fell by 20.5 per cent YoY in H1 2023, leading to a trade surplus of $7.9 billion—nearly $1 billion lower than in the same period in 2022, according to a report in a Vietnamese media outlet.

Global textile demand is projected to fall from $757 billion to around $712 billion, and it could potentially reach as low as $687 billion.

Growing pressure to adopt more sustainable production practices demands additional efforts and cost from Vietnamese exporters to secure new orders.

The measures VITAS has emphasised to support the country's textile and garment industry in achieving its ambitious export target include retaining skilled personnel, investing in employee upskilling, fostering customer loyalty and optimising business expenses.

Source: fibre2fashion.com– July 23, 2023

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Looming Vietnamese tax revision rattles Korean textile firms

Vietnam is responsible for about half of Nike's footwear production globally, and almost half of the Vietnamese production is shouldered by South Korean equipment manufacturers that have operated there for decades. Nike is just one example of South Korean businesses' presence in Vietnam in the textile and apparel industry.

But changes proposed to a trade system that would make foreign companies like Korean textile firms in Vietnam no longer eligible for tax exemptions has sent jitters across the textile market, fearing it would drive up costs and force manufacturers to relocate their hubs to elsewhere in Asia, the Korean Federation of Textile Industries said.

At the core of the issue is the impending change to the "on-the-spot exports and import" system that could come as soon as the end of this year. The system has drawn substantial investments from Korean textile firms for the last decades in Vietnam, where nearly 500 Korean companies were operational as of 2019. Korean firms are the biggest investors in this sector, accounting for 25 percent of foreign textile investments, about $4.8 billion over the past 30 years, according to the Vietnam Textile and Apparel Association.

The scheme allows foreign manufacturers to enjoy tax exemptions while trading with suppliers and other players in the supply chain within Vietnam, as it recognizes those transactions as export and import deals.

For instance, when a foreign company produces garments in a Vietnam factory and in the process involves using raw materials from a Vietnamese firm and a Vietnamese sewing contractor, the business transaction between the latter two are also recognized as export-import deals.

Korean companies claim that while many of the raw materials used by sewing plants in Vietnam were brought in by China or Korea in the past, more of the materials are supplied within Vietnam now.

The change means, in other words, this chain of supply will no longer be viewed as export-import trade despite a foreign company being the exporter of the products produced in Vietnam. By reclassifying the transactions as local means a value-added tax of 8 percent would be imposed on manufacturers. It will be reverted to 10 percent from next year as the rate has been temporarily reduced as an economic stimulus.

"If Korean textile firms are burdened with VAT, it would spell trouble for their Vietnamese subcontractors. Many of the firms are perplexed," said Kim Yeon-ho, chairman of the Federation of Textile Industries, a unit affiliated with the Korean Chamber of Commerce in Vietnam.

The impact of such a change could be detrimental to foreign exporters as higher tax will be reflected in the cost, which would lead to lower price competitiveness, which had especially been the key benefit of Korean firms operating in Vietnam, said an official of a Korean textile company. The company operates an extensive vertical supply chain, including nine dyeing and knitting subsidies, in Vietnam.

Korean businesses said the change could come into effect as soon as the end of the year, but they are still awaiting confirmation from the Vietnamese customs authorities.

On Thursday, the federation briefed Korean textile companies on how to prepare for the changes at a meeting in Seoul.

Larger firms doing business within tax-free zones may be less affected by the revision. But a direct impact seems unavoidable in most small and medium-sized firms that make up almost 80 percent of all the foreign textile companies in Vietnam, which have been more dependent on the domestic tax exemption scheme than other sectors to maintain price competitiveness.

An expert said the change could be because Vietnam seeks to boost its high-tech industries.

"Vietnam's motive could be shifting tax benefits from labor-intensive industries to high-tech industries such as electronics and equipment, for goal to become a high-income nation by 2045," Kwak Seong-il, a researcher at the Korean Institute for International Economic Policy.

Even if the changes prove to benefit Vietnam in the long run, he also raised questions about the immediate impact of the revision not only on Korean textile companies but also on the local economy and labor market.

The textile industry was responsible for 8 percent of Vietnam's total GDP in 2020 and 25 percent of manufacturing and processing employment in 2021. Separate data from the Export-Import Bank of Korea showed that Korea's investments in Vietnam's textile industry have surged sixfold from the period of 1992-1998 to 2016-2021.

