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Currency Watch			
USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

Why 'There's Still Too Much Freight Going Over the West Coast'

Diverting ocean cargo to the East Coast became a popular tactic for shippers working around West Coast port congestion and labor problems. But that trend may not stop even if disruptions do.

According to data from the McCown Report, a monthly report of container volume at 10 major U.S. ports, containers entering the West Coast accounted for more than 57 percent of total inbound volume in January 2017—but this number has since dropped to under 50 percent last month. Container shipping industry veteran John McCown, who is the co-founder and former CEO of freight brokerage Trailer Bridge, Inc., attributes this ongoing shift to cost economics, with most of the U.S. population clustered on and around the U.S. East and Gulf Coasts.

"The absolute only advantage that the West Coast intermodal route has is speed, and I don't diminish that," McCown told Sourcing Journal. "But when you start to compare that versus the economic costs, the emissions, the congestion on the West Coast and the threats of a strike, that just makes it easier for [shippers] to say, 'Let's go ahead and make that switch permanent, or let's switch more of our cargo.'"

McCown said that although the congestion and the labor disruptions forced cargo volume east prematurely, this represents more of a "frontloading of what would have happened anyway over a longer period of time."

Data from supply chain visibility platform FourKites showed that the rerouting ramped up to kick off 2023. Sixty percent of import shipments arrived on the East Coast in February, but that number increased to 68 percent just four months later as labor disruptions threatened West Coast ports.

For the next few months, McCown expects a bounce back for the West Coast with a new six-year tentative labor deal in place for union dockworkers. But don't expect the balance to return to pre-pandemic numbers, he said.

"If you look at the population distribution, and if you were to examine the port of entry, and have an algorithm that monitors total ocean miles, ocean costs per mile, rail miles and rail costs per mile and final product delivery, I can assure you'd conclude there's still too much freight going over the West Coast," McCown said.

He also noted that shippers must account for the likely introduction of new carbon tariffs in coming years, which will only inflate the cost equation.

McCown wants the U.S. federal government to develop a comprehensive national port strategy detailing where inbound containers should enter the U.S., with factors related to costs, emissions and congestion being the only guideposts.

As such, he says the government must address an obvious long-term problem—dwindling port capacity that can't handle surging container imports.

Expanding current port gateways should be a major portion of such a strategy, he argues, particularly since he expects inbound containers to double in 25 years. According to data collected by McCown, twice as many inbound containers reside at U.S. terminals as they did in 1995.

By 2048, McCown says the U.S. will need additional terminal capacity equal to 5.4 times the Port of Los Angeles' current volume. In 50 years, he projects that at 16.1 times that port's current volume.

"We need to focus on that long term, and immediately recognize that we can't handle twice as many containers with basically the same terminals that we have now," McCown said. "That's where I think people have been lulled into this inactivity. The reality is…that we're going to need new terminals, and in the absence of new terminals, you know, as growth inevitably occurs, we're going to start bumping against those those problems."

One such East Coast recent expansion has come at the Port of Savannah, where a major container berth reopened Thursday. The Berth 1 project adds 1.5 million 20-foot equivalent container units (TEUs) per year of berth capacity, or 25 percent, for a total of 7.5 million TEUs per year for the port.

The berth will now be able to support two vessels with capacities of 10,000-14,000 TEUs simultaneously or one 20,000-TEU vessel. With the addition, the Georgia port can serve four 16,000-TEU vessels at the same time, as well as three additional ships.

The McCown Report pointed out that container imports into the U.S. declined 19.6 percent in June, the fifth-worst year-over-year drop since it starting tracked the data in January 2017. But the stretch from February to May 2023 represented the four worst months, with McCown anticipating that container import volume will move out of double-digit declines by August.

Source: sourcingjournal.com – July 27, 2023

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China's industrial profit decline narrows in June to extend recovery trend

Profit of China's industrial enterprises above a designated scale hit 3.39 trillion yuan ($474 billion) in the first half of 2023, declining by 16.8 percent year-on-year, narrowing 2 percentage points over the January-May reading as industrial production continues to stabilize along with continuous rebound and policy support.

In June, the industrial enterprises above designated size achieved total profit of 719.8 billion yuan, a year-on-year decrease of 8.3 percent, according to data released by the National Bureau of Statistics (NBS) on Thursday.

In the first six months, large state-holding enterprises realized a total profit of 1.2 trillion yuan, a year-on-year decrease of 21 percent, enterprises funded by overseas investors reported total profit of 796.7 billion yuan, down 12.8 percent year-on-year while private enterprises posted profit of 868.9 billion yuan, down 13.5 percent year-on-year, according to the NBS.

Over the period, among the 41 industrial categories, 12 saw year-on-year increase in total profits while 29 saw a decline, the new data showed. Major industries including electricity and heat power increased by 46.5 percent year-on-year, the manufacture of electrical machinery and apparatus increased by 29.1 percent, the manufacture of automobiles increased by 10.1 percent.

"The country's industrial manufacturing continues to maintain steady recovery and their profits continue to improve along with sustained economic rebound and the implementation of policies," NBS statistician Sun Xiao said in a statement on the bureau's website on Thursday.

Sun said the profit of the manufacturing sector showed notable improvement in the first half, narrowing 9.4 percentage points compared with the first quarter of the year.

On the back of policies aimed at expanding domestic demand, market demand has been gradually released and many consumer goods manufacturing segments saw profit increase, Sun said.

