एक कदम स्वच्छता की ओर
TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 147 of 2023 **August 18, 2023**

Currency Watch			
USD	EUR	GBP	JPY
83.09	90.39	105.80	0.57

INTERNATIONAL NEWS	
No	**Topics**
1	Global supply chain index falls to -0.50 in July 2023
2	Brazil's cotton harvest progresses; prices remain firm
3	Industrial production up 0.5% in euro area, 0.4% in EU in June 2023
4	Global cotton production likely to decline next season
5	Home Textile Market to Grow by 3%
6	US' retail sales surge in July 2023: Census Bureau
7	Italy's trade balance surpasses expectations in June
8	Cambodia Begins Minimum Wage Talks for 800,000 Garment Workers

NATIONAL NEWS	
No	**Topics**
1	Cotton textile, apparel companies see 8-10% rise in exports
2	India stands to gain more from China Plus One: UBS
3	Chinese exporters flood India with low-cost fiber
4	India-Bangladesh rupee trade a mixed bag for both sides, say experts
5	Express View on export data: Global headwinds
6	India's Tamil Nadu asks for urgent quota for duty-free cotton import

INTERNATIONAL NEWS

Global supply chain index falls to -0.50 in July 2023

The global supply chain volatility index fell to -0.50 in July 2023, from -0.26 in June. This significant drop indicates a marked rise in excess capacity across global supply chains, aligning with weak global demand and sustained destocking of warehouses.

The July data paints a grim picture for the second half of 2022, with demand for essential goods like commodities, components, and raw materials remaining at a low ebb. The global supplier spare capacity is now almost on par with the peak levels seen during May 2020, showing a weakening of global economic conditions, according to the GEP Global Supply Chain Volatility Index report by S&P Global.

Europe has been hit hardest, where a downturn in demand has reached levels not seen since the 2008-2009 financial crisis. Major European economies, including the UK, Germany, and France, are facing significant challenges. Conversely, North America appears to be taking a slightly different path, with demand dropping to a lesser extent in June, hinting at potential divergences in the economies' trajectories.

Key findings from July 2023 report the continued weakening of global demand, ending of material shortages, a reduction in safety stockpiling by businesses, historically low labour shortages, and a further drop in global transportation costs. The index readings for Europe, North America, UK, and Asia all demonstrate marked changes, reflecting an uncertain and challenging global economic landscape.

Commenting on the July data, Jonathan Kinghan, vice president, supply chain consulting, GEP, said: "We're now in the 14th consecutive month of subdued demand across Europe, and our July data shows it's getting significantly worse across the continent, in contrast to North America. Our data does not indicate a 'soft landing' in Europe. As a result, companies have greater leverage to negotiate familiar terms from suppliers for 2024 and 2025."

Source: fibre2fashion.com – Aug 17, 2023

HOME

****

Brazil's cotton harvest progresses; prices remain firm

Despite the progress of both the harvest and processing of the new crop in Brazil, cotton prices remained firm in the first fortnight of August. This was underpinned by international valuations and the appreciation of the dollar against the Real, as per the Center for Advanced Studies on Applied Economics (CEPEA).

Abroad, price rises were linked to increasing oil values—which have been on the rise since April—and lower estimates for the world's ending stock, due to higher consumption and lower supply worldwide.

Many sellers were absent from the Brazilian spot market in the first half of the month, while some purchasers were interested in buying cotton. Sellers had cash flow, while the purchasers with urgent needs had to raise bids. It is important to highlight that term contracts are currently paying more than sales on the spot.

Between July 31 and August 15, the CEPEA/ESALQ Index for cotton rose by 4.11 per cent, to BRL 4.1106 per pound on August 15, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

In a report released on August 10, CONAB (Brazil's National Company for Food Supply) estimated the national cotton area for the 2022-23 season at 1.66 million hectares, 3.6 per cent larger than that in the 2021-22 crop, but a slight 0.01 per cent smaller than the forecast in July.

The national productivity was revised upward by 0.77 per cent compared to the previously estimated, and by 14.5 per cent compared to last season, to 1,827 kg per hectare, a record. Thus, Brazilian cotton output was revised upward by 0.76 per cent in the monthly comparison, and by 18.7 per cent compared to 2021-22, at 3.03 million tons, also a record.