"Among other things, it is skeptical that Vietnam's workforce is ready for the transition," Kwak said. Meanwhile, Korean textile companies in Vietnam are scrambling to deal with the changes as local administrations are pressing forward with the proposal, despite the lack of confirmation from the central customs authorities.

"Vietnam's strength lies in the large-scale foreign investment in raw materials, which have facilitated rapid, competitive product manufacture. Now, both raw material producers, including Vietnamese suppliers, and finished goods manufacturers stand to lose competitiveness," said a senior official at a fabric production plant owned by a Korean firm in Vietnam who wished to be unnamed.

"Moreover, this shift comes at a time when Vietnam's position in the global textile market is facing challenges, with China remaining dominant and India and Bangladesh expanding aggressively."

In response, the KoCham Federation of Textile Industries in November last year proposed alternative solutions to the Vietnamese government, including the introduction of grace periods and a quicker tax rebate system that can offset some of the impending VAT load.

However, the uncertainty is already driving some Korean textile companies to relocate some production to countries like Cambodia and Indonesia, according to Kim, the federation chairman.

As the industry stands on pins and needles on the government's response, he said he is still asking for open dialogue.

"As one of the first and largest foreign investors in Vietnam, we don't think it's too much to ask for dialogue," he added.

Source: m.koreaherald.com– July 23, 2023

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Pakistan: Weekly Cotton Review: Rate increased by Rs600/maund

Appreciation of dollar, limited supply of cotton, boom in domestic cotton influenced by boom in international cotton. The problems of the textile sector remain unsolved, economic recovery is not possible without restoring the exports, says in All Pakistan Textile Mills Association (APTMA) letter to the Prime Minister.

Patron chief Pakistan Textile Exporters Association Khurram Mukhtar said that government should announce special rates for electricity and gas for export oriented industry. A team of Aptma experts is actively working for the rehabilitation of cotton. Cotton production expected to cross one crore bales.

The domestic cotton market was overall bullish after the volatility in cotton prices during the past week. Textile spinners continue to be interested in buying cotton while ginners are also interested in selling cotton. Trading volume is satisfactory. Due to the large number of ginning factories running, the supply of Phutti is less than before.

The price of cotton increased by about Rs 600 to Rs 800 per maund due to the rise of the dollar and the boom in the international cotton market. The recent spell of rains can affect the quality of cotton. On the other hand, the government's campaign regarding buying of Phutti at Rs 8500 per 40 kg is also going on, although in some areas in Punjab, the price of 40 kg is being reported as Rs 8500 to Rs 8600.

According to government sources, the government is preparing a strategy to buy cotton through Trading Corporation of Pakistan to keep cotton prices stable. Aptma is constantly appealing to the government to solve the problems of the textile sector immediately; especially there is a dire need to solve the big issue of energy.

In this regard, the leader of Aptma met with Federal Minister of Finance Senator Ishaq Dar Sahib and Commerce Minister Naveed Qamar in Islamabad and sent letters to the Prime Minister Shehbaz Sharif. Apart from this, appeals are being made on behalf of the textile sector of Sindh and Balochistan for the restoration of gas to the textile sector.

Sources in APTMA said that in a letter sent to Prime Minister Shehbaz Sharif APTMA claimed that the country's exports can be increased by 10 billion dollars after the resolution of textile sector issues. There is a severe crisis in the textile sector due to the international recession and due to the sharp decline in the rate of cotton yarn.

Chairman Pakistan Cotton Ginners Association Chaudhry Waheed Arshad and other office bearers are actively working for the solution of the issues faced by cotton ginners.

Pakistan Cotton Ginners Association for the first time has released the statistics of cotton production in the country till July 15. Till this period, the cotton production in the country has been eight lac and fifty eight thousand bales which is said to be encouraging. Considering this, experts believe that if the weather conditions remain favourable, the production of cotton is expected to be around one crore bales.

The rate of cotton in Sindh is in between Rs 17,700 to Rs 17,800 per maund. The rate of Phutti is in between Rs 7,700 to Rs 8,000 per 40 kg.

The rate of cotton in Punjab is in between Rs 18,200 to Rs 18,500 per maund while the rate of Phutti is in between Rs 7,500 to Rs 8,600 per 40 kg. The rate of cotton in Balochistan is in between Rs 17,700 to Rs 17,800 per maund and the rate of Phutti is in between Rs 7,600 to Rs 8,000 per 40 kg.