Sun pointed to efforts to precisely implement macro-economic policies to effectively boost demand, spark market entity vitality, nurture new development momentum to boost high-quality development of industrial economy in China.

Source: globaltimes.cn– July 27, 2023

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Israel, Vietnam sign FTA; two-way trade expected to reach $3 bn soon

Israel and Vietnam yesterday signed a free trade agreement in Tel Aviv. The Vietnam-Israel Free Trade Agreement (VIFTA) will ultimately remove duties on at least 86 per cent of Vietnamese products and 93 per cent of Israeli products, according to the Vietnamese ministry of industry and trade. It is expected to see two-way trade reaching $3 billion soon.

Israeli minister of economy and industry Nir Barkat and Vietnamese minister of industry and trade Nguyen Hong Dien signed the agreement in the presence of Vietnamese deputy prime minister Tran Luu Quang and Israeli Prime Minister Benjamin Netanyahu.

Negotiations for the FTA started seven years ago. Israel is the first country in West Asia with which Vietnam has signed an FTA and Vietnam is also the first country in Southeast Asia that Israel has signed an FTA with, a news agency reported.
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The agreement comprises 15 chapters and several appendices about trade in goods, services, investment, rules of origin, technical barriers to trade, sanitary and phytosanitary measures, customs, trade remedies, government procurement, and legal and institutional framework.

The FTA is also expected to create a conducive atmosphere for Vietnam to promote exports to other markets in the Middle East and North Africa and southern Europe.

Israeli goods and technology will also get scope to reach markets in the Association of Southeast Asian Nations (ASEAN) region.

Source: fibre2fashion.com – July 26, 2023

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US, Mexico Flogged Goodyear on Labor. A Denim Factory Could be Next.

The U.S. and Mexico last week announced measures to correct worker rights violations at a Goodyear tire manufacturing facility in the state of San Luis Potosí. The marks the fourth time since the United States-Mexico-Canada Agreement (USMCA) went into effect that the trade partners agreed on a formal correction plan for corporate labor abuses.

The U.S. Trade Representative (USTR) on May 22 asked Mexico look into allegations that Goodyear didn't honor the terms of a sector-wide agreement for the rubber manufacturing industry. Last week, the results of Mexican government investigation confirmed that workers at the factory were denied their right to freedom of association and collective bargaining.

The Goodyear judgment comes just weeks after the USTR intervened in a complaint from Mexican garment workers in the state of Aguascalientes who claimed the denim manufacturer they work for has engaged in union-busting activities. Ambassador Katherine Tai said that the USTR asked Mexico to follow up on the allegations, which was lodged as a Facility-Specific Rapid Response Labor Mechanism (RRM) petition similar to the complaint brought by Goodyear employees.

The case marked the 10th time that a RRM has been invoked by the U.S. under USMCA. The USTR and the Secretary of Labor, who co-chair the Interagency Labor Committee for Monitoring and Enforcement (ILC), found "sufficient, credible evidence" that the denim manufacturer interfered in internal union affairs and tried to pressure workers into accepting revisions to a collective bargaining agreement. The ILC gave the Mexican government 45 days from its June 12 decision to conduct its own factory review.

Last week, Ambassador Tai said that Mexico's findings in the Goodyear case and remediation recommendations will help restore workers' rights. "The United States will closely monitor the plan's implementation," she said. "I commend the Government of Mexico for its commitment to bringing this facility into compliance with Mexico's labor law and for raising awareness of the applicability of the 'contrato ley' across the sector."

Going forward, Mexican government officials will ensure that Goodyear distributes copies of the contrato ley, or sector-wide agreement, at its facility. The factory's wages and benefits will be monitored for their compliance with the terms of the agreement, and Goodyear will be held responsible for repaying workers for any missed compensation stemming from its earlier compliance failure.

Goodyear will also issue public written statements detailing its commitment to respecting the rights of workers to freely associate and engage in collective bargaining, and promise not to obstruct union activities. The company must post information about how workers can file complaints both internally, and with the Mexican government, if their rights are violated. Goodyear must also inform workers about the reasons the determination was made that it denied workers their rights, and conduct in-person worker rights training for all company personnel. The U.S. and Mexico set Jan. 19, 2024 as the deadline for when Goodyear must finish remediating the labor rights' lapse.

"The Biden-Harris administration remains steadfast in addressing labor rights violations under the U.S.-Mexico-Canada Agreement and supporting robust freedom of association and collective bargaining rights across Mexico," said Deputy Undersecretary for International Labor Affairs Thea Lee. "We commend the government of Mexico for committing to take action at Goodyear and in overseeing the just application of the sector-wide agreement to the benefit of workers."

Source: sourcingjournal.com– July 27, 2023

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Golden time for Vietnamese apparel sector switch to green production

The shift towards green textile and garment production chains is necessary for local firms to achieve sustainable development goals and counter the gradual loss of Việt Nam's cost advantage. It is a golden time for the sector to switch to sustainability, experts said.

Việt Nam's textile and garment industry will continue to face difficulties in the coming months due to the decreasing orders from markets like the US and EU, according to Việt Nam Textile and Apparel Association (VITAS).

Statistics from VITAS showed that in the first half of the year, the industry's export turnover was estimated at US$18.6 billion, down 17.6 per cent over the same period last year. Meanwhile, the import turnover also reduced by 20.5 per cent to $10.7 billion in the first six months of the year.

VITAS forecasts that production and export of textiles and garments will gradually improve, but difficulties will continue until the end of 2023 as many businesses have not yet had enough orders for the third and fourth quarters.

