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USD	EUR	GBP	JPY
83.12	90.37	105.76	0.57

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INTERNATIONAL NEWS

China's retail sales rise 7.3% in first 7 months of 2023: NBS

China's retail sales of consumer goods registered a stable 7.3 per cent growth from a year ago in the first seven months, while fixed-asset investment rose by 3.4 per cent, as per the National Bureau of Statistics (NBS).

The urban unemployment rate dropped to 5.3 per cent, down from 5.4 per cent a year earlier. The NBS spokesperson, Fu Linghui, emphasised the upward trend in the Chinese economy, citing growth in production and demand, stable employment and prices, and steady industrial upgrades, according to local media reports.

In addition, Fu dismissed concerns over price changes, asserting that there is no deflation in the Chinese economy and predicting that consumer price growth will return to a reasonable level. The positive economic trajectory will help narrow the decline in factory gate prices.

Fu also highlighted the need for further action to strengthen China's economic recovery foundation, considering a complex global environment and insufficient domestic demand. To confront domestic and foreign challenges, China has implemented several pro-growth measures in recent months, including interest rate cuts by the central bank to increase credit demand and enhance consumption and investment growth.

Fu expressed optimism for the rest of the year, foreseeing improvement in the external environment and effectiveness in the country's policies, ensuring stable economic performance in the second half.

Source: fibre2fashion.com – Aug 17, 2023

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China's US imports hit 20-year low

The trade war between the United States and China has led to a significant decrease in the share of Chinese goods in US imports. In the first half of 2023, China accounted for only 13.3% of US imports, down from 21.6% in 2017. This is the lowest level since 2003. There are a number of factors contributing to this decline. One is the Trump administration's tariffs on Chinese goods. Another is the COVID-19 pandemic, which disrupted supply chains and led companies to look for alternative sources of goods. And finally, the Biden administration has continued to take a tough stance on China, which has made businesses more hesitant to rely on Chinese suppliers.

As a result of these changes, US buyers are now turning to other countries for their goods. Mexico, Europe, and Southeast Asia have all seen an increase in their share of the US import market. In particular, Mexico has become a major competitor to China as a source of electronics and machinery. The decline in Chinese imports is good news for US businesses and consumers. It means that they have more options to choose from and that they are not as reliant on a single country for their goods. It also means that the US trade deficit with China is shrinking.

However, the decline in Chinese imports is bad news for China. It means that the country is losing out on export opportunities and that its economy is slowing down. It also means that China is losing its influence over the global economy. China's share of U.S. imports of apparel declined quickly after the Trump administration included the category in a round of tariffs in 2019. Sourcing has continued to shift to other Asian countries, including Vietnam, Bangladesh and Indonesia. And growing U.S. scrutiny of labor practices in the cotton-producing Chinese region of Xinjiang, as well as rising wages for Chinese workers, impacted imports significantly

The trade war between the United States and China is likely to continue for some time. It is unclear how long it will take for the two countries to reach a resolution. But in the meantime, the decline in Chinese imports is a sign that the world is changing.

Source: fashionatingworld.com – Aug 15, 2023

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Most global cotton benchmarks move higher over past month: Cotton Inc

Most global cotton benchmarks moved up over the past month. The NY/ICE December contract pushed through resistance near 82 cents/lb around the middle of July. With the USDAS' reduction to its US production forecast, December prices climbed to levels near 90 cents/lb, according to Cotton Incorporated.

The A Index also shifted higher around the middle of July. Values rose from 91 to 97 cents/lb over the past month. After a pause, Chinese prices (China Cotton Index or CC 3128B) resumed their upward trend last month. In international terms, values increased from 110 to 114 cents/lb. In domestic terms, prices rose from 17,400 to 18,100 RMB/ton. The RMB was relatively steady against the dollar, near 7.20 RMB/USD, Cotton Inc said in Cotton Market Fundamentals & Price Outlook - August 2023.