The rates of Khal, Banola and oil also increased.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 7,00 per maund and closed it at Rs 17,700 per maund.

Naseem Usman, chairman of Karachi Cotton Brokers Forum, said that the price of international cotton continued to increase as a whole. The rate of Future Trading of New York Cotton after increasing reached at 84.48 cent. Increasing trend in the rate of cotton witnessed in India.

According to USDA's weekly production and sales report, sales for the year 2022-23 67,100 bales were sold.

China was at the top by buying 32, 400 bales. Vietnam was second with 16,000 bales. India bought 7,800 bales and stood third.

Pakistan bought 3,800 bales and stood at the fourth position.

86,100 bales were sold for the year 2023-24.

China was at the top by buying 49,200 bales. Pakistan bought 17,900 bales and came second. Vietnam bought 8,400 bales and ranked third.

According to APTMA consistent year-on-year decline in monthly exports throughout the financial year is worrisome. 50% of existing production capacity is currently non functional.

APTMA Patron-in-Chief Dr Gohar Ejaz has written to Prime Minister Shehbaz Sharif, bringing attention to the critical challenges faced by Pakistan's textile sector, which contributes more than 60% of total exports.

The textile sector has significant potential to contribute to economic revival, through its dominant position in Pakistan's export palette. To realize this potential, it is crucial to adopt and implement appropriate policies. The textile industry which has the installed capacity and potential, commits to support Pakistan's Economic Revival through realizing the additional $10 billion installed export capacity.

Sheikh Khurram Mukhtar, Patron Chief of Pakistan Textile Exporters Association, has said that the special rates of electricity and gas should be maintained for the export sector so that competition with other countries is possible. Our demand is justified because we are asking for electricity and gas at the tariff rate without adding additional costs, not concessions.

On the other hand, the duty drawback and refund claims of 800 billion rupees of exporters should be paid immediately so that the lack of industrial production can be overcome. He said that energy accounts for 30 to 40 percent of the production cost of export products. The government's removal of special tariffs for the export sector under the energy package will further aggravate the problem.

Already in the month of May alone, the large scale manufacturing sector has decreased by 14.73% and in eleven months by 9.87%. Decline in large-scale manufacturing is detrimental to the economy and worrisome for the government.

He further said that the government has to go ahead with solid planning to deal with the significant reduction in industrial and economic growth. Referring to the past, he said that due to the government's patronage, the volume of textile exports in the textile sector from 2020 to 2022 increased by 55% to 19.5 billion dollars.

Even now, if attention is paid, this volume can be increased substantially. He said that at present textile exporters have 800 billion rupees with the government in the form of duty drawback and refund claims, if the government returns this amount, then the capital problem for the exporters will also be solved.

Meanwhile, APTMA's team of cotton experts are actively engaged in providing crop advisory services to cotton growers in the core divisions of Multan, Bahawalpur and Rahim Yar Khan. The main objective is to increase the yield per acre and help the farmers to achieve better quality of cotton through expert guidance and recommendations.

The APTMA team also works independently, visiting farmers regularly to address specific concerns and ensure continuous improvement in cotton production.

The APTMA field team also offers valuable crop advisory services to cotton growers to effectively address deficiencies, focusing on crop-wise and soil-wise nutrient recommendations.

To address potential threats to cotton crops, the field team conducts regular pest scouting in major cotton growing areas of Punjab. By identifying pests and monitoring their populations, the team can quickly respond to any pest outbreaks while minimizing potential damage. On-site recommendations are provided to farmers based on specific pest problems, offering effective and sustainable pest management solutions.

The APTMA field team also advises growers on the necessary picking and storage practices to ensure the quality of cotton is maintained. Proper picking techniques to minimize fibre damage are demonstrated, and storage guidelines to prevent spoilage and contamination during storage are shared.

Source: brecorder.com– July 24, 2023

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NATIONAL NEWS

India defies global downturn with rising business output forecast

More Indian firms anticipate growth in output in the coming year, according to S&P Global's business outlook data. The net balance of firms expecting growth improved from 21 per cent in February to 26 per cent midway through 2023, equalling the average for emerging markets, albeit lower than the global average (28 per cent).

Notably, India is one of only four nations where output prospects improved, while confidence fell in the other eight countries with comparable data.