As such, the garment and textile sector set an export turnover target of $40 billion this year.

According to information from the Mercantile Exchange of Việt Nam (MXV), since the end of 2022 cotton prices have been quite stable, mainly struggling within a small range of $1,800 to 1,900 per tonne. The cotton prices traded on the Intercontinental Exchange (ICE) as of July 18 at $1,847 per tonne, down nearly 1.5 times from the price of nearly $2,700 per tonne recorded last August.

Cotton prices are stable at low levels stemming from both supply and demand of the market. On the supply side, cotton production gradually recovered after the effects of drought in the main cotton-growing region of the US in mid-2022. Meanwhile, the recovery in demand for cotton was lower than expected due to global economic headwinds.

In particular, China, the world's largest cotton importer, is still showing a slow recovery after removing its zero-COVID policy, making cotton imports less positive.

Phạm Quang Anh, Director of the Việt Nam Commodity News Centre said that the world economy still faces many challenges, especially the slow recovery of China which has continued to be a major obstacle to increase demand for cotton products. Therefore, cotton prices could maintain a pullback trend in the near future.

Stable cotton prices are a good thing for big cotton importing countries like Việt Nam. But the problem is that the price dropped sharply and showed no signs of recovery, making local textile and garment enterprises that had purchased goods before not able to react.

The price difference makes the cost of producing textiles and garments in the country high compared to elsewhere which is not heavily dependent on input materials, hindering Vietnamese firms in receiving orders.

Cao Hữu Hiếu, General Director of Việt Nam National Textile and Garment Group (Vinatex) said difficulties have been seen from the third quarter of 2022 due to low consumer demand, the deeply dropped price because of decreasing cotton prices - the main raw material of the yarn industry.

When China officially reopened, the domestic yarn industry also found it difficult to compete on price. Therefore, the entire yarn industry suffered losses and production inventories were high. In addition, the unit price dropped sharply, many manufacturing units have reduced processing prices by up to 50 per cent.

The difficulties have not been only due to the price of raw materials, but also from intrinsic production factors.

In the past, the often mentioned advantage of Việt Nam's textile and garment industry to compete with big rivals such as Bangladesh and India was abundant and cheap labour. With this advantage, the industry became a key export sector of Việt Nam when contributing more than 10 per cent to the annual export turnover.

However, in the past few years, along with the development of the labour market, cheap labour in Việt Nam has no longer been an advantage.

Anh said salary increases in the textile and garment sector is a good sign for workers' lives, as well as showing the industry's capacity. But labour costs are not as cheap as before, which would partly limit Việt Nam's competitiveness.

However, on the positive side, this is the driving force for the industry to improve production technology and product quality. It requires Việt Nam's textile and garment industry to switch to more diversified competitive advantages to quickly return to the textile and garment supply race, not only focusing on cheap labour as before.

Switch to sustainability

To overcome these difficulties, many businesses had to be flexible in their production. They are willing to do small orders, complexity and higher requirements. However, it is still important to transform ourselves for more sustainable development.

Vũ Đức Giang, chairman of VITAS said “greening” in garment and textile production could help businesses meet the requirements of importers from Europe, along with sustainable business development. This is no longer a future-oriented story, but in recent years, many domestic textile and garment enterprises have been conscious and transformed to fulfill this requirement.

He said the textile industry would work towards efficient use of resources and waste reduction, removal of substances and elimination of microfibre generation; transform the way clothing is designed, sold and used so that natural emissions could be reduced; radically improve recyclability by design modification, recovery and remanufacturing towards the use of renewable fuels.

In fact, the "green" transition has been implemented by many businesses in Việt Nam for the past five years. Although the implementation progress is still relatively slow, with the inevitable motivation to improve the industry's advantages, it is the best time for domestic enterprises to focus on accelerating transformation, he added.

He said converting production to match market demand is inevitable. To achieve the goal, Vietnamese businesses need to focus on forecasting the world cotton price situation to have reasonable price strategies, and increase stability and sustainability for the multi-billion-dollar export industry.

Source: vietnamnews.vn– July 27, 2023

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Pakistan: Power looms bearing the brunt of high electricity tariff

The power looms industry of Faisalabad and adjoining cities is facing the consequences of raised electricity tariffs and increased prices of yarn. The closure of a large number of power looms has affected the daily wage workers the most in shape of layoffs. Approximately, seven million people across the country are associated with and employed in the textile industry, who are deeply concerned over the shrinking size of the industry.

Faisalabad is famous as the country's textile hub, with hundreds of textile and yarn processing units. Owing to multiple issues, the wheels of the textile sector are closed for the last few months and a negligible number of units are operating with reduced capacity. The weaving industrial units (power looms), which manufacture grey fabric for textile mills and are being run in small and medium-sized units in Faisalabad and Jhnag, are on a downslide owing to the swindling situation in the textile sector of the country with a reduction in exports and raised the cost of production.

Malik Tariq Ahmed, a weaving factory owner from Jhang, said while talking to WealthPK that the authorities need to take concrete steps to revive the weaving industry. Waheed Khaliq Ramay, a senior office bearer of the Council of Loom Owners Association, said that textile weavers used to run small and medium-sized weaving units, and contrary to the textile mills owners, are unable to afford big losses; therefore, many power looms in Faisalabad and its adjoining cities are closed, rendering thousands of workers jobless.
Ramay urged the government to support domestic manufacturers through a reduction in rates of electricity and gas.