Indian spot prices (Shankar-6 quality) increased from 86 to 92 cents/lb over the past month. Domestic prices climbed from ₹55,500 to 60,000 per candy. The INR held near ₹82 per USD.

Pakistani prices were stable in international terms, holding near 75 cents/lb. In domestic terms, prices increased from 17,000 to 17,800 PKR/maund. The Pakistani rupee weakened from 279 to 288 PKR/USD.

The latest USDA report revealed a drop in the global cotton production forecast for 2023-24 by 2.7 million bales and a slight increase in world mill-use. The US saw the largest production revision, a decrease of 2.5 million bales. Notable mill-use updates were made for China, Turkiye, Indonesia, and Uzbekistan. The global trade forecast was raised by 395,000 bales. Warehoused supply at the end of 2023-24 is expected to be 91.6 million bales, above 90 million for only the sixth time.

In August, the USDA often changes the agency responsible for the US production forecast, leading to significant alterations in crop projections. This month's revision (-2.5 million bales or -15 per cent) is similar to last year's. Conditions in West Texas and the US could still change. Positive surprises in US GDP growth and strong labour markets have contributed to price gains, but rising interest rates may restrain economic activity, Cotton Inc added.

China's stimulus measures might support long-term demand, but short-term demand is sluggish. US export sales data shows slow sales and issues with scant margins and lack of downstream demand in spinning mills. Chinese reserve stock auctions are selling out due to favourable pricing and concerns over the harvest.

Source: fibre2fashion.com– Aug 16, 2023

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Cambodian apparel, knitted & non-knitted items' exports fall

Cambodia exported apparel items, clothing accessories and knitted and non-knitted or crocheted items worth \$4.5 billion in the first seven months this year—down by 20.6 per cent year on year (YoY) from \$5.6 billion, according to the country's general department of customs and excise (GDCE).

Knitted and non-knitted apparel and clothing accessories (item codes 61 and 62) accounted for 33 per cent of the country's total exports during the period, amounting to \$13.5 billion. In July, such exports fell by 26.6 per cent YoY to \$814.6 million from over \$1.1 billion.

Exports of Cambodian garments have been falling since the fourth quarter of last year, according to Kaing Monika, deputy secretary-general of the Textile, Apparel, Footwear and Travel Goods Association in Cambodia (TAFTAC).

In the beginning of August this year, the sector had 1,077 factories that employed nearly 760,000, TAFTAC data show.

Last year, export of items under codes 61 and 62 totalled over \$9 billion, an increase of 12.7 per cent from \$8 billion in 2021, a Cambodian media outlet reported citing GDCE figures.

Source: fibre2fashion.com – Aug 16, 2023

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Bangladesh introduces National Tariff Policy 2023

Bangladesh recently introduced the first-ever National Tariff Policy 2023 aimed at setting up a consistent tariff framework that encourages more domestic and foreign investments and enhancing the competitiveness of manufactured goods in the global market. The policy was approved by the cabinet on July 17.

The World Trade Organisation (WTO) wing of the commerce ministry published a gazette notification to this effect.

This new policy is expected to drive sustainable economic growth by enhancing the competitive edge of domestic industries, broadening and diversifying exports, incentivising investments and generating employment opportunities through trade liberalisation and the rationalisation of tariff structures.

Its implementation will be overseen by the Internal Resources Division and the National Board of Revenue (NBR), with support from the Bangladesh Trade and Tariff Commission.

NBR will formulate a time-bound action plan within six months of the gazette notification to harmonise the tariff regime in accordance with the policy.

A 16-member committee, headed by the commerce minister, will be formulated to implement the policy, according to domestic media reports.

The existing bond facilities will be made more transparent and simpler for export-oriented industries, the gazette said.

The policy will ensure greater transparency in the customs system by maintaining equitable duty and tax rates for similar products.

Source: fibre2fashion.com– Aug 17, 2023

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Bangladesh close to becoming largest cotton apparel exporter: USDA

Bangladesh's cotton consumption for 2023-24 is forecast to increase by 800,000 bales to 8 million, driven by burgeoning apparel exports, according to the latest USDA Cotton World Markets and Trade report. The country is close to surpassing China as the world's largest cotton apparel exporter, with stronger demand prospects expected to drive cotton consumption even higher.