Factory sentiment in India (30 per cent) recovered to a near two-and-a-half-year high. The global reading was at 20 per cent.

Survey participants listed advertising, brand recognition, machinery acquisitions, new product releases, capacity expansion, and positive demand trends as the key opportunities to the outlook. Several firms also reported plans to beat competitors' prices in order to increase market shares, as per S&P Global.

Forecasts that customer interest will remain positive over the course of the coming 12 months underpinned upbeat sentiment towards job creation at private sector companies in India. The net balance of firms planning to hire extra staff was equal at manufacturers (10 per cent).

Companies intend to increase their budgets for capital expenditure, with the composite net balance improving from 12 per cent at the start of the year to 16 per cent and outpacing the global average (10 per cent). Manufacturers led sentiment on this front.

Sentiment surrounding research and development spending was generally muted in June, with the net balance of optimists outstripping that of pessimists by only 2 per cent. June saw a downgrade among manufacturers (from 10 per cent to 4 per cent).

June data showed an improvement in the outlook for non-staff costs in India, with the net balance of companies predicting an increase registering at a two-year low of 8 per cent. This was the lowest reading seen out of the 12 nations for which comparable data are available. Downward revisions were noted at goods producers and services firms.

Similarly, the data showed lower net balances for staff costs in the manufacturing sector. At the composite level, the net balance slipped to 17 per cent, the lowest reading since October 2021. Globally, only the aggregate reading for China was below that for India.

That said, price-setting plans were revised higher in June, with the net balance of companies intending to hike their charges rising to 17 per cent. Manufacturers were particularly confident about pricing power, with the net balance increasing to its highest mark since February 2021.

There was a recovery in profits sentiment among private sector firms in India during June. The net balance of optimists outstripped that of pessimists by 18 per cent, compared with 15 per cent in February.

Source: fibre2fashion.com– July 24, 2023

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FDI into India drops 22% to $46 bn in FY23, minister tells parliament

Foreign direct investment (FDI) into India dropped by 22 per cent to $46 billion in the last fiscal (FY23), minister of state for commerce and industry Som Parkash told the upper house of parliament last week.

Total FDI, which includes equity inflows, reinvested earnings and other capital, also declined by 16 per cent to $70.97 billion in the last fiscal compared to $84.83 billion in fiscal 2021-22.

The reasons for the decline include threat of a global recession, economic crisis triggered by the Russia-Ukraine war and a dip in the real gross domestic product (GDP) growth rate of countries like the United States, the United Kingdom and Singapore.

"Post pandemic, countries have adopted various protectionist measures to decrease reliance on other countries and protect their own domestic industries. This could also be a possible reason affecting investor sentiments. The real GDP growth rates of Singapore, the US and UK have decreased in 2022, which are the major source countries for FDI," he said in a written reply.

Source: fibre2fashion.com– July 24, 2023

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Sri Lanka may accept Indian rupee for local transactions

Sri Lanka is considering the possibility of allowing the usage of the Indian rupee for local transactions just like the dollar, euro, and yen to facilitate Indian tourists and businessmen, Foreign Minister Ali Sabry said on Saturday.

Sabry was briefing the media here on President Ranil Wickremesinghe's visit to India on July 20-21, his first since assuming office last year. He held talks with Prime Minister Narendra Modi on Friday.

"We have considered the possibility of using the Indian rupees like we accept the dollar, euro and yen," he said.

Allowing its direct use would prevent the need for multiple currency conversions for Indian tourists and businessmen.

On Friday, the two countries noted that the decision to designate INR as currency for trade settlements between the two countries has forged stronger and mutually-beneficial commercial linkages, and agreed to operationalise the Unified Payments Interface-based digital payments for further enhancing trade and transactions between businesses and common people.

The two countries signed the Network to Network Agreement between NIPL and Lanka Pay for UPI application acceptance in Sri Lanka after bilateral talks between Modi and Wickremesinghe.

On an MoU signed with India on the development of Trincomalee as a regional hub for industry, energy and bilateral cooperation, Sabry saw no objections coming from China.

"We are a non-aligned state, we have only signed an MoU to identify feasible projects through a joint committee. I don't think any country would object to such open and transparent dealings," Sabry said.
Port connectivity

Sabry said both leaders agreed on the importance of port connectivity between the two countries.

"To reach the next level, we need investments. We discussed ways which would be mutually beneficial to both countries. The tie-ups between not only the two governments but between the private sector were emphasised," Sabry said.

