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IBTEX No. 142 of 2023 August 07, 2023

Currency Watch			
USD	EUR	GBP	JPY
82.74	90.84	105.27	0.58

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INTERNATIONAL NEWS

UK-GCC trade expected to rise by 16% if FTA signed: UK govt

Trade between the United Kingdom and the Gulf Cooperation Council (GCC) economies is expected to jump by 16 per cent with the signing of a free trade agreement (FTA), the British government recently said. The fourth round of FTA negotiations took place late last month in London.

Decent progress was made and the fifth round of negotiations is expected to be hosted by the GCC later this year.

The GCC region is the UK's seventh-largest export market, with total trade valued at £61.3 billion ($78.29 billion).

"An FTA will be a substantial economic opportunity and a significant moment in the UK-GCC relationship," a UK government press release said.

Source: fibre2fashion.com – Aug 07, 2023

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China's warehouse storage sector grows for 6th successive month in Jul

China's warehouse storage sector expanded for the sixth consecutive month in July, with the index tracking the sector's development standing at 52.2 per cent—up by 1.5 percentage points from June's figure, a joint survey by the China Federation of Logistics and Purchasing and CMST Development Co. Ltd. found.

A reading above 50 per cent indicates expansion, while one below that reflects contraction.

Highlighting the warehouse storage sector's sound development momentum, CMST Development vice president Wang Yong said that with steady implementation of policies to boost consumption and government support of private economy, market demand is expected to continue improving, and the warehousing industry is likely to maintain a stable and positive development, a state-controlled news outlet reported.

Source: fibre2fashion.com – Aug 06, 2023

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Cambodia requests US to renew GSP scheme

Cambodian commerce minister Pan Sorasak recently discussed with a visiting US delegation ways to strengthen the country's ties with the United States and requested renewing the Generalised System of Preferences (GSP) for some products, including garments, footwear and travel goods.

The delegation was led by Jason Smith, chairman of the US House committee on ways and means.

The minister appealed to US firms to invest more in Cambodia to reduce the trade deficit between the two countries, Cambodia media outlets reported citing a ministry statement.

Source: fibre2fashion.com – Aug 06, 2023

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German exports down 1.9% YoY, imports fall 11.6% YoY in June 2023

In June 2023, German exports decreased by 1.9 per cent and imports fell by 11.6 per cent year-on-year (YoY). Moreover, exports were up 0.1 per cent and imports were down 3.4 per cent on a calendar and seasonally adjusted basis compared with May 2023, as per provisional data by the Federal Statistical Office (Destatis).

After calendar and seasonal adjustment, Germany exported goods to the total value of €131.3 billion and imported goods to the value of €112.6 billion in June 2023. The foreign trade balance showed a surplus of €18.7 billion in June 2023. The calendar and seasonally adjusted surplus stood at €14.6 billion in May 2023 and €6.4 billion in June 2022, Destatis said in a press release.

On a calendar and seasonally adjusted basis, Germany exported goods to the value of €71.5 billion to the member states of the European Union (EU) in June 2023, while it imported goods to the value of €60.0 billion from these countries. Compared with May 2023, calendar and seasonally adjusted exports to EU countries rose by 1.3 per cent, while imports from these countries fell by 3.1 per cent.

The value of the goods exported to euro area countries totalled €50.3 billion at 1.8 per cent in June 2023, and the value of the goods imported from these countries was €39.6 billion at -4.1 per cent. In June 2023, goods to the value of €21.2 billion at -0.1 per cent were exported to EU countries not belonging to the euro area, while the value of the goods imported from these countries was €20.4 billion at -1.0 per cent, on a calendar and seasonally adjusted basis.

Exports of goods to countries outside the EU (third countries) amounted to €59.8 billion in June 2023, while imports from these countries totalled €52.6 billion, on a calendar and seasonally adjusted basis. Compared with May 2023, exports to third countries declined by 1.1 per cent and imports from third countries fell by 3.7 per cent.

Most German exports in June 2023 went to the US. After seasonal and calendar adjustment, exports of goods to the US were down 0.2 per cent compared with May 2023, with the value of exports to the US dropping to

€12.7 billion. Exports to China decreased by 5.9 per cent to €8.2 billion and exports to the UK fell by 0.2 per cent to €6.5 billion.

Most imports in June 2023 came from China. Goods to the value of €14.0 billion were imported from there, which represented a 5.3 per cent increase compared with the previous month, after calendar and seasonal adjustment. Imports from the US fell by 1.2 per cent to €7.5 billion. Imports from the UK dropped by 4.4 per cent to €3.1 billion during the same period.

Exports to Russia declined a calendar and seasonally adjusted 2.3 per cent to €0.7 billion in June 2023 compared with May 2023. Compared with June 2022, when exports to Russia decreased dramatically as a result of the Russian attack on Ukraine, exports fell by 41.1 per cent. Imports from Russia rose by 16.5 per cent to €0.3 billion in June 2023 from May 2023, and were down 91.3 per cent compared with June 2022.

Germany exported goods to the value of €138.6 billion and imported goods to the value of €116.4 billion on a nominal basis (not adjusted for calendar or seasonal effects) in June 2023. Compared with June 2022, exports in June 2023 therefore increased by 1.5 per cent, and imports fell by 9.5 per cent. The unadjusted foreign trade balance showed a surplus of €22.2 billion in June 2023. In June 2022, the surplus was €8.0 billion.

Source: fibre2fashion.com – Aug 06, 2023

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Italy's GDP falls by 0.3% in Q2 2023 over Q1

The seasonally- and calendar-adjusted, chained volume measure of Italian gross domestic product (GDP) decreased by 0.3 per cent in the second quarter (Q2) this year with respect to Q1. The change is the result of a negative contribution by the domestic component and nil contribution by net exports.

