स्वच्छ भारत
एक कदम स्वच्छता की ओर
TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408

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. 150 of 2023 August 22, 2023

Currency Watch			
USD	EUR	GBP	JPY
83.08	90.66	106.16	0.57

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

NATIONAL NEWS	
No	**Topics**
1	India participates in 20th ASEAN-India Economic Ministers' Meeting in Semarang, Indonesia
2	India, ASEAN agree to review FTA by 2025
3	India's trade policy is working great for Vietnam
4	SIMA urges cotton industry stakeholders to follow Code of Conduct
5	India's foreign trade crosses $800 bn mark in first 6 months of 2023: GTRI
6	Personalisation is becoming standard across global fashion industry
7	Pan-India retail leasing rises 24% YoY in H1 2023: CBRE report

INTERNATIONAL NEWS

Eurozone faces inflation drop; target delayed to 2026: ZEW

The eurozone inflation projections of the financial market experts are noticeably receding for the first time in a while, as per ZEW Mannheim. Forecasts point to a gradual decrease in inflation over the upcoming years. However, the European Central Bank's (ECB) inflation target is unlikely to be achieved until at least 2026.

While many respondents continue to view wage trends in the eurozone with concern, the economic development is increasingly fostering expectations of declining inflation. For the year 2023, the experts do not anticipate any further significant interest rate hikes by the ECB. In 2024 and 2025, ECB interest rates are expected to fall gradually, according to the latest ZEW Financial Market Survey.

In the August 2023 survey, financial market experts predict median inflation rates of 5.5, 3.3, and 2.5 per cent for 2023, 2024, and 2025, respectively. The majority therefore maintains the view that the ECB won't attain its 2 per cent inflation target during the 2023–2025 period.

Nonetheless, inflation projections are now notably receding for the first time in a while. In May 2023, the median projections for the years 2023, 2024, and 2025 were 5.8, 3.7, and 2.5 per cent, respectively.

Continuing from the May 2023 survey, wages remain the primary drivers of inflation. Around 53 per cent of financial market experts say they have raised their inflation forecasts based on the development of wages since May 2023.

However, this sentiment is a slight decline from the previous survey, where approximately 70 per cent shared the same view. Concurrently, respondents suggest that the economic situation is playing a moderating role in inflation expectations. Around 47 per cent report that they have lowered their inflation forecasts due to the economic situation.

"Following May 2023, which marked the first time financial market experts didn't anticipate inflation to climb any further, we now observe a distinct decline in August 2023. While inflation expectations remain at a high level, suggesting that inflation rates are likely to remain well above the ECB's 2 per cent target until 2025, the past two surveys indicate a turning point," said Dr. Frank Bruckbauer, a researcher in the ZEW's Pensions and Sustainable Financial Markets Unit. "Wage developments in the eurozone continue to be a significant driver of inflation. At the same time, the economic situation in the eurozone is somewhat dampening inflationary pressures."

Source: fibre2fashion.com – Aug 22, 2023

HOME

****

UK aims to boost trade with Southeast Asian countries

International trade minister Nigel Huddleston is visiting two Southeast Asian countries to kickstart new discussions aimed at ramping up UK trade with the region. Southeast Asia's economy is expected to become equivalent to the third largest economy in the world by 2027, worth over £4 trillion.

UK–Association of Southeast Asian Nations (ASEAN) trade increased by over 20 per cent last year—worth £47 billion—but there is a huge opportunity for more businesses across the UK to tap into this massive economy. As the first new Dialogue Partner to ASEAN in 25 years, the UK is well positioned to boost economic growth with this dynamic region, contributing to a more prosperous future, the UK's department for business and trade said in a press release.

The minister recently joined the ASEAN counterparts in Semarang, Indonesia for the ASEAN Economic Ministers UK Consultation to boost ties with the dynamic and fast-growing trading group.

He will then travel to Hanoi to co-host the annual Joint Economic and Trade Committee (JETCO) and the Trade Committee of the UK-Vietnam Free Trade Agreement. During these, the minister will push forward the UK's ambition to help UK companies sell more products and services to Vietnam's booming economy.

"Southeast Asia offers big opportunities for British businesses. That's why our team of specialists has been working hard to remove barriers to trade to help companies sell even more to this dynamic region. We know closer trade ties with exciting, thriving economies like Vietnam and Indonesia will provide a boost for the UK. I'm looking forward to seeing how our expanded links across the Indo-Pacific, including accession to CPTPP, yield economic benefits up and down the country," said Huddleston.

The visit comes just weeks after business and trade secretary Kemi Badenoch signed the treaty confirming the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)—the Indo-Pacific trade bloc now worth £12 trillion in gross domestic product (GDP).

It also follows the resolution of over £600 million worth of trade barriers over five years in the financial year 2022-23 that were hampering UK businesses from selling to Asia Pacific.