Practically all cotton yarn, which accounts for the nation's cotton consumption, is sold domestically to Bangladesh's robust fabric and apparel sectors. Apparel exports have been vital for Bangladesh's economic growth and stabilising its domestic currency by obtaining US dollars through foreign sales.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) reported that apparel accounted for over 80 per cent of the country's total exports in the fiscal 2023 (FY23) (June 2022–July 2023), amounting to roughly \$47 billion. This value is more than double the figure from a decade ago and surpasses the previous year's record, reflecting global importers' increasing preference for Bangladesh's cotton products.

Exports of knit apparel have been essential to this growth, with the value nearly tripling over the past decade. Local textile mills meet 85 per cent of the demand for knit fabrics and about 40 per cent for woven fabric, mainly imported from China. Knitted cotton shirts and sweaters have been the significant products contributing to the recent record values, as per USDA's report.

Apparel exports to the world's largest importing markets, such as the United States and the European Union, were notably high in 2022. The United States Fashion Industry Association's (USFIA) annual Fashion Industry Benchmarking Study highlighted factors that support even stronger future apparel export prospects.

According to the study, US fashion companies are reallocating sourcing orders to markets, including Bangladesh, in response to the Uyghur Forced Labor Prevention Act, China Section 301 tariffs on Chinese apparel exports, and efforts to minimise logistical and political risks. Bangladesh,

India, and Vietnam were identified as the three suppliers that retailers plan to increase sourcing from over the next two years. Moreover, the USFIA study showed that Bangladesh is the most competitive apparel supplier from a cost structure point of view, scoring higher than any other country.

The Export Promotion Bureau of Bangladesh is targeting more than \$50 billion of apparel exports in FY24. Meanwhile, spinning mills' operating rates in 2023-24 are expected to rise, reflecting the textile supply chain's replenishment of depleted stocks of yarn, fabric, and apparel.

On a global scale, the 2023-24 outlook for cotton shows production down more than 2.7 million bales to 114.1 million bales, primarily due to lower US and Uzbekistan crops. Consumption is up for the second consecutive month at 116.9 million, mostly led by China. Global trade is forecast up 400,000 bales to 43.9 million, while global ending stocks are down 2.9 million to 91.6 million bales. The US season-average farm price for 2023-24 is forecast up 3 cents to 79 cents per pound, the report added.

For the 2022-23 outlook, production is slightly higher at 118.3 million bales with larger crops in Brazil and Argentina. Consumption is projected up more than 700,000 bales to 110.5 million, led by higher use in China, Turkiye, and Bangladesh. Global ending stocks remain unchanged at 94 million bales, 8.5 million higher compared to the previous year.

Source: fibre2fashion.com – Aug 14, 2023

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Pakistan: Steady trend on cotton market

The local cotton market on Tuesday remained firm and the trading volume remained satisfactory.

Cotton Analyst Naseem Usman told Business Recorder that the rate of new crop of cotton in Sindh is in between Rs 17,900 to Rs 18,200 per maund. The rate of Phutti in Sindh is in between Rs 7,300 to Rs 8,200 per 40 kg.

The rate of cotton in Punjab is in between Rs 18,200 to Rs 18,500 per maund and the rate of Phutti is in between Rs 7,200 to Rs 8,700 per 40 kg. The rate of cotton in Balochistan is Rs 17,900 to Rs 18,100 per maund while the rate of Phutti is in between Rs 7,400 to Rs 8,200 per 40 kg.