Data from ABRAPA, the Brazilian Association of Cotton Producers, show that 52 per cent of the national cotton crop for the 2022-23 season had been harvested by August 11, and 18 per cent processed.

Source: fibre2fashion.com – Aug 17, 2023

HOME

****

Industrial production up 0.5% in euro area, 0.4% in EU in June 2023

In June 2023, the seasonally adjusted industrial production increased by 0.5 per cent in the euro area and by 0.4 per cent in the European Union (EU), compared with May 2023, according to estimates from Eurostat. In May 2023, industrial production remained unchanged in the euro area and in the EU. In June 2023 compared with June 2022, industrial production decreased by 1.2 per cent in both the euro area and the EU, Eurostat, the statistical office of the EU, said in a press release.

In the euro area in June 2023, compared with May 2023, production of energy grew by 0.5 per cent, while production of durable consumer goods fell by 0.1 per cent, intermediate goods by 0.9 per cent, and non-durable consumer goods by 1.1 per cent. In the EU, production of energy grew by 0.5 per cent, while production of durable consumer goods and non-durable consumer goods fell both by 0.4 per cent, and intermediate goods by 0.8 per cent.

Among member states for which data are available, the highest monthly increases were registered in Ireland at 13.1 per cent, Denmark at 6.3 per cent, and Lithuania at 3.2 per cent. The largest decreases were observed in Sweden at -5.3 per cent, Finland and Malta—both at -3.3 per cent, and Belgium at -3.0 per cent.

In the euro area in June 2023, compared with June 2022, production of energy fell by 7.8 per cent and durable consumer goods by 5.2 per cent, while production of non-durable consumer goods rose by 0.2 per cent. In the EU, production of energy fell by 8.9 per cent, intermediate goods by 6.6 per cent, and durable consumer goods by 6.5 per cent, while production of non-durable consumer goods rose by 2.1 per cent.

Among member states for which data are available, the largest annual decreases were registered in Estonia at -12.7 per cent, Bulgaria at -9.3 per cent, and Belgium at -7.6 per cent. The highest increases were observed in Denmark at 12.3 per cent, Ireland at 8.3 per cent, and Slovakia at 3.6 per cent.

Source: fibre2fashion.com – Aug 18, 2023

HOME

****

Global cotton production likely to decline next season

Global cotton production will likely decline next season (October 2023-September 2024) by three per cent, while consumption may remain stagnant and ending stocks could be lower.

However, China holds the key to prices as any drop in demand from the Communist nation could limit the upside to prices, analysts have said.

As a result, global cotton prices are expected to rule around 80 US cents a pound (₹52,600 a candy of 356 kg) over the remaining part of 2023.

Highlights

Lower US, Uzbek crops

According to the US Department of Agriculture (USDA), cotton production may decline to 114.1 million (US) bales (217.7 kg) next season due to lower US and Uzbekistan crops. The Indian crop is also being projected to be lower. However, the output this season has been estimated higher at 118.3 million bales with larger crops in Brazil and Argentina.

Last month, the International Cotton Advisory Committee (ICAC) said projections for production next season are 24.51 million tonnes (112.58 million US bales).

Global cotton balance-sheet

	2021-22	2022-23	2023-24*
Production	25,182	25,755	24,846
Domestic use	25,257	24,054	25,460
Imports	9,280	8,105	9,554
Exports	9,405	8,067	9,548
Ending stocks	18,645	20,495	19,943

* Estimate Figures in '000 tonnes Source: USDA

Research agency BMI, a unit of Fitch Solutions, said global cotton output will likely be 116.5 million bales next season, down 0.9 per cent from 117.6 million bales this season.

“The downturn in global production will be driven by year-on-year) declines in Brazil (3.3 per cent), Mainland China (12.1 per cent), and India (1.9 per cent),” BMI said.

3 reasons for output fall

This is due to lower acreage under cotton in these three countries “due to weak global prices, poor margins compared to other crops, and concerns over fertiliser supplies”, it said.

At the same time, consumption will likely increase as mills are expected to replenish low cotton inventories with them.

“Consumption is up at 116.9 million bales, mostly led by stronger consumption prospects in China more than offsetting lower use in Uzbekistan,” the USDA said.