Power looms owners say that electricity and yarn prices for power looms have reached record highs in the past few months, and factories have started shutting down due to the raised costs of production.

Owing to inconsistency in policies and curbs to import raw material, chemicals, machinery and non-issuance of letters of credit (LCs) from banks, textile exporters are left to face an embarrassing situation in dealing the international buyers, said Azizullah Gohar, secretary general of the Pakistan Textile Exporters Association (PTEA).

Gohar elaborated that the international buyers are reluctant to place trade orders due to import curbs and political scenarios. About 60-70% of Pakistan's textile exports depend on the import of cotton. Due to low production of cotton in Pakistan as a result of last year's floods, Pakistan had to import a huge quantity of the commodity.

A spokesperson for the All Pakistan Textile Association (APTMA) spokesperson in a recent statement demanded the government restore the globally competitive energy tariff for industries to make them efficient. He said the current high rates of electricity tariff at Rs19.99 per unit are causing low production and a loss of about $4-5 billion in exports.

Source: nation.com.pk– July 28, 2023

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Bangladesh's exports to China drop to US $ 677 million amid challenges and pandemic

In the last fiscal year, Bangladesh's exports to China experienced a significant decline, reaching a three-year low of US $ 677 million. Entrepreneurs faced challenges in capitalising on the duty benefits offered by Beijing. Moreover, if we exclude the earnings from 2019-20, a period heavily impacted by the global Covid-19 pandemic, the export receipts for 2022-23 would be the lowest in a decade, according to data from the Export Promotion Bureau (EPB).

The hindrances to boosting exports to the world's second-largest economy include a restricted range of products in the export basket and the absence of intermediate goods and technology items.

Despite the fact that the tariff schedule of this economy grants duty-free access to 98 per cent of listed items, Bangladesh's shipment in FY '23 declined by 1 per cent, amounting to US $ 683 million, marking the lowest figure since FY '20. It was during FY '20 that the pandemic adversely impacted Bangladesh, causing exports to reach US $ 600 million for that year.

Approximately 60 per cent of Bangladesh's earnings come from the garments and textiles sector, with readymade garments alone constituting 85 per cent of the country's total export receipts.

Al Mamun Mridha, the secretary general of the Bangladesh China Chamber of Commerce and Industry, pointed out that garments are the primary export products for Bangladesh. However, China is also involved in the manufacturing of these products and imports apparel worth US $ 10-US $ 12 billion.

Source: apparelresources.com – July 27, 2023

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NATIONAL NEWS

PM inaugurates International Exhibition-cum-Convention Centre - 'Bharat Mandapam'

The Prime Minister, Shri Narendra Modi dedicated to nation the International Exhibition-cum-Convention Centre (IECC) complex at Pragati Maidan in New Delhi today and urged the nation to move ahead with the principle of 'Think Big, Dream Big, Act Big'. The complex has been named, 'Bharat Mandalam'.

Prime Minister also unveiled the G-20 coin and G-20 stamp at the grand opening ceremony and participated in the naming ceremony of the Convention Centre. Developed as a national project at a cost of about Rs 2700 crores, the new Convention Complex will help showcase and promote India as a global business destination.

Earlier in the day, Prime Minister performed puja at the Complex and felicitated the Shramjeevis involved in the construction of International Exhibition cum Convention Centre.

In his welcome address at the inaugural function, Shri Piyush Goyal, Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles, thanked Prime Minister Shri Narendra Modi for sparing his valuable time to participate in the inauguration of the International Convention Complex – Bharat Mandapam.

He said that Prime Minister Modi has changed the way the country thinks and has inspired us to move as a nation towards the goal of becoming a developed nation. He highlighted the role of Shramjeevis and architects for the development of the Complex.

Shri Goyal pointed out the reason for having a world class convention and exhibition centre in the country for showcasing the country to the world. He said it was the farsightedness of Prime Minister that resulted in the building of this complex. He said it will now be possible to showcase to the world the output of our farmers, MSMEs, artisans and industries. He said that the various policies of the government to promote industry and to ensure the progress of the nation is also being supplemented with the building of our modern infrastructure.

Shri Goyal said that the name – Bharat Mandapam – derives its root from Lord Basaveshwara's idea of Anubhav Mandapam, which was a pavilion for public ceremonies. This complex will be available for all people and will have all the facilities to help the country achieve the goal of making a developed and modern nation.

International Exhibition-cum-Convention Centre (IECC) project revamps the old and outdated facilities at Pragati Maidan and has been developed as a National project. With a campus area of approximately 123 acres, the IECC complex has been developed as India's largest MICE (Meetings, Incentives, Conferences, and Exhibitions) destination. In terms of the covered space available for events, the IECC Complex finds its place among the top exhibition and convention complexes in the world. The newly developed IECC complex at Pragati Maidan comprises multiple state-of-the-art facilities including Convention Centre, Exhibition halls and amphitheatre etc.

The Convention Centre is developed as the centrepiece of the Pragati Maidan complex. It is a grand architectural marvel, designed to host large-scale international exhibitions, trade fairs, conventions, conferences, and other prestigious events. It is equipped with multiple meeting rooms, lounges, auditoriums, an amphitheatre and a business centre making it capable of hosting a wide range of events. Its majestic multi-purpose hall and plenary hall have a combined capacity of seven thousand people, which is larger than the seating capacity of the famous Sydney Opera House in Australia. Its magnificent Amphitheater is equipped with a seating capacity of 3,000 individuals.