1600 bales of Tando Adam, 1800 bales of Shahdad Pur were sold at Rs 18,100 to Rs 18,300 per maund, 200 bales of Gupchani, 200 bales of Sarkand were sold at Rs 18,000 per maund, 200 bales of Khair Pur Tami Wali were sold at Rs 18,450 per maund, 1600 bales of Haroonabad were sold at Rs 18,450 to Rs 18,500 per maund, 200 bales of Faqeer Wali were sold at Rs 18,100 per maund, 200 bales of Lodhran were sold at Rs 18,500 per maund, 600 bales of Layyah, 400 bales of Yazman Mandi were sold at Rs 18,100 per maund, 1600 bales of Vehari were sold at Rs 18,400 to Rs 18,500 per maund and 600 bales of Mian Channu were sold at Rs 18,450 to Rs 18,650 per maund.

The Spot Rate remained unchanged at Rs 17,900 per maund. Polyester Fiber was available at Rs 350 per kg.

Source: breccorder.com– Aug 16, 2023

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NATIONAL NEWS

Trend line on India-UK FTA very positive, says High Commissioner Doraiswami

Ahead of the 12th round of the India-UK free trade agreement (FTA) negotiations starting in New Delhi on Wednesday, the Indian High Commissioner to the UK has expressed optimism that officials on both sides will be "able to get something working" and find a "right fit" towards a mutually beneficial pact. High Commissioner Vikram Doraiswami told PTI that he is positive as both countries seem keen to make necessary adjustments, recognising the complexities involved with the very different structures of the two similar-sized economies.

On the wider bilateral partnership, he expressed similar optimism around an "obvious synergy" across different sectors.

"I'm positive about it (FTA)... My intention is that to the extent we can, we would like a mutually beneficial forward-looking FTA to be concluded," said the High Commissioner.

"I believe both sides are keen on making the necessary adjustments. Even though we're both similar-sized economies, we are dissimilar in the structures of our economies and the complexities of our economies. So, getting the right fit together is very important," he said.

The senior diplomat closely involved with the FTA negotiations, which began in January last year, noted that it is important that the UK side recognises some of the complexities of the structure of the Indian economy.

"It can't be the same as a free trade agreement with a peer-developed country. On the other hand, we too have to take into account the fact that the UK hasn't actually negotiated many free trade agreements in recent years when it was part of the European Union. So, there are those things that have to be adjusted. But overall, the trend line seems very positive," he said.

The 11th round of negotiations concluded on July 18, with a joint outcome statement saying it covered detailed draft treaty text discussions across nine policy areas. According to official UK government statistics, the

bilateral trade partnership was worth around GBP 36 billion in 2022 and an FTA is set to significantly enhance that relationship.

"I think our government has been very clear that we want the best possible partnership with the UK and, I believe, from what I hear from the UK leadership on both sides of the political aisle as well as from the senior leadership of the government here, that they too want a forward-looking partnership with us," said Doraiswami.

India's Commerce Secretary Sunil Barthwal has said the 11th round of talks in London was "very intense" and many issues got closed.

Out of the total 26 chapters in the proposed FTA, 19 have been closed. Investment is being negotiated as a separate agreement (bilateral investment treaty) between India and the UK.

"Now, there are only a few issues left. The UK team is coming to India during the Trade and Investment Working Group meeting (in Jaipur) and we are hoping that we would be closing those remaining issues.

"So, our target is that we close the issues with the UK when the UK team visits us in India and we are very hopeful that the issues will be sorted out," Barthwal told reporters in New Delhi on Monday.

Noting that India-UK history is a complex one, High Commissioner Doraiswami stressed the importance of the bilateral partnership after 76 years of Independence from colonial rule to be informed by what happened in the past but not allow "ourselves to become prisoners of it".

"It's important that we build a relationship that touches upon our respective strengths. London is still one of the world's great capitals of finance, for instance.

India is the future direction of global growth. There is an obvious synergy between the need for high-quality, well-priced finance for our infrastructure rollout, for our green transitions. And, there is obviously a need for quality finance to find the best possible rewards in terms of places to go to invest. Both of these obviously speak for themselves," he said.

Asked about the recent visit to India of UK Security Minister Tom Tugendhat, who announced a GBP 95,000 fund to tackle Pro-Khalistan Extremism in the wake of an attack on the High Commission in London in March, the High Commissioner said it marked a milestone moment in enhancing the security pillar of the bilateral partnership.