The ICAC said consumption next season will likely be 23.79 million tonnes (109.27 million bales). BMI said global consumption is expected to increase 5 per cent YoY in 2023-24 to 116.4 million bales.

Price outlook

Production declines in Brazil, China, and India and a muted y-o-y recovery in the US due to a reduction in the planting area will be offset by a weak economic outlook, with China’s latest import data from June 2023 showing a 49 per cent y-o-y decline in imports, the research agency said.

In view of rising consumption, the USDA has estimated the carryover stocks next season to 91.59 million bales from 94.13 million bales.

In view of these developments, BMI said it was maintaining its 2023 cotton price outlook at 86.5 cents a pound (₹56,900 a candy), above the year-to-date average of 82.7 cents (₹54,400).

“...a less-than-expected upturn in demand from Mainland China continues to limit any upside (to the price),” it said.

“The US season-average farm price for 2023-24 is forecast at 79 cents per pound (₹52,000),” said the USDA.
Current prices

The ICAC has forecast the season-average A index for 2022-23 to range from 96.36 cents to 106.47 cents, with a midpoint of 100.78 cents per pound.

Currently, cotton futures on the InterContinental Exchange, New York, are quoted at $85.10 cents (₹56,000 a candy). In India, the export benchmark Shankar-6 cotton is currently ruling at ₹61,300, while unprocessed cotton (kapas) is ruling at ₹7,925 a quintal in Rajkot agri terminal market.

As regards Indian production, the USDA estimates it lower at 326.58 lakh bales (170 kg) next season against the projected 333 lakh bales this season. BMI said Pakistan's cotton crop, hit by unprecedented floods last year, will likely rebound sharply next season to 6.5 million US bales.

Import demand, particularly from China, Vietnam, and Bangladesh, will rise 172 per cent to 43.4 million bales from 37.1 million bales this season.

Source: thehindubusinessline.com – Aug 17, 2023

HOME

****

Home Textile Market to Grow by 3%

The global home textile market is expected to grow significantly between 2023 and 2030. The market is currently valued at $158 billion and is projected to reach $195 billion by 2027, with a CAGR of 3%.

The home textile market is segmented by region, application, and product type. By region, Asia Pacific is the largest market, followed by Europe and North America. China is the largest market in Asia Pacific, followed by India and Indonesia.

By application, the home textile market is segmented into family use and commercial use. Family use is the largest segment, accounting for over 70% of the market. Commercial use is the fastest-growing segment, with a CAGR of 4%.

By product type, the home textile market is segmented into bedding, curtains and blinds, carpet, towels, kitchen linen, and blankets. Bedding is the largest segment, accounting for over 40% of the market.

The growth of the home textile market is driven by a number of factors, including:

• Increasing disposable income of consumers

• Growing demand for comfortable and stylish home furnishings

• Rising urbanization

• Increasing awareness about the benefits of using natural fibers

The home textile market is facing some challenges, such as:

• Competition from low-cost imports

• Rising raw material prices

• Fluctuations in exchange rates

Despite these challenges, the home textile market is expected to continue to grow in the coming years. The growth will be driven by the factors mentioned above, as well as the increasing popularity of online shopping.

Source: fashionatingworld.com– Aug 17, 2023

HOME

****

US' retail sales surge in July 2023: Census Bureau

Advance estimates of US' retail and food services sales for July 2023, adjusted for seasonal variation, holiday and trading-day differences, but not price changes, stood at $696.4 billion in July 2023, according to the US Census Bureau. This represents an increase of 0.7 per cent from the previous month and a 3.2 per cent growth compared to July 2022.

The total sales for the period spanning May 2023 to July 2023 were also up, showing a 2.3 per cent increase from the same period a year ago. Additionally, the May 2023 to June 2023 per cent change has been revised upwards, from an initial estimate of 0.2 per cent to 0.3 per cent.

Within the retail sector, trade sales were up by 0.6 per cent from June 2023, and 2 per cent higher than the previous year. A standout performance was noted among non-store retailers, which experienced a significant 10.3 per cent increase from the previous year.