On the supply side, industrial production index increased by 0.5 per cent in June with respect to May for the second time in a row.

In the period April-June, however, on average, the index decreased with respect to the previous three months.

Labour market conditions remain favourable in the country, the official statistical agency said in a release.

In June the number of employed people rose, while the unemployment rate declined to 7.4 per cent.

Exports in May decreased by 0.3 per cent compared to April and imports by 3 per cent. Exports decreased by 1.7 per cent for European Union (EU) countries and increased by 1.2 per cent for non-EU countries. Imports dropped both for EU countries (minus 1.7 per cent) and for non-EU countries (minus 4.5 per cent) in the month.

In June, exports to non-EU27 countries increased by 2.7 per cent year on year (YoY) and imports dropped by 41.1 per cent YoY.

In Q2 2023, the value of sales was up by 0.4 per cent, whereas its volume decreased by 0.9 per cent compared with the previous quarter.

Source: fibre2fashion.com – Aug 07, 2023

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Peru: As of June 2023, exports could be $30.890 billion

In the first half of 2023, Peru's exports totaled $30.890 billion, down 1.5% from the same period in 2022, according to the Lima Chamber of Commerce (CCL).

The Guild specified that this slight decline was partly due to a decline in supplies from the oil and natural gas sector, which accounted for 7.4% of total export value during the analyzed period.

This was mainly because the amount corresponding to liquefied natural gas has decreased in recent months. Thus, specifically, it amounted to 2.289 billion US dollars (-37.7%).

The institution announced that other sectors seeing declines were: chemicals (-15.9%), traditional fishing (-28.5%), textiles and clothing (-13%), and iron and steel (-12. 1%).

However, our main export sector (mining) has accumulated 61.1% (share) in relation to the total value of goods shipped. Similarly, it stood at $18.865 billion, marking a 7% recovery from the figure recorded in 2022.

Most exported products

After analyzing the results recorded in this sector, it was found that the most exported product line was copper ores and their concentrates with a volume of 4,824,171 tons (26.5%) and a value of 9.788 billion US dollars (19.8%).

This growth was largely driven by demand from China, a country that accounted for 76% of buyers.

"Another important sector for Peruvian exports was non-traditional agriculture, which accounted for 12.1%, since the export value was 3.722 billion US dollars, which indicates an increase of 6%." it said.

Among the main product lines of this sector, the supply of fresh grapes stood out – 279,144 tons (14.5%), worth US$667 million (15.8%); fresh avocados – 364,624 tons (18.7%) worth $618 million (27.7%); fresh mangoes – 179,926 tons (6.4%) worth US$207 million (0.5%); and fresh blueberries — 35,824 tons (41.4%) worth $185 million (26.5%)," said

Oscar Quiñones, head of the CCL Foreign Trade Research and Development Institute (Idexcam).

He said that among the top export destinations were China, US$11.337 billion (10.7%); USA – 4.148 billion US dollars (4.7%); Canada, US$1.324 billion (2.8%); South Korea, $1.307 billion (-23.7%); Japan, $1.290 billion (-20.1%); Chile, $1.006 billion (3.3%); Brazil, $951 million (20.8%); Spain, US$947 million (13.3%); India, $930 million (-26.1%); and the Netherlands, US$778 million (6.6%).

China

According to Idexcam, China was also a top traditional export destination, with products such as copper minerals and their concentrates standing out, with a volume of 3,661,047 tons (25.5%) worth US$7.417 billion (19.8%).

Similarly, iron ores and their concentrates – 8,070,983 tons (-13.9%) worth US$704 million (-26.1%); and fishmeal, 335,301 tons (-31.1%) were registered in the amount of 566 million US dollars (-26.7%).

Finally, Idexcam highlighted that the growth in US shipments was driven in part by gold bar exports, 81 tons (9.2%) worth $598 million (29.6%); refined copper cathodes – 45,653 tons (59.7%) worth US$398 million; and fresh grapes – 137,421 tons (19%) worth US$327 million (15.4%).

Source: codelist.biz – Aug 05, 2023

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Higher wages push brands to pull out of Philippines

A significant European apparel brand has withdrawn its multimillion-dollar orders from Philippine manufacturers, severely affecting local exporters already struggling with slow sales.

The move, attributed to higher wages in the Philippines, prompted the brand to shift production to Vietnam and Cambodia, where labor costs are lower. The withdrawal is expected to impact 4,800 to 6,000 Philippine workers and lead to an annual revenue loss of $200 million to $300 million.

The garment sector, employing about 2 million workers, holds substantial importance in the Philippine labor market and contributes around $6 billion in annual exports. The brand's departure highlights challenges in the Philippine garment industry, stemming from heightened competition from lower-wage countries and global demand stagnation.

While the Philippine government has taken steps like tax incentives and subsidies to aid the industry, more comprehensive efforts are needed.

The European brand's exit underscores the challenges facing local exporters and the broader Philippine economy, with economic slowdown and inflation complicating global market competitiveness.

Source: fashionatingworld.com – Aug 06, 2023

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Bangladesh's share in EU apparel market jumps to 22.20%

Bangladesh's apparel exports to the European Union (EU) have surged, capturing a 22.20% share of the market in 2022. In contrast, the market share of the country's top competitor, China, declined to 29.24%, according to the latest data from Eurostat – the statistical agency of the European Commission.

Bangladesh, the second-largest apparel exporter to the EU, exported $22.89 billion worth of apparel to the market last year, showcasing a remarkable 35.69% year-on-year growth. Meanwhile, China's exports stood at $30.15 billion, with a growth rate of 17.01%.

In 2021, Bangladesh's market share accounted for 19.80%, valued at $16.87 billion, while China dominated with a 30.22% share, totaling $30.22 billion.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), expressed his satisfaction with the rise in apparel exports to Europe. "Europe is one of the significant apparel importers in the world as well as for Bangladesh," he said.