He said the possibility of Sri Lanka benefiting from the vast economic development in the South Indian region was considered.

"The two leaders agreed for connectivity between the ports for this purpose", Sabry said.

The need for port connectivity between Colombo and Trincomalee and the South Indian region was agreed between the two leaders.

He said the necessary studies on building a bridge for land connectivity or continuing with the existing ferry services would be soon undertaken. Getting an Indian university on board to help in Sri Lanka's digitalisation was also discussed, he added.

Source: thehindubusinessline.com– July 22, 2023

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Will rupee trade gain currency globally?

The US dollar has long been a dominant currency, representing a safe value and an almost global acceptance. It accounts for about 90 per cent of all foreign exchange transactions, 50 per cent of all global trade invoicing (despite the US accounting for just 12 per cent of the global trade) and comprises 60 per cent of foreign exchange reserves worldwide.

Chronology of rupee trade

1950s: India conducted its oil trade with Iran in rupees which was used by Iran to purchase other goods from India

1960s-1980s: During this time, India signed several trade agreements with the Soviet Union and Eastern European countries such as Poland, Czechoslovakia, and Yugoslavia, with a particular focus on heavy engineering commodities such as steel, chemicals, and machinery. The payment for imports and exports of these was made in rupees and Russian rouble and Eastern European currencies respectively

1971: India signed a bilateral trade agreement with Nepal to conduct trade in Indian rupee and Nepalese rupee

2000: India signed an FTA with Sri Lanka which included provisions to conduct trade in Indian rupee and Sri Lankan rupee

2012: India signed an agreement with Iran to conduct oil trade in rupees, bypassing the US dollar

2017: India signed an agreement with Bhutan to enable the use of rupee for transactions between the two countries

It is often felt, more than before, that the increasing dependency on the dollar exposes countries to risks from US international politics and sanctions.

To put it more simply, any movement in the exchange rate between countries' domestic currencies and the dollar typically has wider implications on their interest rates, forex as well as trade. To shield their economies from such exchange rate volatility, many countries have been, of late, looking to de-dollarise their trade and for currency diversification.

As per SWIFT data, the use of local currencies in international payments has increased between 2013 and 2019. The Triennial Bank Survey of 2022 of the Bank of International Settlements (BIS) also suggests that while the percentage share of dollars in daily turnover may have marginally increased from 2013 to 2022 (from 87 per cent to 88.5 per cent), the share of non-dollar-denominated trade from emerging economies is also on the upswing.

In 2022, the Chinese renminbi became the fifth most traded currency in the world, accounting for about 7 per cent of global foreign exchange trading. This is evidenced by the fact that over 70 per cent of the China-Russia trade was settled in yuan and roubles.

Alongside local currency usage increase, even local currency bond markets are growing rapidly. The Asian Development Bank states that the emerging market local currency bond markets grew to $25.9 trillion in 2021, from $17.3 trillion in 2015.

However, these data, while talking about increase in local currency usage in trade, do not portend to any diminishing role of the dollar. Welcome gain of the local currency is largely due to their economic growth and faith in their growth story.

Improving rupee standing

The Indian story is in line with emerging economies trend. India has always explored the use of rupee through various arrangements such as currency swap and bilateral trade.

In 2015, India established its first international financial services centre (IFSC) in GIFT City, Gujarat, with the aim of promoting use of rupee in international financial transactions.

Over the years, the government has gradually liberalised India's capital markets — increasing the availability of rupee-denominated financial instruments, such as bonds and derivatives, and also undertaken initiatives to promote use of digital payment systems such as the UPI.

More recently, in 2022, the government announced 'International Trade Settlement Mechanism' to promote the use of rupee in settling international trade. The mechanism involves setting up of Special Vostro Rupee Accounts (SVRAs) by authorised Indian banks and their corresponding banks in partner countries, for settling payments in rupees at market determined exchange rates.

The RBI has permitted banks from 18 countries to open such accounts in India for rupee trade. The objective is to primarily lower transaction costs, have greater price transparency, faster settlement time and promotion of overall international trade.

The mechanism will have salutary impact on remittances that India receives from its large diaspora. Foreign Trade Policy 2023 has also brought increased focus on rupee settlement of India's trade.

These steps by India are an effort to create the rupee's own standing and reduce its vulnerability against the dollar and increase India's resilience in the global trade market.