Source: fashionatingworld.com– Aug 17, 2023

HOME

****

Italy's trade balance surpasses expectations in June

Italy's trade balance surplus reached €7.7 billion in June 2023, surpassing market expectations of €6.5 billion. The increase was driven by a 0.4% increase in exports and a 3.3% decrease in imports.

Exports to the European Union rose 0.5%, while exports to non-EU countries rose 0.3%. Imports from the European Union rose 4.9%, while imports from non-EU countries fell 14.5%.

The trade balance surplus was also helped by a 9.8% decrease in import prices. Import prices in the euro zone fell 0.9%, while import prices in the non-euro zone fell 16.9%.

The strong trade balance performance was a positive surprise for economists, who had expected the surplus to narrow in June. The increase was attributed to a number of factors, including the weaker euro, which made Italian exports more competitive, and the decline in energy prices.

The strong trade balance performance is a positive sign for the Italian economy. It suggests that the economy is still exporting more than it is importing, which is helping to boost growth.

The trade balance surplus was the largest since July 2021.The increase in exports was driven by strong demand for Italian goods in the euro zone and non-EU countries. The decrease in imports was driven by the decline in energy prices and the weaker euro.The trade balance surplus is expected to remain strong in the coming months, as the euro continues to weaken and energy prices remain low.

Source: fashionatingworld.com– Aug 17, 2023

HOME

****

Cambodia Begins Minimum Wage Talks for 800,000 Garment Workers

Cambodia is kicking off negotiations over next year's minimum wage for the garment, footwear and travel goods industry, though discussions are still in their earliest stage.

"The meeting heard the positions of the representatives of each party on the change in social and economic criteria," the National Council on Minimum Wage said in a statement on Wednesday. "However, the employers' representatives and the workers' representatives have not yet been able to confirm their official position figures, requesting more of their internal meetings."

Labor and vocational minister Ith Samheng, who attended the inaugural confab, told reporters afterward that the government will be following discussions closely.

Cambodia's minimum wage currently stands at $200 a month after increasing from the previous floor of $194 in 2022.

Other meetings have been set for Aug. 28 and Sept. 4, 11, 18 and 25 at the Ministry of Labour and Vocational Training.

The garment, footwear and travel goods sector is the country's largest foreign currency earner. As high inflation continues to bite into consumer spending, however, the value of shipments for the first seven months of the year has fallen by roughly 20 percent from $7.89 billion to $6.27 billion, according to trade data from the General Department of Customs and Excise.
At a business forum last week, Kong Sang, president of the Textile, Apparel, Footwear and Travel Goods Association in Cambodia, blamed the global cost-of-living crisis for the decline in orders. Some buyers, he said, have chosen to divert their production to Bangladesh, where costs are lower.

"With a high wage compared to garment-producing countries, the skill of workers needs to be addressed to improve Cambodia's competitiveness of garment products in the market," he said.

Ken Loo, secretary general of the Textile, Apparel, Footwear & Travel Goods Association in Cambodia, has also fingered the economic consequences of Russia's war on Ukraine as a reason for the slump, which he expects to persist all through 2023.

Still, Ath Thon, president of the Cambodian Labor Confederation, told the Khmer Times that he has high hopes for a meaningful hike considering the importance of the sector to the Cambodian economy.

"An increase in the minimum wage for 2024 will be possible as Cambodia still has export potential and local wages are not yet higher than others in the region," he said.

Cambodia houses 1,077 factories and employs some 800,000 workers, most of them women, according to the Ministry of Labour and Vocational Training.

The Industry We Want, a multistakeholder initiative helmed by the Ethical Trading Initiative and the Fair Wear Foundation, estimates that garment workers in Cambodia face a 62 percent gap between minimum and living wages, higher than the 45 percent global average but lower than the 74 percent seen in Bangladesh.

Source: sourcingjournal.com– Aug 17, 2023

HOME

****

NATIONAL NEWS

Cotton textile, apparel companies see 8-10% rise in exports

Cotton textile and garment exporters expect an 8-10% rise in outbound shipments in the next few months with the holiday season in the developed markets expected to bring relief even as apparel export slump continues with order deferments and requests for price cuts.

Inflation and economic slowdown in advanced economies, coupled with piled up inventory since the pandemic, have caused India's apparel export clients to defer orders or request lower prices, said an industry representative.