He also highlighted that over the past five years, the value of the EU's apparel imports from Bangladesh has demonstrated a Compound Annual Growth Rate (CAGR) of 9.42%. This growth outpaced the EU's average annual apparel imports growth rate of 4.31% from the rest of the world.

The latest data reveals that the EU's overall apparel imports from all countries reached a staggering $103.09 billion in 2022, marking an impressive 20.97% year-on-year increase compared to $85.23 billion in the previous year.

In terms of quantity, the EU's clothing imports from Bangladesh surged by 21.20% year-on-year, surpassing China's 17.01% year-on-year growth in 2022.

Faruque Hassan said Bangladesh has secured the top position in terms of quantity, surpassing China for the first time in the EU market.

Looking ahead, the BGMEA president has high hopes for Bangladesh's position in the EU apparel market. He foresees Bangladesh becoming the leading apparel-sourcing country for the EU in terms of value by the end of 2023.

Among other apparel exporters to the EU market, Turkey ranks as the third-largest supplier, holding an 11.62% share and achieving a 10.09% year-on-year growth in 2022.

On the other hand, the EU's imports from India reached $4.87 billion in 2022, up from $4.01 billion in 2021. Additionally, the EU's imports from Vietnam also saw a significant increase of 35.28% year-over-year, reaching $4.57 billion in 2022 compared to $3.37 billion in 2021.

The BGMEA president said, "In recent years, Bangladesh has made significant progress in product diversification, particularly, our manufacturers have made a considerable investment in the backward linkage industry and high-end sophisticated items."

"We are also working for mid and upper-mid-priced brands in Europe and exporting high-valued items these days which is reflected in our unit price surge in recent years", he added.

Bangladesh has also achieved notable market diversification, he maintained.

Among the 27 countries in the EU region, there has been a substantial increase in imports from Bangladesh in the last five years by Hungary, Cyprus, Malta, Slovenia, Poland, and Denmark, as reported by the BGMEA President.

Source: tbsnews.net – Aug 07, 2023

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Pakistan's textile industry struggles amidst job losses, economic crisis

Lubna Babar, a factory worker, experienced job loss earlier this year due to the crisis in the Pakistan textile industry. The industry has been facing tough competition from more agile Asian rivals, leading to a decline in its position, AFP reported.

"When you lose your job, your life comes to a close," the 43-year-old from Lahore told AFP, adding, "We've been working in factories for years... the day you get sacked, the story ends there."

Amidst the global economic slowdown triggered by the war in Ukraine and the increase in energy expenses, Pakistan's industrial manufacturing sector has also been adversely affected, mirroring the situation in other parts of the world. The textile industry, which constitutes a significant portion of Pakistan's exports (60 percent), faces additional challenges due to the country's struggling economy and prolonged periods of political instability. These factors have compounded the difficulties faced by the textile sector in Pakistan.

During the later stages of the COVID-19 pandemic, Pakistan's industrial sector experienced a boost as it was granted more freedom from restrictions earlier than its regional competitors, India and Bangladesh.

Additionally, the industry received government support in the form of financial aid and reduced energy costs. Despite these favourable conditions, in the period of 2022-2023, Pakistan witnessed a decline in its textile exports by 15 per cent, resulting in a total value of $16.5 billion.

"Two years ago, we were on a very high growth trajectory... we were confident that our exports this year would go to $25 billion," said Hamid Zaman, managing director of Sarena Textile Industries. "Unfortunately, when you have political instability and things are not clear, and the policies of the government are reversed, this whole thing has gone into a tailspin," he told AFP.

In April of the previous year, Pakistan plunged into political turmoil when Imran Khan was removed from his position as prime minister through a vote of no-confidence. Following his dismissal, Imran Khan attempted to mobilize public support for an early election, but this move led to his arrest in May. The situation escalated into violence, which eventually subsided after a severe crackdown on his party and its supporters, AFP reported.

He was convicted of graft on Saturday and sentenced to three years in jail. The textile and clothing sector employs around 40 percent of the country's 20 million-strong industrial workforce. The main export markets are the US, EU, the UK, Turkey, and the UAE, supplying cotton fabrics, knitwear, bed linen, towels, and ready-made garments to global brands such as Zara, H&M, Adidas, John Lewis, Target and Macy's.

But many factories have closed in recent months -- at least temporarily -- or are no longer running at full capacity. "Perhaps 25 to 30 percent of all textile factories have closed. It is estimated that perhaps 700,000 jobs have been lost in the last year or year and a half," said Zaman.

Babar felt this keenly, having looked for work at other factories -- but they were also laying off employees. "They said they were no longer receiving orders from abroad," she said.
After devastating floods in the summer of 2022, cotton production in Pakistan fell to an all-time low.

Due to the government's decision to preserve foreign exchange reserves, the textile industry in Pakistan faced challenges in sourcing materials from abroad as imports were frozen. This resulted in thousands of containers, containing crucial raw materials and machinery for the country's industries, being held up for months at the southern port of Karachi.

Moreover, textile companies had to grapple with a substantial increase in the cost of capital, with interest rates exceeding 20 percent. The central bank took these measures to address the issue of record-breaking inflation in the country. These combined factors added further strain to the already struggling textile sector in Pakistan.

Pakistan finally managed to consolidate its foreign exchange reserves with the approval in mid-July of a $3 billion loan from the International Monetary Fund (IMF) and additional assistance from China, Saudi Arabia and the United Arab Emirates.

"But that's not a solution, it's just getting deeper and deeper into debt," said Kamran Arshad, managing director of Ghazi Fabrics International.

"The only way forward is enhancing Pakistan's exports and creating an environment that is investor-friendly that would incentivise industrial production and activity," he added.