The architectural design of the Convention Centre building is inspired by Indian traditions and showcases India's confidence and conviction in its past while also embracing modern facilities and way of life. The shape of the building is derived from the Shankha (conch shell), and different walls and facades of the Convention Centre depict several elements of India's traditional art and culture including 'Surya Shakti' highlighting India's efforts in harnessing solar energy, 'Zero to ISRO', celebrating our achievements in space, Pancha Mahabhuta signifying the building blocks of universal foundation - Aakash (Sky), Vayu (Air), Agni (Fire), Jal (Water), Prithvi (Earth), among others. Also, various paintings and Tribal art forms from different regions of the country adorn the Convention Centre.

Source: pib.gov.in– July 26, 2023

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Govt working on intricate rules of origin template for future FTAs

The Commerce Ministry is working on a template for rules of origin (ROO) — criteria that determine the national source of a product — which would be more nuanced and flexible so that they work to the best advantage of Indian exporters in future Free Trade Agreements (FTAs) that are negotiated, sources have said.

IIFT Kolkata is collecting inputs on the various ROO options preferred by specific industry sectors to evolve a set of Product Specific Rules (PSR) to prepare a ROO template for negotiating future trade pacts.

Determining eligibility

“ROOs are very important in an FTA as they determine what items should qualify as originating from an FTA partner country and hence be eligible for duty concessions. While general ROO can be applied to all products, Product Specific Rules help to capture the individual need of a particular sector. The Commerce Ministry is trying to create a ROO template that will meet the needs of individual sectors,” a person tracking the matter told businessline.

So far, in many of the FTAs entered into by India, the rules of origin have been very simple and based primarily on wholly obtained criteria or 35 per cent value added method, the source said. “But ROOs can be intricate as well to the extent of being different for different products in a particular agreement and varying across agreements. This has been observed in other FTAs such as ones between Canada and the EU, Mexico and the EU. India could look at such intricate ROOs if they suit exporters’ interests,” he added.

Making choice

Exporters have been asked to make a choice from a variety of options for their particular sector such as regional value content at specific levels ranging between 35 per cent and 70 per cent, change in tariff sub-heading (which would require an item to be transformed to the extent that the tariff classification changes), wholly obtained, change in tariff and change in chapter.

They have also been asked to share problems faced by them in undertaking exports due to the ROOs already implemented in the existing FTAs.

With developed countries bringing in new terminologies in description of ROOs, exporters have also been asked to cite their opinion on such new terms.

India recently concluded an FTA with the UAE and an Economic Cooperation and Trade Agreement with Australia and is working on pacts with several partners including the UK, the EU, Canada and New Zealand. The country hopes to get into multiple FTAs with its trade partners as it could help it achieve its ambitious export target of $2 trillion of goods and services by 2030.

Source: thehindubusinessline.com– July 27, 2023

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India likely to get the 3rd largest economy tag in 2027: SBI report

India is likely to get the third largest economy tag in 2027 (or FY28), based on actual GDP data as on March 2023, a movement of seven places upwards since 2014 when India was ranked 10th, per State Bank of India's economic research report 'Ecowrap'.

State-wise estimates indicate that at least two States, Maharashtra and Uttar Pradesh (UP, which will be the Indian 'Land of Midnight Sun'), will break the $500-billion mark in 2027 (or FY28).

India should surpass both Japan and Germany in 2027 at the current rate of growth, the report, put together by SBI's Economic Research Department (ERD), said.

"This is a remarkable achievement by any standard. Interestingly, the incremental (GDP) increase by India between 2022 and 2027, is more than the current size of Australia's economy at $1.8 trillion!

"At this rate, India is likely to add $0.75 trillion in every 2 years, implying that India is all set to touch $20 trillion by 2047, at least on current numbers. India's global share in GDP will cross 4 per cent by 2027," said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI.

The ERD underscored that behind this surge, India needs to grow at a CAGR (compounded annual growth rate) of 8.4 per cent till 2027 (in dollar terms).

This translates into 11.0-11.5 per cent nominal GDP growth per annum (in rupee terms), which is eminently achievable with a 6.5-7 per cent growth rate, it added.

"The Indian economy continues to enjoy a period of sustained Goldilocks. There is now an increasing consensus that India's GDP in Q1FY24 is likely to surpass 8 per cent (SBI projection at 8.1 per cent with an upward bias), thus pushing India's GDP growth to beyond 6.5 per cent for FY24.

"We firmly believe that in a world that is ravaged by uncertainties, 6.5-7.0 per cent growth is the new normal," Ghosh said.

States

The GDP size of major States in 2027 will be more than the size of some of the Asian and European countries like Vietnam and Norway, the report said.

In the coming days, as macroeconomic prospects steadily improve, India will dynamically seek fuller expression of its full potential and a transformative change in its global position, per the report.

Additionally, the recent visits of the PM mark significant long-term economic gains for India in areas of onshoring of chip manufacturing, defence relationship, climate transition & climate finance, trade disputes and creation of special economic zones.

The ERD said these developments will have a cascading impact on economic growth in India and the extended neighbourhood.

Source: thehindubusinessline.com– July 27, 2023

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Japanese Foreign Minister Hayashi on two-day India visit to strengthen bilateral cooperation

Japanese Foreign Minister Yoshimasa Hayashi is in India on a two-day visit to hold discussions with his Indian counterpart, S Jaishankar, on strengthening bilateral cooperation with a focus on areas such as development, technology and healthcare.