Exporters are looking forward to the Christmas season in the next quarter to alleviate the ongoing slump. "Cotton textile exports rose 6% in July and the July-September quarter is expected to maintain that momentum," said a representative from the cotton textile industry.

As per the representative, green shoots are emerging especially in the yarn sector though inflation continues to bite readymade garment exports.
"We will end the year on a positive note and see an 8-10% rise in the near future. In the next few months, both read-made garments and home textiles will see growth," the representative said.

The problem is that "India's export of apparel has largely been US- and EU-centric", said Mithileshwar Thakur, secretary general of Apparel Export Promotion Council.

The US, the EU and the UK account for approximately 50% of India's textiles and apparel exports.
"Orders have not dried up, but generally the request is to defer it by a few months," Thakur said, adding that clients have been asking for price cuts too.

The first three months of this fiscal saw apparel exports decline by around 23%, 13% and 17% in April, May and June respectively, according to official estimates. The quarter as a whole saw a 17.7% year-over-year dip to $3.69 billion in 2023 from shipments worth $4.49 billion in 2022.

Exports of apparels and garments to practically all destinations have declined, Thakur said; in June 2023, the US-bound shipments declined 23.8% compared to that in June 2022, while the UK and Germany saw declines of 14.2% and 23.7% respectively, he said.

Yet, these remain India's top apparel export markets, with US-bound exports for June 2023 to the tune of $412 million, Thakur noted.

Thakur emphasised the need not only to diversify India's export markets, but also rejig the composition of the export basket. Global demand for man-made fibre (MMF) apparel is on the rise, but their share in India's offering, which is skewed towards cotton, is little.

Source: economictimes.com– Aug 17, 2023

HOME

****

India stands to gain more from China Plus One: UBS

The China Plus One policy adopted by some foreign countries to lower their dependence on Chinese goods can lead to India becoming a manufacturing hub in several sectors, UBS India chief economist Tanvee Gupta Jain said on Thursday.

Jain said while China currently remains the leading global manufacturing powerhouse, India is better placed in terms of its sheer size to become an alternative manufacturing hub. She noted that India has improved significantly since 2019 on various parameters, including competitive tax rates, lower manufacturing costs, ease of doing business and government initiatives such as $36-billion production-linked incentive scheme.

Further, a sizeable local market, political and macroeconomic stability also favour the country to become an alternative manufacturing hub. The challenges, however, for global companies setting up shop in India are high logistic cost, lower labour productivity and regulatory impediments.

According to Jain, if India continues to benefit from supply chain shifts and reforms, its GDP growth could rise to 6.25-6.75% year-on-year (y-o-y) by 2030 under an "optimistic" scenario and 6.75-7.25% y-o-y under a blue-sky scenario. Sectors such as pharmaceuticals, textile, automobile, electronics, chemical and industrial machinery can gain immensely from a supply chain shift, she said.

GDP growth

Jain said while a favourable base effect should help accelerate India's real GDP growth to around 7.5-8% y-o-y in the June quarter, she expects the growth trend to soften over the remaining quarters towards 5-6% y-o-y. For the full year, UBS maintains the real GDP growth will decelerate to 6.2% y-o-y from 7.2% y-o-y last fiscal. This compares to the consensus expectation of 6.1% y-o-y and the RBI's forecast of 6.5% y-o-y.

"Our strategy team analysis indicates that bulk of capex spenders historically are hinting at lower capex in the near term/FY24. Finally, goods trade deficit beginning to widen, services trade surplus moderating," she said.

Jain said that a study by UBS found that all vegetables prices likely peak in July-August and see considerable moderation from September onwards.

India's headline CPI inflation accelerated to a 15-month high of 7.4% y-o-y in July from 4.9% y-o-y in the previous month, largely led by higher vegetable prices, especially tomatoes.

While most vegetables show cooling off in price pressures from August onwards, onion prices could surge next in the upcoming months after tomato prices, Jain said. Accordingly, UBS expects headline CPI inflation to remain elevated in the month of August at above 7% y-o-y before moderating meaningfully from September onwards and maintained its view that CPI inflation will average 5.4% y-o-y in FY24.

"We continue to expect MPC to remain vigilant and keep repo rate on a prolonged pause in the rest of FY24. Active food management by policymakers and a likely fuel price cut in 2H could help contain price pressure," Jain said.