But the fact that 86 per cent of India's imports is dollar invoiced, while only 5 per cent of India's imports originate in the US, shows that the de-dollarisation effort is not as impactful.

Often, partner countries tend to move away from local currency trade to avoid rupee accumulation as the currency is not convertible.

Recent Russian pressure on India to pay for oil imports in renminbi is a pointer to that. Russia has a ballooning rupee reserve of over 40 billion, while they do not have sufficient renminbi to pay for imports from China.

India's ambitious export target of $2 trillion by 2030, up from the present $447 billion, may lend support in improving the rupee's global standing; full capital account convertibility of the rupee would certainly help, along with higher and sustained economic growth.

Source: thehindubusinessline.com– July 23, 2023

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PLI scheme incentive outgo could be less than Rs 40,000 crore by FY25

The total incentive outgo under the ambitious production-linked incentive (PLI) scheme is estimated to be less than Rs. 40,000 crore by the fiscal year 2024-25 (FY25), when it completes the fourth year of implementation, according to the government's internal estimates.

This means only a fifth of the allocated Rs. 1.97 trillion is expected to be utilised by the end of FY25, indicating that not all the 14 PLI schemes would have taken off fully.

While three of the 14 schemes — large-scale electronics manufacturing, bulk drugs, and medical devices — were introduced in 2020, the remaining were launched the following year. From FY23, companies started claiming incentives that are based on incremental sales of goods manufactured in India.

In FY23, the Centre had paid incentives worth Rs. 2,874 crore to the PLI beneficiaries across eight sectors — mobile manufacturing, IT hardware, pharmaceutical drugs, bulk drugs, medical devices telecom, food products, and drones.

In FY24, the third year of the scheme's implementation, the outgo is expected to touch Rs. 13,000 crore. For FY25, the incentive payout is estimated to hover around Rs. 23,000-24,000 crore, people aware of the matter told Business Standard.

Government officials had earlier said the next two fiscal years — FY24 and FY25 — would be crucial to utilising Rs. 1.97 trillion, as they will determine how the scheme is progressing.

The scheme is one of the top priorities of the government since it aims to increase domestic manufacturing, create jobs, curb cheap imports, and boost exports.

The remaining five sectors — steel, textile, battery, solar PV, and automobile — are seeing slow progress, as incentive disbursements are yet to begin.

Individual ministries are analysing the situation in detail. Last month, Commerce and Industry Minister Piyush Goyal met key stakeholders, including officials from ministries and government departments, to sort out the teething issues being faced by PLI beneficiaries.

The Centre has also started re-initiating talks with companies that have been shortlisted under the PLI scheme to come up with a prompt resolution. The Department for Promotion of Industry and Internal Trade has been asked to nudge ministries to hold consultations with the PLI beneficiaries.

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

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Intent to not lag China is behind moves to promote INR trade

During the visit of our Prime Minister to the United Arab Emirates (UAE), the chiefs of the Reserve Bank of India and the Central Bank of UAE signed two memoranda of understanding (MoU) establishing a framework to promote the use of local currencies viz. the Indian rupee (INR) and the UAE dirham (AED) for cross-border transactions and cooperation for interlinking their payment and messaging systems.

Over a period of time, progress in translating these intentions into practical reality can help the individuals who want ease and convenience for their small-value transactions regardless of the costs. Under the MoU on ‘Payments and Messaging Systems’, the two central banks agreed to cooperate on linking their fast payment systems (FPSs)—Unified Payments Interface (UPI) of India with Instant Payment Platform (IPP) of UAE — and linking the respective ‘card switches’ (RuPay switch and UAESWITCH). The UPI-IPP linkage will enable the users in both countries to make fast, convenient, safe, and cost-effective cross-border funds transfers, says the RBI.

The linking of ‘card switches’ will facilitate mutual acceptance of domestic cards and processing of card transactions. India and Singapore have already linked their fast payment systems UPI and PayNow allowing transfer from/to India up to Rs. 60,000 per day. Such arrangements make life easy and convenient for individuals, whether for their needs as tourists or for person to person remittances.

For trade transactions and inward remittances, the option of transacting in INR through the Vostro accounts that UAE banks and exchange houses maintain with Indian banks has been available for decades.