"We live in an uncertain and often challenging world, increasingly so... It makes absolute sense for countries like the UK and India to work much more closely together to recognise that there are more complex challenges than the simple ones that people talk about. It's not just nation-states alone. There are challenges in terms of what is happening among communities, how communities are being radicalised, how it is changing the shape of domestic politics," he said.

"In all of this, it is important for countries like the UK to work with us because we too have an understanding of how some of this happens. So, the visit of Security Minister Tugendhat last week is a very important milestone and I think he would have come back with a strong sense of how keen we are to make a proper, viable functioning security pillar part of our partnership," he added.

On the business aspect of the relationship, the envoy pointed to how Indian businesses have built a huge presence in the UK market and stressed that "it is really now time that we got more British businesses into India as well".

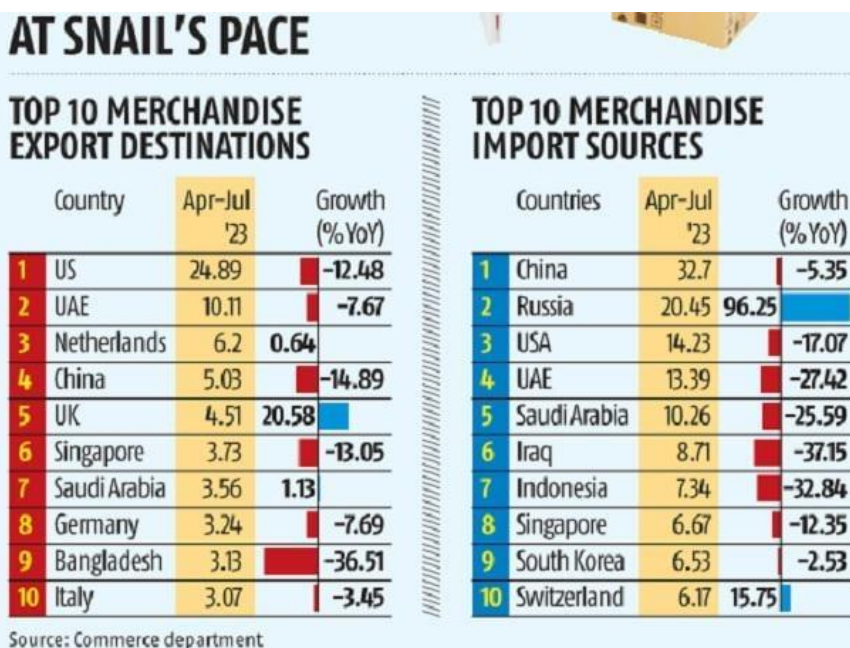
Source: economictimes.com – Aug 16, 2023

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Exports to UK holding up among top 10 destinations of Indian exports

India and the UK are currently negotiating a Free Trade Agreement (FTA). Out of the total 26 chapters in the proposed FTA, 19 chapters have been closed

Among India's top 10 export destinations, India's merchandise exports in the first four months (April-July) of 2023-24 expanded only to the United Kingdom (UK) while shipments to all other major economies contracted amid sluggish global demand.



Overall merchandise exports fell 14.5 per cent to \$136.2 billion during the April-July period with outbound shipments contracting for the sixth consecutive month. However, exports to the UK grew at a robust 20.6 per cent to \$4.5 billion during the same period, elevating the

country to India's fifth largest export destination from eighth position during the same period in FY23.

While disaggregated country-wise trade data for July is not available, data for April-June period shows exports of aviation turbine fuel (\$324 million), smartphones (\$292.5 million) and wallpapers (\$147.2 million) drove India's exports to the UK.

Among other top export destinations, outbound shipments to the US (-12.5 per cent), China (-14.9 per cent), Singapore (-13 per cent) and Bangladesh (-36.5 per cent) contracted in double digits.