Source: financialexpress.com– Aug 18, 2023

HOME

****

Chinese exporters flood India with low-cost fiber

The looming implementation of a Quality Control Order (QCO) on textile input materials has raised concerns in the textile industry. Chinese exporters are suspected of flooding India with low-cost fiber and polyester ahead of the QCO's implementation.

Larger industry players view the QCO favorably, but micro, small, and medium enterprises (MSMEs) are struggling with a double whammy of declining exports and a new wave of industry standards.

The influx of substandard imports from China, which are up to ₹5-7 per kg cheaper than domestically produced polyester fiber, highlights this challenge. Chinese exporters are taking advantage of the regulatory transition period in anticipation of the government's standards taking effect on October 1.

There need for value-added quality control measures and urged attention to be paid to the cotton value chain, which is the foundation of the Indian textile sector. Despite India's status as a major cotton producer, a decline in both exports and production, attributed to decreased Western demand as a result of the protracted conflict in Ukraine, puts the country at risk of becoming a net importer of cotton.

The US Department of Agriculture (USDA) predicts that India's cotton exports will fall to a 19-year low in the current crop season (October 2022 to September 2023).

The industry's challenges are compounded by rising cotton prices, which have fluctuated between ₹55,000 and ₹65,000 per candy, with some instances exceeding ₹1 lakh.

Trade experts emphasize the importance of cotton, while the government focuses on garments and technical textiles, and urged a balanced approach to maintaining India's core textile expertise.

Source: fashionatingworld.com– Aug 17, 2023

HOME

****

India-Bangladesh rupee trade a mixed bag for both sides, say experts

As India forges ahead towards becoming the world's fifth largest economy it is ambitious about making it's the rupee a global trading currency. With the aim to decrease US dollar dependency, so far 18 countries have been allowed by the Reserve Bank of India to trade in Indian rupees and Bangladesh has joined the group in July 2023.

India obviously gains with the Bangladesh joining as it marches ahead but many experts are not sure how exactly Bangladesh hopes to gain from this. The formal operations for this initiative commenced on July 11, with the virtual inauguration by the Governor of Bangladesh Bank, Abdur Rouf Talukder, and the Governor of the Reserve Bank of India, Shaktikanta Das. The State Bank of India handles the India trade side while Sonali Bank does the same for Bangladeshi.

After China, India is Bangladesh's second-largest trading partner. Bangladesh exports products worth $2 billion annually, it imports products worth almost $14 billion per year an obvious large trade deficit.

Bangladeshi importers of Indian products gain

Businesses have their own take on rupee trade. Mohammad Hatem, owner of MB Knit Fashion, one of the largest garment factories in Bangladesh, believes they will be able to save at least 6 per cent of their costs because of direct transactions in Rupees. As his businesses largely imports raw material from India, he no longer is required to lose exchange fees to convert the Bangladeshi taka to dollars and then rupee. The governments of India and Bangladesh agree this deal circumvents loss through expensive foreign exchange and it also helps both nations in being less dependent on the US dollar.

Currently Bangladesh has been facing challenges with the dollar as the taka got devalued against the dollar by as much as 25 per cent and its dollar reserves are depleting fast. As CII National Committee on Exports and Imports Chairman Sanjay Budhia says, since all exports and imports and settlement of trade transactions under this arrangement may be denominated and invoiced in rupees, this would reduce dependence on the dollar and address situations like scarcity of forex reserves apart from strengthening regional currency and trade.

Skeptical about gains

One of the main concerns about the pact is the vision of being a global currency is India's ambition and not Bangladesh's. As the rupee has the tendency to fluctuate against the dollar, any loss due to the devaluation of the rupee against the dollar will be absorbed by Bangladeshi banks which may not be sustainable in the long run.

The former head of World Bank's Dhaka office Zahid Hussain thinks the deal does not provide a reprieve for Bangladesh as it has to settle its trade deficit of $12 billion with India in dollars. Unless Indian exporters accept the taka as a form of payment, Bangladesh does not stand to gain. Hussain also explains there is no "loss" associated with this deal for Bangladesh, a friendly neighbour of India that wants to help India to push its rupee forward on international platforms. This deal does not cushion Bangladesh's dollar reserves. The IMF has calculated Bangladesh's global debt at $23.56 billion, down from $42 billion in 2022. The current debt is equal to Bangladesh's four month import bills.