“A warm welcome to FM Hayashi of Japan to India for the 15th India-Japan Ministerial Strategic Dialogue to be held later today. Wide-ranging discussions on various domains of India-Japan Special Strategic and Global Partnership on the agenda,” Arindam Bagchi, Spokesperson, Ministry of External Affairs, tweeted after Hayashi’s arrival in New Delhi on Thursday.

Hayashi is visiting India as part of a six-nation tour around Asia and Africa highlighting Japan’s cooperation with the Global South and the Indo-Pacific. The other countries on Hayashi’s tour itinerary are Sri Lanka, Maldives, South Africa, Uganda, and Ethiopia.

On Friday, the Japanese Minister will participate in an India-Japan forum, per the Ministry of External Affairs schedule.

Hayashi’s visit to India, the second this year, is an extended push to realise Japanese Prime Minister Fumio Kishida’s “Free and Open Indo-Pacific” policy and maintain international order based on the rule of law, according to Japanese media.

Source: thehindubusinessline.com– July 27, 2023

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On the table: A SWIFT system tailored to push rupee trade

India is looking to set up its own international financing messaging system along the lines of SWIFT (Society for Worldwide Interbank Financial Telecommunications), the channel used worldwide to transfer funds and securities across borders.

The proposal is a part of the government's bigger plan to internationalise the Indian currency, people aware of details told ET. The system will help settle bilateral trade in rupees.

An expert committee of bankers is exploring options and is expected to submit findings to the government by August, according to officials aware of the matter. The committee members are drawn from the State Bank of India, Bank of Baroda, Bank of India and Central Bank of India among others.

"One of the suggestions was to have an independent financing messaging system that can be used with countries where we have bilateral trade agreements," said a bank official who did not wish to be identified. "This committee will now suggest measures on how to make this operational and what are the challenges. Accordingly, the issue will be taken up with other stakeholders, including the Reserve Bank of India (RBI)."

Another official said the committee will look at the RBI's existing platform, the Structured Financial Messaging System, or SFMS.

Indian financial network

"We have to explore how we can scale this up," he said.

Built on the lines of SWIFT, the SFMS can be used for secure communications within and between banks. In its 2022 Vision Document, the RBI also made a case for expanding the ambit of the SFMS.

"The feasibility of providing membership/technology of Infinet to other jurisdictions shall be explored," it noted. "Further, it shall be explored to expand the framework of SFMS to provide a domestic payment system platform to other jurisdictions. This could be expected to provide faster, convenient, and cost-effective direct payment channels with other jurisdictions."

The Indian Financial Network (Infinet) is a membership-only Closed User Group network that comprises the RBI, CPS (Centralised Payment System) member banks and financial institutions. It provides financial messaging services through its member interface application to all RTGS (Real Time Gross Settlement) participants.

The government has been pushing banks to conduct outreach programmes with the international trading community to promote trade using special rupee vostro accounts (SRVAs).

So far, 20 banks from 22 countries have opened 92 such accounts, including Bangladesh, Germany and Russia.

The RBI and the Central Bank of UAE earlier this month signed an agreement that will enable exporters and importers to invoice and pay in their respective domestic currencies, enabling the development of a bilateral foreign exchange market.

Source: economictimes.com– July 28, 2023

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India-ASEAN free trade agreement most ill-conceived: Piyush Goyal

India has sought a review of its free trade agreements with the Asean, Japan and Korea to make them fair and equitable, a top government official said.

Commerce and industry minister Piyush Goyal on Thursday said India's free trade pact with the Asean was the "most ill-conceived". "The Asean agreement...(is the) most ill-conceived agreement. If anyone would have read that, it is so unfair to Indian industry," Goyal said at an event organised by the Federation of Indian Chambers of Commerce and Industry (FICCI).

Noting that India had opened its markets for Japan and Korea, Goyal pointed out that its exports to Japan had not grown "at all" but imports from that country had jumped 200%.

"What it (India's exports to Japan) was 10 years ago, it is the same today with Japan... we are asking them to renegotiate with us the FTA to make it more balanced, fair and equitable," he said. "It's a difficult task for us in government also...we fight for the textile sector, our farmers, our auto sector, fisheries, electronics," Goyal said.

Emphasising the importance of stakeholder consultations, Goyal said that with the UAE, India imposed tariff quotas on some products after industry raised concerns on some products though the two sides had initially agreed, which was an "embarrassing situation" but it was beneficial for the domestic industry.

Source: economictimes.com– July 27, 2023

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India has asked Japan, South Korea to renegotiate FTAs: Piyush Goyal

Commerce and industry minister Piyush Goyal on Thursday said that India has asked Japan and South Korea to renegotiate the comprehensive economic partnership agreement (CEPA) to make the trade more balanced and equitable.

While both the trade agreements were signed more than a decade ago, the pacts have been often discussed in the context that the Indian industry has failed to benefit from the agreements and the gains mostly have been one-sided.

During FY23, India's trade deficit with Japan rose to $11.03 billion from $8.22 billion a year ago as exports grew at a slower pace as compared to imports. In the case of South Korea, the deficit widened to $14.57 billion in FY23 from $9.39 billion a year ago. This is because exports contracted nearly 18 per cent, while imports grew over 21 per cent.

"They have not allowed their exports into the country…what it was 10 years ago, it is the same today with Japan…Japan's exports to India have meanwhile grown 200 per cent," Goyal said at an industry event.

The minister also said that the trade agreement with ASEAN was an "ill conceived" agreement and unfair to Indian industry.