As part of the IMF bailout agreement, one of the stipulations was the discontinuation of energy subsidies, resulting in a significant increase in electricity costs. This surge in energy expenses has had an adverse impact on the competitiveness of textile companies in Pakistan.

"Our biggest challenge going forward is having energy prices that are substantially higher than those of India, Bangladesh, Sri Lanka, Vietnam and China," said Arshad, "We're not asking for subsidies. Realistically we are asking for regionally competitive energy prices."

In the face of these challenges, the country's textile manufacturers have lost customers globally.

"Pakistan's overall market share in the textile and garment industry was nearly 2.25 percent about two years ago. Now it's down to around 1.7 percent," said Aamir Fayyaz Sheikh, CEO of Kohinoor Mills.

Sheikh remains optimistic about the prospects if the political situation stabilizes after the upcoming election scheduled before the year's end.
"After the elections there will be more political clarity and that will help bring more economic stability," he said.

But for ordinary workers like Babar, there is little light at the end of the tunnel.

"Life is getting harder every day," said the mother of three.

"We cook once and make it last for two days. And if we don't have any food, we make do, without complaining."

Source: livemint.com– Aug 07, 2023

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2023 won't fare well for apparel trade: BGMEA

The rest of the year 2023 will not fare well in terms of apparel trade measured in dollar values, said a top official of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) yesterday.

APPAREL EXPORT BY VARIOUS COUNTRIES

(Value in billion $)

Country	2020	2021	2022
China	141.59	176.08	182.42
Bangladesh	28.07	34.2	45.35
Vietnam	28.6	31.2	35.27
Turkey	15.35	18.73	19.91
India	12.97	16.15	17.71
Indonesia	7.55	9.32	10.08
Cambodia	7.55	8.13	9.11
USA	4.84	6.14	7.16

SOURCE: WTO

The projection is that the global trade of apparel will drastically fall in 2023, said BGMEA President Faruque Hassan in an analysis posted for the BGMEA members.

As per the performance report of the months that have elapsed in 2023, sourcing by major markets has drastically gone down, he said.

Particularly, garment import by the US and European Union from around the world has declined by 22.92 percent and 8.84 percent respectively during the January-May period of 2023, he added.

"Bangladesh is also witnessing a slowdown in apparel export in the past few months," said Hassan.

"The global economic growth, and retail and trade outlook show a depressive picture, meaning that the slowdown in demand and order may continue the rest of the year," Hassan said in the WhatsApp message for the BGMEA members.

As per data of World Trade Organization (WTO), apparel trade worldwide has increased by 7.26 percent year-over-year in 2022 to reach $576 billion from $537 billion in 2021.

Bangladesh retains its position as the world's second-largest clothing exporting country after China and the country's share rose to 7.87 percent (as per the BGMEA whereas the WTO puts it at 7.9 percent) in 2022 from 6.37 percent (WTO 6.40 percent) in 2021.

Since 2016 Bangladesh has been maintaining a share of over 6 percent in the world apparel market and for the first time the share crossed the 7 percent mark last year.

During 2022, Bangladesh's apparel export to the world increased by 32.60 percent year-over-year to $45.35 billion from $34.20 billion, said Hassan.

Meanwhile, China's apparel export to the world grew by 3.60 percent year-over-year to $182.42 billion from $176.08 billion. However, China's share in the global trade fell to 31.67 percent in 2022 from 32.79 percent in 2021.

Vietnam ranked as the third largest exporter in the global apparel market with a 6.12 percent share followed by Turkey with a 3.46 percent share.

In 2022, Vietnam's apparel export to the world grew by 13.05 percent to $35.27 billion from $31.20 billion in 2021. Turkey's clothing export to the world also reached $19.91 billion in 2022 from $18.73 billion in 2021, meaning a 6.27 percent growth.

In 2022, the difference in the market share occupied by Bangladesh and Vietnam has widened, said Hassan. Europe is one of the significant apparel importers in the world as well as for Bangladesh, he said.

During the past five years, the value of the EU's apparel import from Bangladesh has grown by 9.42 percent, whereas their import from the world has shown an average annual growth of 4.31 percent.

In 2022, the EU's apparel imports from the world grew by 20.97 percent year-on-year. The EU's apparel imports from the world reached $103.09 billion in 2022 from $85.23 billion in 2021, which was $90.53 billion in 2018.

As per the data, the EU imported $22.89 billion worth of apparel from Bangladesh in 2022 which was $16.87 billion in 2021 and $16.44 billion in 2018. With a 22.20 percent share in value terms, Bangladesh remains the second largest apparel import source for the EU after China.

In terms of quantity (measured in kilogrammes), the EU's clothing import from Bangladesh also increased by 21.20 percent year-on-year to $1.32 billion in 2022 from $1.09 billion in 2021.

China, being the top apparel import source for the EU and having a 29.24 percent share, registered a 17.01 percent year-on-year growth in 2022.

The EU's imports from China reached $30.14 billion in 2022 from $25.76 billion in 2021, which was $27.20 billion in 2018.

However, in terms of quantity, Bangladesh's share (28.90 percent) has crossed the share of China (28.46 percent) in 2022 and gained the top position for the very first time in the EU.

"In value terms we also hope to be the top apparel sourcing country for the EU by the end of 2023," he said.

Value-wise in 2018 the share of Bangladesh in EU's total apparel import was 18.16 percent, which climbed to 22.20 percent in 2022. In contrast, China's share has declined to 29.24 percent in 2022 from 30.15 percent in 2018.

With a 11.62 percent share, Turkey ranked as the third largest apparel import source for the EU which posted a 10.09 percent year-on-year growth in 2022.

The EU imported $11.98 billion worth of clothing from Turkey in 2022 which was $10.89 billion in 2021 and $9.92 billion in 2018.

In 2022, the EU's cumulative unit price of import from Bangladesh increased by 11.95 percent year-on-year to $17.27 from $15.42.