Among India's top 10 sources for merchandise imports, except for Russia (96.3 per cent) and Switzerland (15.8 per cent), inbound shipments from the rest of the countries contracted. While a 171 per cent jump in discounted crude oil imports drove inbound shipments from Russia during April-June period, a 30 per cent jump in gold shipments propelled imports from Switzerland during the same period.

India and the UK are currently negotiating a Free Trade Agreement (FTA). Out of the total 26 chapters in the proposed FTA, 19 chapters have been closed. India is hoping to resolve pending issues like the rules of origin, bilateral investment treaty and intellectual property rights, among others, by the end of this month. Next week, key officials from the UK would be visiting India for the Trade and Investment Working Group (TIWG) meeting in Jaipur. Minister of Commerce and Industry Piyush Goyal visited London last month to hold discussions with his counterpart Kemi Badenoch that saw the "closure of several chapters" in the negotiations.

"The ministers identified and focused on low-hanging fruits, which included the closure of several chapters in the negotiations. This pragmatic approach aimed at resolving issues where negotiators had encountered challenges. The visit proved to be critical in overcoming crucial obstacles and charting a path towards an ambitious and mutually beneficial trade deal," according to a statement released by the commerce department.

India is also negotiating a Trade and Economic Partnership Agreement (TEPA) with the European Free Trade Association (EFTA) states that include Iceland, Liechtenstein, Norway, and Switzerland. Goyal held discussions on the progress of the agreement with a delegation from the European Free Trade Association, led by the Swiss State Secretary for Economic Affairs, Helene Budliger Artieda, in London on July 11 and 12.

Union Minister of State for Commerce and Industry Anupriya Patel last week informed Parliament that FTA negotiations or its review are a long-drawn process and the timeline for completion of such negotiations cannot be predicted since the parties to the negotiations are required to agree to the outcome.

"The Government enters into FTA with its trading partners considering various factors such as leveraging comparative advantages and the market access thereof for Indian products including those from agriculture sector, the trade complementarities, the strategic relationship, promotion of

cooperative and collaborative activities as well as the domestic sensitivities. The benefits under FTA in terms of exports or competitive and diversified imports depend on a number of factors including externalities like the domestic industrial growth, domestic consumption trajectory, growth in partner country,” Patel had told Rajya Sabha.

Source: business-standard.com– Aug 16, 2023

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The long road to India's free trade deal with the EU

Trade ministers from the European Union will meet Indian officials next week for talks on a free trade agreement (FTA). While the geo-political environment is favourable for the deal, dubbed as the mother of all FTAs that India is negotiating, it will be a difficult trick to pull off.

Why is the free trade deal crucial for India?

The EU is India's second-largest export market after the US, but the share of the continent in India's overall goods exports has been declining in the past two decades. This has happened largely on account of a slew of non-tariff barriers imposed by the 27-member bloc. A free trade pact would not only reduce duty on goods, but also act as a channel to bring down non-tariff barriers hurting Indian agri exports. The FTA's benefits, along with India's production-linked incentive push, can boost textile, pharma and mechanical appliances exports—all significant imports by the union.

What brought India and the EU to the negotiating table?

In short, geopolitics. Two major factors are Brexit and worldwide sentiments against China, particularly around the country's handling of the covid-19 pandemic. Both India and the EU consider China a non-transparent economy and are looking to cut Chinese imports which have surged after the pandemic outbreak. At the same time, exports from EU and India to China have remained stagnant. Moreover, India is pursuing closer integration with the western economies after quitting the China-dominated Regional Comprehensive Economic Partnership negotiations.

What is the role of Brexit in driving India-EU trade talks?

The EU relied heavily on the UK for its exports to India until Brexit—the UK was EU's second-largest exporter to India. Brexit also eroded FDI inflow from India to the EU, which it is looking to compensate through an investment treaty with India. With the UK pursuing a separate trade deal, the EU may seek a higher level of commitment leveraging its market size.

What is complicating these negotiations?