For building the balances in the Vostro accounts, the foreign banks remit freely convertible currency. The settlements and exchange rates for such currencies have to be worked out through US dollars because there is no active foreign exchange market for INR or AED with any currency other than the US dollar. So, the MoU aims to put in place a local currency settlement system (LCSS) to promote the use of INR and AED bilaterally and to develop an AED-INR market over a period of time. If that does happen, the INR-AED market is likely to be relatively shallow.

The global oil trade is mostly in US dollars. Also, trade and investment flows constitute a minuscule part of global speculative flows that influence not only the demand and supply of currencies that determine the foreign exchange rates, but also the forward premiums or discounts and the markets for sophisticated products like futures, options and so on.
When Russia invaded Ukraine last year, the United States threw some Russian banks out of SWIFT (Society for Worldwide Interbank Financial Transactions), the global inter-bank messaging platform.

Since then, some countries including China and India have been trying to increase trade in their own currencies and integrating their own settlement platforms with that of some other countries. China has advantages because of the size of its economy and trade. India does not want to be left behind and so is trying to link its messaging system with other countries, starting with the UAE. Efforts are afoot to promote the use of INR in transactions with Indonesia, Sri Lanka and some other countries. Given the unstated aim to not lag China, the MoU with UAE is a positive step. The results of such arrangements will show up over a period of time.

Source: business-standard.com– July 23, 2023

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Startups to get airfare support for export promotion

India's contracting exports have prompted the government to introduce incentives for startups and new exporters, and relax compliance norms for the existing exporters.

Under the Market Access Initiatives (MAI) Scheme, startups and new exporters have been made eligible for airfare reimbursement to participate in overseas events while the ceiling for this incentive for existing exporters has been raised 20%.

India's goods exports shrank the most in three years, at 22% on-year, in June to $32.97 billion. Under the scheme, financial assistance is provided for export promotion activities.

Earlier, new exporters and startups didn't get such incentives but now those with Rs 50 lakh annual turnover in the domestic market will get some support. The benefits of higher airfare reimbursements will also apply to the exporters when they host foreign buyers in reverse buyer-seller meets in India.

"Incentives are important as mega trade fairs are being thought of and there is a need to scale up our exhibitions and invite foreign companies to exhibit here," said an official.

India plans mega trade fairs for food, textiles and auto components, on the lines of Messe Frankfurt, Gulf Food and Canton Fair, to achieve 12% growth in good exports by 2030.

"The coverage of new entrepreneurs with nil exports for airfare support under the scheme is well conceived and pragmatic to encourage startups to enter into exports field particularly as we are looking towards a $1 trillion exports by 2030," said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO).

Benefits under the MAI scheme are availed through activities organised by the government, states, export promotion councils and commodity boards, among others.

Source: economictimes.com– July 24, 2023

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Using social media to help taxpayers

Every major reform initiative in the area of direct taxes over the last nine years has been driven by the twin objectives of simplification of the taxation regime and facilitation of honest taxpayers. From lowering tax rates to easing compliances, these reforms have fundamentally changed the approach of the Central Board of Direct Taxes (CBDT) towards taxpayers - an approach marked by trust, transparency and responsiveness. The broad trends of number of income-tax returns (ITRs) filed as well as the direct tax collections over this period have vindicated this trust-based approach.

A major enabler of this success has been CBDT's embrace of technology to not only simplify compliances but to also identify potential cases of tax evasion through data analytics. E-filing of ITRs has been further improved by introducing pre-filled ITR forms. The faceless assessment procedures now make the entire assessment cycle of an ITR an online process, obviating the need for a taxpayer to interact physically with the department.

Advanced tools of data analytics are used in the risk management process to identify potential cases of tax evasion by rule-based algorithms. Information of the financial transactions in possession of the department is used to alert the taxpayers, as a gentle nudge, to correctly account for the effect of such transactions while filing their ITRs.

Technology has not only been used to enhance the aforesaid core processes of tax administration but also in the resolution of grievances. There are already various mechanisms of grievance redressal in CBDT, including CPGRAM, e-Nivaran and Aaykar Seva Kendras (ASK).

However, in an ecosystem where the compliance processes are increasingly handled through e-portals and without any physical interaction, CBDT forayed into the social media platforms like YouTube, Instagram, LinkedIn and Twitter for the purpose of social listening.

The approach was platform-agnostic as CBDT established its presence on all the major social media platforms to use all available options for taxpayer facilitation.