Source: fashionatingworld.com– Aug 17, 2023

HOME

****

Express View on export data: Global headwinds

Trade data released by the Ministry of Commerce and Industry a few days ago points towards a continuing weakness in India's exports. Merchandise exports fell to a nine month low of $32.25 billion in July, a decline of almost 16 per cent. Alongside, goods imports also fell by 17 per cent to $52.9 billion.

In the first four months of the financial year (April-July), exports and imports have now contracted by 14.5 per cent and 13.8 per cent respectively. While part of the decline can be traced towards lower commodity prices, both non-oil exports and imports have fallen indicating weak global and domestic demand. These are worrying signs.

The disaggregated data shows that 19 of the 30 major export items have declined during April-July. These also include labour intensive sectors such as gems and jewellery, leather products, textiles and others. However, electronic exports continue to grow at a robust pace, rising by 37.6 per cent in the financial year so far. As per an analysis by Crisil, the decline in India's exports has been more pronounced in the Asia Pacific region. In the first two months of the financial year, exports to APAC declined by 21.8 per cent, followed by the US (12.9 per cent), Africa (8.6 per cent) and Europe (6 per cent).

As per this analysis, the share of APAC in India's goods exports has been on a decline since the beginning of the pandemic. While in 2019, the region accounted for 33 per cent of India's merchandise exports, by 2022-23, its share in the country's export basket had declined to 26.5 per cent, while the combined share of the US and the EU rose to 34 per cent. In the near term, slowing global demand and trade will continue to weigh down exports. As per the International Monetary Fund's July update of its World Economic Outlook, the world economy is likely to grow at 3 per cent this year, down from 3.5 per cent the year before.

Alongside, world trade volume growth (goods and services) is expected to slow down from 5.2 per cent last year to 2 per cent this year. In fact, growth this year is now projected to be 0.4 percentage points lower than the IMF's earlier forecast. Considering its broader economic implications such as on job creation and the current account, policy must focus on boosting merchandise exports.

Source: indianexpress.com– Aug 17, 2023

HOME

****

India's Tamil Nadu asks for urgent quota for duty-free cotton import

Tamil Nadu has pitched for duty-free cotton imports under a quota system. The state chief minister, M K Stalin, has made a demand to the central government to release a quota of 20-25 lakh bales of duty-free cotton import for the current non-arrival season. The cotton deficit in the Tamil Nadu-based industry has led to calls for an urgent release of duty-free imports or a permanent removal of the import duty on the natural fibre.

Stalin has said in a letter that Tamil Nadu has more than 2,000 spinning mills, running solely on cotton. At present, the mills do not have enough cotton for consumption until September this year. New cotton will arrive in October. He warned that if a quota of 25 lakh bales is not granted and the natural fibre does not reach Tuticorin port in the period, most of the mills in Tamil Nadu will have to cease production. The chief minister argued that the textile industry provides 1.50 crore jobs in the state, and if the mills shut down, the labour will be affected severely.

Dr K Selvaraju, secretary-general of the South India Mills Association (SIMA), told Fibre2Fashion, "Spinning mills are facing disparity in yarn exports because of 11 per cent import duty on cotton. If the central government removes the import duty, Tamil Nadu-based spinning mills will be able to import the natural fibre. Cotton imports from African countries are cheaper than buying it from Gujarat or Maharashtra."

He emphasised the urgent need to remove import duty on cotton immediately, as its prices are rising due to lower availability, which will continue until new arrivals in mid-October or November. If the government has reservations in the interest of farmers, it can allow extra long staple (ELS) cotton for duty-free imports in the specified HSN code. This is a different type of natural fibre, not produced in India, so it cannot suppress domestic cotton prices. Usual imports of ELS cotton are also limited, at around 7-8 lakh bales. According to Selvaraju, industry organisations are working with governments to convince them on the issue. The chief minister of Tamil Nadu also raised the industry's concerns due to its significance in the state.

Source: fibre2fashion.com– Aug 17, 2023

HOME

****