Therefore, both value and quantity-wise EU's import from Bangladesh saw 35.69 percent and 21.20 percent growths respectively leading this per unit price surge in 2022. It also proves that value addition is happening in Bangladesh.

China is slowly but gradually losing its global share, which is being gained by a few countries, including Bangladesh, Hassan said.

"We need to continue our efforts in enhancing efficiency, product development capability and invest in reducing carbon emission," he said, adding that it was not overoptimistic to hope for reaching 12 percent of the global apparel market share by 2030.

Source: thedailystar.net– Aug 07, 2023

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Vietnam: Importers hit by strengthening euro

The euro has appreciated by 17% against the U.S. dollar since last September and is trading at a 17-month high. It has gained 3.4% against the Vietnamese dong since the beginning of this year.

This has increased prices for firms that import machinery and equipment from Europe such as Xen Lu Lo Technology Joint Stock Company, which operates in the paper and cement industries.

Pham Tri Cuong, CEO of PowerTech Trading and Technology Company, which imports machinery for the energy industry, said half of all orders used to be paid in euro, but are now paid in other currencies.

"We ask partners to accept payments in USD instead of euro. If they do not agree, we buy exchange rate insurance or fix exchange rates with banks." Exporters of textile and garment, footwear and certain other items are unaffected since they import intermediate goods mostly from Asian countries such as China.

Wood and woodwork businesses said they are not affected by the strengthening euro due to weak demand. Wooden furniture imports from the EU have almost come to a standstill, they said.

Nguyen Xuan Duong, chairman of Hung Yen Garment Joint Stock Company, said however the strong euro is a temporary phenomenon.

On the other hand, exporters of garments, textiles, seafood, and other items to Europe are benefiting because 15-20% of their deals are in the euro.

Vietnam's exports were worth US$164.45 billion in the first half of this year, down 12% year-on-year, according to data from the Ministry of Industry and Trade.

Exports to the EU were worth nearly $22 billion, 10% down due to weaker demand..

Source: e.vnexpress.net– Aug 06, 2023

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NATIONAL NEWS

WTO ranks India 18th in merchandise exports

Last Monday, the World Trade Organization (WTO) released its 2023 edition of the World Trade Statistical Review (WTSR), its annual flagship publication featuring key data on global trade in merchandise and commercial services.

It gives data on merchandise and services trade broken down by geographical origin, main product groups and sectors, along with related data on key economic developments such as gross domestic product (GDP) growth, commodity prices, and exchange rate fluctuations, mostly for 2022. It also presents recent trends in international trade at a time of geopolitical and macroeconomic strains and technological challenges affecting the global economy and supply chains. The analytical chapters are complemented by statistical tables providing more details.

Trade in goods and services amounted to $31 trillion in 2022, a 13 per cent rise year-on-year (Y-o-Y). While trade in goods exceeded pre-pandemic levels in 2021, trade in services caught up in 2022.

China remained the top merchandise exporter in 2022 but its share in world exports declined to 14 per cent (from 15 per cent in 2021). The United States (8 per cent of world trade) and Germany (7 per cent) were ranked in second and third positions.

The share of manufactured goods in world merchandise exports fell to 63 per cent in 2022 (versus 68 per cent in 2018) mainly due to high energy prices limiting demand. Trade in transport services continued to grow in 2022, although at a slower pace than in 2021 as shipping rates moved towards pre-pandemic levels.

The WTSR ranks India 18th in the list of merchandise exporters with exports of $453 billion and 1.8 per cent of global merchandise trade share. India is ranked 7th in the list of services exporters with exports of $309 billion and 4.4 per cent of global services trade share. India was 9th largest goods importer with imports of $723 billion and 3.4 per cent share of global merchandise imports. India is ranked 9th in the list of services importers with imports of $249 billion and 3.8 per cent share of global services imports.

The WTSR has compiled the data of exports and imports put out by the governments of various countries and so, many of the figures are already known. What is available through the report is the ranking. An interesting inference of the WTSR is that in 2022, the world merchandise trade in volume terms rose by 2.7 per cent, compared with 12.4 per cent in value terms. This higher rate for trade value is largely due to price increases in primary commodities as a consequence of geopolitical tensions.

India's merchandise trade rose by 15 per cent in value terms, says the WTSR, which means that after adjusting for the rise in commodity prices to the extent of 12.4 per cent, India's growth in merchandise exports works out to only about 2.6 per cent. However, India's growth of 27 per cent in services exports shines in the context of 15 per cent growth of trade in commercial services, notably led by digitally delivered services.

The WTSR says that the outlook for trade and GDP in the remainder of 2023 is clouded by downside risks, including heightened geopolitical tensions, food and energy insecurity, increased risk of financial instability, and high levels of external debt.

In 2022, world merchandise trade growth slowed as the war in Ukraine led to sharp rises in commodity prices. Trade growth is expected to be weaker in 2023 as high interest rates continue to weigh on economic activity, says the report.

Source: business-standard.com– Aug 06, 2023

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Indian economy to grow at 6.7% for next 8 years: S&P Global

S&P Global expects India to grow at 6.7 per cent per year from fiscal 2023-24 to fiscal 2030-31, catapulting gross domestic product (GDP) to $6.7 trillion from $3.4 trillion in fiscal 2023. Per capita GDP will rise to about $4,500.

The macro challenge for India in the next decade is to turn traditionally uneven growth into a high and stable trend, S&P Global recently said.

India needs to follow its own unique path due to structural differences with East Asian nations, it commented in an article. Capital accumulation and digital infrastructure will be growth drivers.

Success will depend on India's ability to reap its demographic dividend: increase labour force participation, including upskilling; boost private investment, with structural reforms in land, logistics and labour; and increase competitiveness, driven by foreign direct investment, S&P Global noted.