Twitter came to be used most frequently for grievance redressal. CBDT marked its presence on Twitter in 2015 but like on other social media platforms, the activity was initially restricted to information, education and communication (IEC) campaigns. Since July 2019, CBDT, aligning itself with the taxpayers' choice of Twitter as the preferred medium for grievance redressal, started actively engaging with the taxpayers through "Online Response Management" (ORM). This was a first-of-its-kind initiative in CBDT.

Similarly, during the initial weeks of the launch of the new e-filing portal (CPC 2.0) in June 2021 when taxpayers faced glitches, the ORM through Twitter was used extensively for assisting taxpayers on e-filing-related issues almost on a real-time basis. More than 30,000 users were responded to, either directly providing the resolution through detailed/tailored responses or by having the backend teams reach out to them through telephonic or WebEx calls.

The number of followers on Twitter (@IncomeTaxIndia) increased from around 0.3 million in 2019 (when ORM began) to more than 1.4 million in 2023. The average daily number of tweets addressed to CBDT has also increased manifold. Our willingness to listen to constructive feedback, and our responsiveness in addressing grievances shows how we have matured as a progressive tax administration.

The endeavour is to provide the best-in-class taxpayer services and the department is committed to these ideals in a new and aspirational India.

Source: economictimes.com– July 23, 2023

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T.N. Industries Minister urges garment industry in Tiruppur to focus on technical textiles

The garment industry in Tiruppur, should focus on technical textiles, said T.N. Minister for Industries, T.R.B. Rajaa, on Friday, July 21, 2023.

Inaugurating the renovated building of the Tiruppur Exporters Association, the Minister said the size of the global technical textiles industry was expected to be USD 220 billion by 2030. Of this, the size of the industry in India was expected to grow to USD 40 billion.

Within the 12 major categories of technical textiles, Tamil Nadu should develop core competency in areas such textiles for automobiles, industries, and the healthcare sectors. With the global market and economy heading for flat growth rate, the textile industry should look at the domestic market, he said.

Mr. Rajaa further said that a boost needed to be given to research and development. Participation of the industry was critical for further research and development, he said, adding that the government would also soon design an attractive package to boost R&D in this sector.

On the industry's demand for houses for workers, he said availability of land was the main challenge in the western districts. If land was made available, the government would build houses for the workers.

Speaking about the Global Investors Meet to be held next year, Mr. Rajaa said the event would have country-specific pavilions. The event would be not just about investments, but also focus on high-value jobs.

Source: thehindu.com – July 22, 2023

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Cotton yield and prices fall in Tamil Nadu

Area under cotton cultivation in Tamil Nadu is likely to fall next sowing season as farmers harvesting cotton now struggle to get remunerative prices.

Selvakumar, who raised cotton on 1.5 acres in Tiruchengode area, said he spent ₹35,000 and earned just ₹15,000. The yield this year was 200 kg an acre as against 11 quintals last year. The price had also dropped from ₹120 a kg last year to ₹70 a kg now. “We do not know if the fall in yield was due to pest attack or severe summer. But, at least 25% of farmers in our region will not sow cotton next year,” he said.

Kannan, a farmer from the Tiruvarur district, said that on Saturday the average price in that area was ₹64 a kg. Even a week or 10 days ago, the price was ₹55 a kg or less. According to data available with the Indian Cotton Federation, almost 1.65 lakh hectares of land was under cotton cultivation in the State and production was expected to be 6.5 lakh bales during the 2022-2023 cotton season (October to September).

An official of the CCI said that the new MSP rates were declared for cotton season 2023-2024 and added that the Corporation would step in for MSP operations from day one (October 1), if necessary. “We have been told that at present, the prices are running at about ₹6,800 per quintal and in case of Cauvery delta region it was ₹6,400 to ₹ 6,500,” the official said.

Ravichandra, a farmer from Naneelam, said the government should support them to form farmer producer organisations and set up ginning mills in the cotton growing areas so that they get better prices. Further, the revised MSP that was implemented from October 1 should be advanced for the summer crop in Tamil Nadu where picking started in June. V. Sathyanarayanan, State secretary for the Consortium of Indian Farmers’ Associations, demanded steps to boost prices for cotton by-products so that farmers were not affected by the cotton price fluctuations.

The textile industry has sought a Technology Mission on Cotton to boost yield and to help farmers get better prices.

Source: thehindu.com – July 22, 2023

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