A barrage of EU climate-related regulations, such as the Carbon Border Adjustment Mechanism, Deforestation Regulation and Corporate Sustainability Due Diligence Directive, will restrict trade further. While

the carbon tax is expected to hit Indian exports worth over \$8 billion, the deforestation regulations could impact exports worth \$2 billion. In the absence of a functional WTO appellate tribunal, trade tensions are also expected to flare up as India is working on its own retaliatory carbon tax.

Is lack of standards a roadblock for trade?

Substantial differences exist in the standards followed by the EU and India, particularly in major trade items such as drugs, electrical equipment and motor vehicles. Ironing them out would be crucial. Various Indian standards on food and pharma are different from international standards. This poses a problem while signing an FTA with a developed bloc, which usually has stricter controls than internationally prevalent. Harmonizing compliance standards is crucial to boost exports.

Source: livemint.com– Aug 16, 2023

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Decline in textile and apparel shipments continued in July '23

Exports of textiles and apparel were down 1.9% and 17.37% respectively in July this year compared with the same period last year. Cumulative export of textiles and apparel for the April-July 2023 period slid 13.74% year-over-year.

Data shared by Confederation of Indian Textile Industry (CITI) showed that cotton yarn, fabrics, and made-ups registered 6.62% growth in July 2023 (\$1,009 million) as against July 2022 (\$946.48 million). However, shipment of manmade yarn, fabrics, and made-ups, jute products, carpets, handicrafts, and apparel items registered negative growth.

Textile products worth a total of \$1,663 million were shipped last month compared with \$1,695 million last July. Apparel exports were \$1,381 million in July 2022 and \$1,141 million last month.

Sanjay Jain, Indian Chamber of Commerce chairman on textiles and Managing Director of TT Limited, said garment exports were at a “sustained low” for a year. In volume terms, the decline was sharp. Retailers in the US market are destocking and demand is expected to revive. “There are enquiries for garments for spring/summer 2024 for which shipments will begin early next year.” Cotton yarn exports usually look up in September-October. “India expects a good cotton crop next season. If cotton prices remain competitive, exports will revive,” he said.

Siddhartha Rajagopal, Executive Director of Cotton Textiles Export Promotion Council, said, “Regarding cotton textile exports, the mood is cautiously optimistic. Demand looked better from China and if Indian cotton prices are reasonable, export of yarn and fabrics will look up. India has its strengths in cotton textiles and the challenge is to sustain the growth in cotton exports,” he said.

Ravi Sam, chairman of Southern India Mills’ Association, said in the current market conditions, India can regain its competitiveness in cotton textiles only if the import duty on cotton is removed. On Wednesday, August 16, Indian cotton prices were higher than international prices.

Source: thehindu.com– Aug 16, 2023

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Why do non-tariff barriers hinder Indian exports?

Indian exports are facing a range of headwinds, chiefly lack of demand from western economies amid high inflation globally due to long-drawn geo-political tensions. But goods exports are also facing rampant non-tariff barriers. Mint explains what non-tariff barriers are and why India should seek their removal during free trade agreement (FTA) negotiations.

What constitutes a non-tariff barrier?

Several countries use policy measures apart from tariffs that impact imports into their countries. Such measures could come in the form of regulations, standards, testing, certification or pre-shipment inspection that are aimed to protect human, animal or plant health and environment. Global Trade Research Initiative (GTRI) says that when these measures become “arbitrary, beyond scientific justification”, they create hurdles for trade and are called non-tariff barriers. The recent carbon border adjustment mechanism (CBAM) implemented by the EU, which seeks to tax steel and aluminium-related exports on grounds of pollution, is seen as a non-tariff barrier.

Which sectors face high non-tariff barriers?

Indian agri exports are routinely subjected to high non-tariff barriers in the form of standards. Export growth of chilies, tea, basmati rice, milk, poultry, bovine meat, fish, meat, fish and dairy products also face barriers. These products face Sanitary and Phytosanitary (SPS) measures, which according to a report by the Economic Advisory Council to the Prime Minister (EAC-PM), are regulations and restrictions that ensure quality of products and protect human, plant and animal health. These measures are largely used for agriculture or animal-origin products that are directly used for human consumption. The EAC-PM report further clarifies that there exists a thin line between non-tariff measures and non-tariff barriers and that all non-tariff measures cannot act as non-tariff barriers.