Geopolitics could provide considerable tailwinds, it cautioned.

Capital accumulation will be the dominant driver of growth. Investment as a proportion of GDP reached a 10-year high of 34 per cent in fiscal 2022-23. S&P Global expects the Indian private sector to gradually increase investments given healthy corporate balance sheets.

It expects capital to contribute 53 per cent of India's 6.7 per cent average GDP growth through the end of the decade. That dwarfs a 17 per cent contribution from labour, the other main factor of production. Increases in productivity will generate 30 per cent of GDP growth.

The growth contribution from productivity will be higher than in previous periods. Even with India recalibrating toward manufacturing, services will maintain a strong role in the economy, S&P Global noted.

The Indian consumer market will more than double by 2031, surging to $5.2 trillion from $2.3 trillion in 2022, according to S&P Global Market Intelligence's Global Consumer Markets Service.

Services will remain India's export growth engine. The sector's share of total exports has already risen to 42 per cent in fiscal 2022-23 from about 30 per cent in fiscal 2011-12. S&P Global expects this trend to continue.

India is, however, failing to take full advantage of its large and growing working-age population and manufacturing's share of GDP has only risen to about 18 per cent from 15 per cent over the past two decades. By contrast, services' share has leapt to 55 per cent from 45 per cent.

Manufacturing has been held back by stringent labour laws, subpar logistics and poor infrastructure, S&P added.

Source: fibre2fashion.com– Aug 07, 2023

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High-level India-EU meetings this month to boost FTA talks

High-level meetings between India and the European Union (EU) will be held this month to take stock of the progress of talks on the proposed free trade agreement, according to an official. "The EU officials are coming for the G20 trade ministers meeting this month in Jaipur. There is a high-level meeting at the minister level on August 26 in the national capital between India and the EU.

"Commerce Secretary Sunil Barthwal is also likely to meet EU Director General for Trade Sabine Weyand in Jaipur," the official added.

These meetings would give an impetus to the ongoing negotiations between the two sides on the free trade agreement (FTA).

The G20 Trade and Investment Ministerial Meeting, under India's G20 Presidency, is scheduled at Jaipur on August 24-25.

So far, five rounds of talks have been held on the agreement.

India and the 27-nation bloc resumed negotiations on June 17 last year after a gap of over eight years on the proposed agreements on trade, investments and Geographical Indications (GI).

India had started negotiations for a trade pact with the EU in 2007, but the talks stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles and spirits and the movement of professionals.

India's merchandise exports to EU member countries have increased to USD 74.5 billion in 2022-23 from USD about USD 65 billion in 2021-22. Imports also rose to USD 60 billion in 2022-23 from USD 51.4 billion in 2021-22.

The EU accounts for about 17 per cent of India's total exports and about 8.5 per cent of the country's total imports.

A GI is primarily an agricultural, natural or manufactured product (handicrafts and industrial goods) originating from a definite geographical territory. Typically, such a name conveys an assurance of quality and distinctiveness, which is essentially attributable to the place of its origin.

Besides greater market access for its products like textiles, leather, gems and jewellery, the Indian industry is looking for easy access for skilled professionals in the EU markets. On the other hand, the EU side has an interest in areas like auto, digital trade, data protection, sustainability and financial services sectors like banking and insurance.

Earlier, India asked the European Union to lift restrictions on the flow of sophisticated outsourcing business to India following the status of a data-secure country.

Source: economictimes.com– Aug 06, 2023

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British demands on data related issues, duty concessions on dairy out of India-UK FTA: Sources

Protecting the interest of domestic players, India has kept demands of Britain on data related issues and giving any kind of duty concessions on dairy sector out of the ambit of the proposed free trade agreement being negotiated between the two countries, sources said. However, India is looking at providing duty concessions on auto, and certain confectionery items, they said.

The negotiation for the agreement has reached a critical stage and in all likelihood it could be concluded by October end or November.

The talks received a great impetus due to the recent visit of Commerce and Industry Minister Piyush Goyal and Commerce Secretary Sunil Barthwal to London in July, where both held a series of meetings with different stakeholders including senior British officials.

The negotiation would get a further fillip during the meetings of trade ministers of India and the UK at the sidelines of G20 trade ministers meeting this month in Jaipur.

"The visit of the Indian minister and secretary was very positive for the negotiations. Most of the issues are sorted out between the two countries," one of the sources said.

To provide duty concessions in the automobile sector, several rounds of consultations have been held with the domestic players.

In the dairy sector, India would not touch any product because of the sensitivities of the domestic players, they added.

As both India and UK are strong players in the services sectors, the two sides are negotiating hard for easing of norms in a number of sectors such as IT, healthcare, accounting, education, medical practices, banking, insurance, legal, and telecommunications.

The UK has shown keen interest in areas like banking, insurance, legal, and telecommunications.

The UK firms have raised concerns over data localisations norms in India.

Another official said that India and the UK are very close to concluding negotiations for a proposed free trade agreement as both sides are working to iron out differences on issues including investment treaty, intellectual property rights (IPRs) and rules of origin.

Out of the total 26 chapters in the FTA, 19 have been closed. In the rules of origin chapters, both countries are talking about product specific rules, value addition, and certification.

The 'rules of origin' provision prescribes minimal processing that should happen in an FTA country so that the final manufactured product may be called originating goods in that country.

Under this provision, a country that has inked an FTA with India cannot dump goods from some third country in the Indian market by just putting a label on it. It has to undertake a prescribed value addition in that product to export to India. Rules of origin norms help contain dumping of goods.

Investment is being negotiated as a separate agreement (bilateral investment treaty) between India and the UK and it could be concluded simultaneously with the free trade agreement.

The bilateral trade between the countries increased to USD 20.36 billion in 2022-23 from USD 17.5 billion in 2021-22.