Source: business-standard.com– July 27, 2023

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Sri Lanka seeks six-fold duty-free increase in apparel exports to India under ETCA

Sri Lanka will be seeking a minimum six-fold increase in duty free access for its ready-made apparel products from India with no fabric sourcing conditions under the proposed Economic and Technology Co-operation Agreement (ETCA).

Under the current India-Sri Lanka Free Trade Agreement (ISFTA), Sri Lankan exporters have been given duty-free access to export eight million pieces of ready-made apparel to India annually.

As Sri Lanka imports US$ 500 million worth of textile and apparel inputs from India, Sri Lanka's International Trade Office Chief Negotiator K.J. Weerasinghe highlighted that it would be fair to increase the current duty-free access granted to Sri Lankan exporters to a minimum value of US$ 250 million per annum.

"We have a 8 million quota, multiplied by US$ 5 per piece, which comes to around US$ 40 million. There's sectoral imbalance as we import US$ 500-600 million worth of apparel inputs from India per year. Hence, the current quota on ready-made apparel must be increased to at least US$ 250 million under global sourcing terms," Weerasinghe said.

He made these remarks addressing a seminar organised by the National Chamber of Exporters in Colombo this week.

He emphasised that the government is determined to take a firm stance in order to achieve this target in the forthcoming ETCA negotiations.

With the sharp decline in demand for apparel products in Western markets, Sri Lanka's apparel exporters have sought India to remove the quota, pending the finalising of the proposed ETCA.

However, Weerasinghe noted that the only way to grant an increase in the quota or removal of the quota is under the proposed ETCA, which aims to deepen the existing free trade agreement between Sri Lanka and India.

During the President Ranil Wickremesinghe's recent visit to India, both countries agreed to restart negotiations to finalise the proposed ETCA agreement, following a four-year hiatus.

“We will resume negotiations with India after four years. We have requested for dates from Indian counterparts to restart the negotiations,” Weerasinghe said.

Resumption of ETCA negotiations might experience delays due to the involvement of Indian FTA negotiators in multiple FTA negotiations with various countries ranging from the United Kingdom (UK) to Bangladesh.

The two countries had completed 11 rounds of bilateral talks on the proposed ETCA during the 2016-2019 period.

Source: dailymirror.lk– July 28, 2023

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GDP GROWTH

First Advance Estimate (FAE) of National Accounts for the current year is released by Ministry of Statistics and Programme Implementation (MoSPI) on 7th January, if it is a working day, else on previous working day, using the provisional estimate (PE) of previous financial year (FY) as benchmark. However, First Revised Estimate (FRE) of the previous financial year used to be released on last working day of January, that is one day before the presentation of Union Budget.

That was creating confusion among users as they were recomputing growth of current year using FRE released one day before, instead of growth rate published in Economic Survey. Therefore, in consultation with stakeholder agencies, FRE has been made coterminous with the release of Second Advance Estimate (SAE) from the current financial year onward, that is on the last working day of February.

GDP growth rate at constant (2011-12) prices during last three FYs are as follows:

Year	2020-21(2nd RE)	2021-22(1st RE)	2022-23(PE)
GDP growth rate (%)	-5.8	9.1	7.2

(RE-Revised Estimates, PE- Provisional Estimates)

From the above table, it is evident that FY 2020-21 witnessed a contraction of 5.8 per cent. Because of low base in 2020-21, the growth rate in 2021-22 was registered high as 9.1 per cent. But in 2022-23, the growth rate 7.2 per cent is on high base (9.1 percent of 2021-22). Therefore, the said growth of 7.2 per cent in 2022-23 is healthy.

Government over the past few years have taken various initiatives that have contributed to the high growth of the Indian economy. Policy support has included the introduction and application of the Insolvency and Bankruptcy Code (IBC), Goods and Services Tax Reform, cut in the Corporate Tax Rate, the Make in India and Start-up India strategies, and Production Linked Incentive Schemes, among others. Government has also focused on capex led growth strategy and substantially increased its capital investment outlay during the last three years.

The Union budget 2023-24 has taken further steps to sustain a high growth of India's economy. These include a substantial increase in capital investment outlay for the third year in a row by 33 per cent to ₹10 lakh crore (3.3 per cent of GDP), the enhanced outlay for PM Awas Yojana, the launch of the Aspirational Blocks Programme covering 500 blocks for saturation of essential government services; increase in agriculture credit target to ₹20 lakh crore with a focus on animal husbandry, dairy and fisheries; and setting up of Agriculture Accelerator Fund to encourage agri start-ups by young entrepreneurs in rural areas, among others. Direct capital investment by the Centre is also complemented by Grants-in-Aid to States for the creation of capital assets.

The 'Effective Capital Expenditure' of the Centre was accordingly budgeted at ₹13.7 lakh crore (4.5 per cent of GDP) for 2023-24. To increase private investment in infrastructure, the newly established Infrastructure Finance Secretariat will provide oversight. Further, to improve logistics performance, one hundred critical transport infrastructure projects for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified and will be prioritised for development.

Growth rate of Gross Value Added (GVA) at Constant (2011-12) Prices in the manufacturing sector in the FY 2020-21, FY 2021-22 and FY 2022-23 are 2.9 per cent, 11.1 per cent and 1.3 per cent respectively. From this, it is evident that the Manufacturing sector registered very high recovery during FY 2021-22 by observing 11.1 per cent growth. Because of very high base, growth of this sector at 1.3 per cent appears subdued.