What are the non-tariff barriers used by China?

India's exports of mango and grapes to China face high non-tariff barriers. Indian authorities submitted a dynamic list from Agricultural and Processed Food Products Export Development Authority (APEDA), but the time-taking process required by Chinese Customs results in high

transaction cost and additional time. Pharma exports to China also face rejection due to non-compliance found while testing. According to the EAC-PM report, there is no redressal mechanism, and the ruling of the lab was considered final, wherein there is no choice to appeal or even contest the results, causing “heavy financial cost” on Indian companies.

What are the kinds of non-tariff barriers faced in the US & EU by exporters?

Indian exports to the US face authorization requirements that are complex and time-consuming, and include several agreements and protocols. Fulfilling such requirements creates the unnecessary burden of high costs and delay in the export of consignments. GTRI says that the US banned import of wild shrimp from India in May 2018, terming Indian fishing practices as non-compliant with US regulations to protect sea turtles. The US insisted on equipping fishing gear with Turtle Excluder Devices (TED) to ensure no turtle is harmed during fishing. For export of chemicals to EU, Indian firms need to comply with EU’s REACH regulation. This requires paying a high registration fee for each chemical and sharing cost and technical data with the EU. The EU regulations prevent Ayurvedic drugs from entering European markets. It requires 15 years of safe use data from a European country in addition to many other conditions.

How can FTAs be used to bring down non-tariff barriers?

GTRI co-founder Ajay Srivastava said that India should adopt a two-pronged strategy to mitigate the influence of NTBs on exports. First, by upgrading the domestic systems, in cases where Indian products are rejected due to quality issues. And second, by engaging in discussions with partner countries and being prepared to retaliate if unreasonable standards or rules continue to obstruct imports from India. India signing a raft of free trade agreements is another opportunity to get the non-tariff barriers removed during the negotiations that will help Indian exports become more competitive. India has recently signed free trade agreements with UAE and Australia, and is negotiating FTAs with the UK, EU and Canada.

Source: [livemint.com](https://www.livemint.com)– Aug 15, 2023

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CAI maintains cotton crop estimate at 311.18 lakh bales for 2022-23 season

The Cotton Association of India (CAI) on Tuesday maintained the cotton crop production forecast for the 2022-23 season at 311.18 lakh bales. In the last cotton season, the total cotton production was at 307.05 lakh bales, CAI said in a statement.

The cotton season runs from October to September.

The total cotton supply for October 2022 to July 2023 is estimated at 332.30 lakh bales, which consists of arrivals of 296.80 lakh bales, imports of 11.50 lakh bales and the opening stock estimated by the CAI at 24 lakh bales at the beginning of the season.

Further, the CAI has estimated cotton consumption for the months of October 2022 to July 2023 at 265 lakh bales, while the export shipments up to July 31, are estimated at 14 lakh bales.

Stocks at the end of July is estimated at 53.30 lakh bales including 28 lakh bales with textile mills and the remaining 25.30 lakh bales with the Cotton Corporation of India (CCI), Maharashtra Federation and others (MNCs, traders, ginneries among others) including cotton sold but not delivered.

The CAI has retained its total cotton supply estimate till end of the cotton season 2022-23, that is up to September 30, 2023, at the same level as estimated in the previous month at 350.18 lakh bales. The total cotton supply consists of the opening stock of 24 lakh bales at the beginning of the cotton season on October 1, 2022, crop for the season estimated at 311.18 lakh bales and the imports for the season estimated at 15 lakh bales.

The domestic consumption for the season is also estimated at the same level as estimated previously that is at 311 lakh bales. Exports for the season have also been retained at 16 lakh bales, same as the previous forecast by CAI, and the carry-over stock for the current season is estimated at 23.18 lakh bales.

Source: economictimes.com – Aug 15, 2023

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