India's main exports to the UK are ready-made garments and textiles, gems and jewellery, engineering goods, petroleum and petrochemical products, transport equipment, spices, machinery and instruments, pharmaceuticals and marine products.

The main imports include precious and semi-precious stones, ores and metal scraps, engineering goods, professional instruments other than electronics, chemicals and machinery.

In the services sector, the UK is the largest market in Europe for Indian IT services. In the field of investment, the UK is one of the top investors in India.

In 2022-23, India received USD 1.74 billion in foreign direct investment from the UK as against USD 1 billion in 2021-22.

During April 2000 and March 2023, investments stood at USD 33.9 billion.

Under such pacts, two trading partners significantly reduce or eliminate customs duties on the maximum number of goods traded between them, besides easing norms to promote trade in services and investments.

Source: economictimes.com– Aug 06, 2023

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India's prospects of FY24 macroeconomic stability, growth sound: Govt

India's prospects of macroeconomic stability and growth during this fiscal are sound because of improved monsoon performance, continued expansion in manufacturing and vigorous capital expenditure spending by the public and private sectors, the finance ministry recently said.

But the price of such stability and growth is eternal policy vigilance, it noted.

However, cross-border spillovers and adverse global developments may deter the potential high growth path, it cautioned in the June edition of its Monthly Economic Review.

The emphasis on capital expenditure in recent years by the government has given a much-needed thrust to investments in key infrastructure, which has resulted in crowding in of private investment to kick-start the virtuous circle of job creation, income, productivity, demand and exports, supported by favourable demographic dividend over the coming years, it said.

Consumer-price index-based core inflation has stayed below the 6 per cent mark for four consecutive months.

The country's exports are also expected to perform well, driven by strong performance in services exports, despite adverse global developments, it noted.

With an easing of supply chains and a decline in global commodity prices, the trade deficit is expected to improve further in the coming years, it said.

As the price of Brent crude is up by nearly 20 per cent from its recent lows, monetary tightening in the developed world may have further to run, and that will affect the monetary policy trajectory in developing countries, too, due to currency and capital flow effects, it added.

Source: fibre2fashion.com– Aug 06, 2023

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E-way bill generation surged to 8.79-cr in July, aiding in better GST mop-up

E-way bill generation surged to 8.79 in July as against 8.61 in June, showing better demand. This could also have a positive impact on GST collection, which saw a third all-time high of ₹1.65 lakh crore in July.

The date for GST collection for August will be out on September 1. Apart from higher e-way bill generation, performance in the services sector has also been encouraging, as a quick survey-based index (Purchasing Managers' Index for Services) rose to 13 years high of 62.3 in July. All of these could help in sustaining momentum or even accelerating it.

E-way bill is an electronic document generated on a portal, evidencing the movement of goods and indicating whether tax has been paid. As per Rule 138 of the CGST Rules, 2017, every registered person who causes the movement of goods (which may not necessarily be on account of supply) of consignment value of more than ₹50,000 is required to generate an e-way bill. This is required for movements between two States as well within a State. However, a State or UT with the legislature can decide the threshold for the value of goods to be applicable for movement within its boundary.

Though there is no direct correlation between e-way bill generation and GST collection, still there is evidence indicating higher generation of e-way bills would lead to higher collection.

Data from GSTN (the IT backbone of indirect tax levy) shows e-way bill generation crossed an all-time high of 9 crore in March, resulting in the all-time collection in April at ₹1.87 lakh crore. In April, the generation came down to 8.44 crore; subsequent collection in May was ₹1.57 lakh crore.

In May, e-way bill generation rose to 8.82 crore and collection in June was over ₹1.61 lakh crore. However, e-way bill generation came down to 8.61 crore in June, yet collection went up to ₹1.65 lakh crore in July. It is also possible that the movement of goods might have occurred in the same month of consumption or even a month before that, which is why e-way bill generation may have an impact on collection spreading over two months.

Experts say that, though monthly growth in GST collection saw a bit of a decline, they are hopeful o better collection during the current fiscal. Aditi Nayar, Chief Economist at ICRA said there is a clear divergence between revenues from collections on account of domestic transactions (including imports of services) and those on account of imported goods, with the latter averaging just 0.8 per cent y-o-y during April-July 2023, reflecting the compression in merchandise imports. This divergence is expected to continue owing to the anticipation of a contraction in merchandise imports in FY24.

"GST collections need to exceed ₹1.65 lakh crore/month in the remaining eight months of this fiscal to meet the FY24 target for CGST revenues of ₹8.1 lakh crore, which seems realistic," she said.

Gautam Mahanti, Business Head, IRIS Business Services, a private GST e-invoice service provider, said, "The buoyancy in the state of the economy is expected to continue, giving a fillip to the increasing collections in the coming months."

Source: thehindubusinessline.com– Aug 06, 2023

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RBI may continue to hold rate amid concern over inflation: Experts

The Reserve Bank is likely to continue with the pause on the key interest rate at its upcoming monetary policy review, as concerns on the inflation front and keeping the borrowing cost stable to maintain the economic growth momentum persist, said experts.

The RBI Governor-headed six-member Monetary Policy Committee's (MPC) meeting is scheduled on August 8-10. The policy decision will be announced on August 10 by Governor Shaktikanta Das.

The borrowing cost, which started rising in May last year, has stabilised with the RBI keeping the repo rate unchanged at 6.5 per cent since February when it was raised from 6.25 per cent. Later, in the two bi-monthly policy reviews in April and June, the benchmark rate was retained.

Punjab & Sind Bank Managing Director Swarup Kumar Saha said the RBI factors in many things, including global developments. So, it will also take into account interest rate hikes effected by many central banks like the US Fed recently. Due to interest rate increases, yields in the domestic markets have gone.

"Looking at the overall situation, my guess is that the RBI would retain the repo rate at the present level. The interest rate is likely to be stable for the next 2-3 quarters if the global situation remains stable," Saha said.