It is further noted that the growth rate of 1.6 per cent and 9.9 per cent for the FY 2022-23 and FY 2021-22, mentioned in the question, has now been revised to 1.3 per cent and 11.1 per cent as per latest provisional estimate published on 31st May, 2023.

This information was given by the Minister of State (I/C) for the Ministry of Statistics and Programme Implementation, Ministry of Planning and Minister of State in the Ministry of Corporate Affairs, Rao Inderjit Singh in a written reply in the Lok Sabha today.

Source: pib.gov.in– July 27, 2023

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EU textile industry keen on 'Make with India' through collaboration

The textile industry in the European Union is keen on tapping the strengths of the Indian textile sector and come up with a "Make with India" policy rather than "Make in India", says The Yarn Bazaar co-founder and CEO Pratik Gadia.

"Make in India is great. But it seems to have a slight negative sentiment with the European industry as it feels that India is not opening up its imports. This was the crux of the message we recently got during an Indo-European Union meeting on free trade pact," he said.

Gadia was one of the Indian representatives during deliberations with the European Union on co-operation measures for mutual economic benefits at EU-India Leaders Conference at Brussels European Parliament. There was a separate panel for textiles during the event.

Win-win partnership

The EU industry feels that with both knowing their strengths, it would be better to collaborate for a clear win-win partnership, he said.

"The EU is not just looking at cross-border collaboration with India or simply looking to increase business between the two. The idea is, together how can we capture larger international textile market share? We are discussing how we can collaborate so that we can get a larger market share of the overall textile industry?" Gadia said.

In particular, the EU industry wants India to buy more machineries even as India looks for better access for its textile products in the union. "In India, apart from a couple of companies, there are not many good manufacturing units to make machinery, whether it is spinning or weaving. Most of the machines are imported. The collaboration can probably provide a cost advantage," Gadia said.

Tech transfer?

India and EU can opt for technology transfer or collaboration. "We can do a lot of collaboration in design and innovation. Post-pandemic, the global industry has changed. A lot of innovation is happening but India is yet to catch up. Collaboration can help that way," he said .

The collaboration will help the EU and India once a free trade agreement is signed. Currently, Bangladesh enjoys a duty rebate or preferential duty rate as it is considered a least developed country (LDC). “The FTA will put us at par with Bangladesh. Together with this, we can target a much larger global share for our textile,” the Yarn Bazaar CEO and co-founder said.

Gadia said when it comes to textiles, the FTA between India and the EU may not be as complicated as say Basmati rice for which India is seeking a geographical indication tag.

He said some of the European buyers are still concerned over the quality of Indian products and some of companies here are still casual in meeting delivery schedules. “It is not a cultural issue but a structural one. If we can assure quality and timely supply of products, we can gain,” Gadia said.

Source: thehindubusinessline.com– July 28, 2023

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1,83,844 beneficiaries trained across 1880 centres under Samarth-Scheme for Capacity Building in Textile

Ministry of Textiles had implemented the umbrella skilling scheme of Integrated Skill Development Scheme (ISDS) during 2010-2018 for skill development and capacity building of workers across textile value chain. In further continuation, the revamped skilling scheme of Samarth-Scheme for Capacity Building in Textile Sector (SCBTS) was launched in 2017-18.

Samarth provides demand driven, placement oriented National Skill Qualification Framework (NSQF) compliant skilling programme to supplement the efforts of the industry in creating jobs in the organized textile and related sectors, covering the entire value chain of textiles, excluding Spinning and Weaving, which have been converged under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) of M/o Skill Development & Entrepreneurship. Samarth Scheme has been extended upto March, 2024. State/UT-wise details of training centres operating in the country under Samarth scheme are given in Annexure-I.

ISDS was operational upto 2017-18. The details of number of beneficiaries under Samarth during the last three years and the current year, State/UT-wise including Tamil Nadu are given in Annexure-II.

Ministry of Textiles is implementing Samarth Scheme on Pan India basis, including small cities. Ministry of Textiles has been implementing various schemes viz, Production Linked Incentive (PLI) Scheme, Pradhan Mantri Mega Integrated Textile Region and Apparel (PM MITRA), Amended Technology Upgradation Scheme (ATuFS), Silk Samagra, National Handloom Development Programme, National Handicraft Development Programme, Integrated Wool Development Programme (IWDP), National Technical Textile Mission (NTTM), Scheme for Integrated Textile Parks (SITP) etc. catering exclusively for development of textile sector in the country.

Click here for more details

Source: pib.gov.in– July 26, 2023

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Open end mills plan to increase yarn supply to Tiruppur garment units

Open end spinning mills in Tamil Nadu plan to scale up yarn production to increase supplies to garment units in Tiruppur.

President of Open End Spinning Mills' Association G. Arulmozhi said in a press release that the mills supply about two lakh kg of coloured yarn to garment units in Tiruppur a day and the plan is to increase it to five lakh kg. The mills will also produce 30s and 40s count yarn that are used widely to make hosiery products.

Secretary for Handlooms and Textiles, Tamil Nadu, Dharmendra Pratap Yadav and officials of the textile and handloom Department visited open end spinning mills and units that make garments with coloured yarn in Erode and Tiruppur on Monday and Tuesday. They also held discussions with the members of the Association and assured supportive measures.

The open end spinning mills and MSME textile mills in the State went on strike recently demanding support from the Central and State governments as they were hit by drop in orders and lack of remunerative prices for the products.

Source: thehindu.com– July 26, 2023

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