LIC Housing Finance Managing Director Tribhuwan Adhikari too said the central bank is unlikely to tinker with interest rates and maintain the status quo in the upcoming monetary policy review.

The interest rate is likely to remain stable in the near term, Adhikari said.

The government has tasked the central bank to ensure retail inflation remains at 4 per cent with a margin of 2 per cent on either side. The central bank factors in the CPI to arrive at its bi-monthly monetary policy decision.

Indranil Pan, Chief Economist at Yes Bank, said that taking consideration of the domestic flare-up in vegetable prices led by tomato, there is likely to be no consideration from the MPC to make any alterations – both to the rate and stance. The decision would also be based on the continued firmness in the macro data flows from the advanced economies that are likely leading to uncertainties on the rate hiking cycle in the AEs, especially the US, Pan said.

"India and US rate differential has fallen to historic low levels and may soon have its implications for flows. We would expect the RBI to sound a bit cautious and therefore hawkish in its communication. Expectations are for the RBI to move higher its own inflation projections for the remainder of the FY while keeping the growth estimates unchanged," Pan said.

India's retail inflation based on Consumer Price Index (CPI) rose to a three-month high of 4.81 per cent in June, mainly on account of hardening prices of food. The inflation, however, remains within the RBI's comfort level of below 6 per cent. The inflation data for July will be released on August 14.

On expectations from the MPC, Pankaj Pathak, Fund Manager- Fixed Income, Quantum AMC, said that since the last RBI policy, inflationary pressures have increased. Sharp jumps in vegetable prices have pushed expected inflation for the next 2-3 months above 6 per cent. Cereal and pulse prices have also moved up.

"We expect the RBI to remain on hold and maintain its policy stance as a withdrawal of accommodation. They might raise their CPI inflation forecast for FY24 by 20–30 basis points to around 5.3 per cent-5.4 per cent. A hawkish pause is widely expected and is already a part of the market psyche," Pathak said. The last MPC meeting was held during June 6-8.

The MPC consists of three external members and three officials of the RBI. The external members of the panel are Shashanka Bhide, Ashima Goyal and Jayanth R Varma. Besides Governor Das, the other RBI officials in MPC are Rajiv Ranjan (Executive Director) and Michael Debabrata Patra (Deputy Governor).

Source: thehindubusinessline.com– Aug 06, 2023

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CBIC mulling organisational restructuring to make it more effective

The CBIC is mulling a comprehensive restructuring of the organisation, set up 6 decades ago, to make it more effective and remove overlapping, if any, as many of its functions have undergone transformation following introduction of new technologies, abolition of service tax and roll-out of GST which has subsumed several levies.

The Central Board of Indirect Taxes and Customs or CBIC (formerly knows as Central Board of Excise and Customs) was set up in 1964.

Last in 2014, a cadre restructuring and reorganisation of field formation was undertaken under which 23 central excise zones, 4 service tax zones, 11 customs zones, 60 appeal commissionerates, 45 audit commissionerates, 8 large taxpayer units and 20 directorate generals/directorates were approved to be set up.

Extensive use of big data analytics, introduction of faceless assessment in Customs and electronic filing of various documents, claims and payment of taxes have made this organisational restructuring a necessity, an official said.

"A holistic restructuring of the organisation is needed to make it more lean and adaptive to changing times and taxpayer needs," the official told PTI. An email sent to CBIC seeking comments on the story did not elicit a response.

The official further said the organisation restructuring that is being thought about will be different than the cadre restructuring which takes place at regular intervals.

"The CBIC has started taking inputs from field formations on making the ecosystem more taxpayer friendly and synchronize with the policy decisions of the government," the official added.

The CBIC presently has over a dozen attached and subordinate offices, including Directorates of Revenue Intelligence, GST Intelligence, Valuation, logistics, International Customs, Anti Profiteering, Audit, and performance management.

The CBIC, the then CBEC, was set up under the Central Boards of Revenue Act 1963 and dealt mainly with the formulation and implementation of policy concerning the levy and collection of duties including Customs, central excise and Goods and Services Tax; prevention of smuggling, administration of matters relating to indirect taxes and narcotics.

The CBIC is headed by a chairman and has six members in the board. The board is assisted by principal chief commissioners/chief commissioners and principal director generals/director generals.

Source: business-standard..com– Aug 06, 2023

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Garment units in Tiruppur close down due to lack of orders

Nearly 40 % of the Tiruppur hosiery manufacturing units that cater to the domestic market have closed down due to lack of orders, according to the South India Hosiery Manufacturers' Association.

In a memorandum to the Central government, the Association president A.C. Eswaran said due to decline in orders, several units in Tiruppur were stopping production. In the last six years, import of garments from Bangladesh had increased 15 times in value. In 2016-2017, garments worth ₹288 crore were imported and in 2022-2023, it was nearly ₹4,500 crore. When India signed Free Trade Agreement with Bangladesh in 2011, there was 12 % duty on imports from Bangladesh.

However, there was no duty now and there were unconfirmed reports that goods from China entered India through Bangladesh. In Bangladesh, the garment industry was supported by the government with subsidies. The Tiruppur industries were unable to compete with Bangladesh imports as the production costs were high here, he said.

Mr. Eswaran urged the Centre to check garment imports from Bangladesh and also to restrict cotton exports when the new cotton season starts on October 1. Only surplus cotton should be allowed for exports so that prices of cotton and yarn remained stable, he said.

The domestic textile and garment industry was expected to consume nearly 300 lakh bales of cotton. If the cotton prices dropped below the Minimum Support Price, the Cotton Corporation of India should step in to buy cotton from the farmers. The government should monitor cotton sales by the Corporation to the industry, he said.

Source: thehindu.com– Aug 06, 2023

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