Earlier this year, Badenoch made the removal of these trade barriers one of her top five priorities, committing to lifting 100 of the most significant hurdles.

Source: fibre2fashion.com – Aug 21, 2023

HOME

****

Chinese textile and apparel exports plummet by 8.35%

Exports of clothing and accessories fell to 68.7 billion euros, a decline of 5.9%. The decline was more pronounced on the side of yarn and materials exports, which were 10.9% lower than the level seen in the first half of 2022. These exports stood at approximately 62 billion euros for the first half of the year.

The inflation affecting European clothing consumption is playing a key role in this downturn. And the effects are being felt even among countries supplying China with textile production materials. Indeed, facing a more uncertain market, China reduced its imports of yarn and materials by 19.6%, amounting to 4.9 billion euros.

In 2022, China exported 296.6 billion euros worth of textiles and apparel. This represented a modest increase of 2.5% over the year. Apparel exports to Europe, where demand was experiencing the early effects of inflation, had surged by 32% to 28.8 billion euros, a figure that no longer surpasses its closest contender by the same margin as in the past: Bangladesh (21.8 billion euros).

Nevertheless, exports are just one specific indicator of the Chinese textile industry, which also serves the vast domestic market of the country. As the country emerges from Beijing's 'Zero Covid' strategy restrictions at the end of 2022, domestic consumption is said to be the primary driver of the national recovery, with a 10.6% increase in retail sales as early as March. This marks the strongest growth observed since June 2021.

Source: fashionnetwork.com– Aug 21, 2023

HOME

****

‘Shippers are Clearly Not Happy’ with Freight Rates, Expert Says

Although spot freight rates have been climbing over the past month, according to various indices, retailers concerned about locking in a longer-term rate at current levels may still be able to wait and get a cheaper deal next year. While retailers like TJX, Ross Stores and Target have all touted ocean freight rate declines in recent earnings calls, industry players should carefully negotiate with ocean carriers.

“We may see more increases in spot ocean rates in the peak season in the short term, but spot rates will soften in the medium term due to the rising tide of overcapacity across the global container shipping sector,” said Philip Damas, managing director, head of Drewry Supply Chain Advisors. “In our discussions with our beneficial cargo owner/shipper customers, for example, we hear that ocean carriers are calling them all the time to try and secure volume. The shipping market remains very weak overall.”

Damas told Sourcing Journal that the maritime research consultancy doesn’t advise shippers to lock in long-term rates right now. “By waiting a bit longer, shippers will benefit from further reductions in both spot and contract rates in 2024, based on our forecasts,” said Damas.

Port of Los Angeles executive director Gene Seroka shared a similar view on Bloomberg Markets last Monday, saying the current supply-demand curve “is now in the corner of the cargo owner.”

“We’ve seen new capacity come online…having additional capacity means price compression on the downside,” Seroka said. According to Peter Sand, chief analyst ocean and air freight analytics platform Xeneta, the strongest shippers are paying as little as $475 per 40-foot container for spot business for Transatlantic routes, which is an all-time low.

“The number of long-term contracts coming into force in 2023 is significantly down on past years, indicating that shippers are clearly not happy with the rates on offer nor being drawn into the kind of closer relationship carriers are seeking,” Sand wrote in a blog post.

While the spot rate market has rebounded in the past five weeks—Drewry calculated that rates from Shanghai to Los Angeles rose 44 percent to $2,362 per 40-foot container and Shanghai-to-New York rates jumped 24 percent, to $3,363 in that time frame—contract rates are a different story.

The spot rate increase has been attributed to various external events, with Damas pointing to port labor issues on the U.S. and Canadian West Coasts and water-level capacity restrictions at the Panama Canal, and “carrier actions” such as limited capacity reductions and widespread general rate increases announced by multiple carriers. On the other hand, contract rates are continuing their descent. According to the consultancy’s East-West Contract Rate Index, contract rates fell by another 10 percent between June and July. Container XChange’s XChange Insights platform indicates that the average price of a cargo-worthy 40-foot container in the main ports of the U.S. was approximately $2,000, the lowest since July 2021.

“June 2023 marked the lowest average container prices in key supply chain markets such as China, Europe, and the U.S, when compared to the same month in 2022 and 2021,” according to Container XChange’s August container logistics update. “This decline in container prices could indicate a further strain on profit margins for shipping companies.”

The Container XChange report also touched on U.S. retailers’ peak season expectations, particularly as many are still destocking their excess inventory from last year. The company predicts cargo volumes will reach a peak in August in preparation for the upcoming holiday season as retail sales increase. But even then, total 20-foot equivalent unit (TEU) imports are expected to sink 10.2 percent year over year amid stubbornly high inventories.

The online container logistics platform cited recent Global Port Tracker data from the National Retail Federation (NRF) and Hackett Associations, which said the logistics environment in the second half of 2023 is normalizing thanks to the conclusion of the West Coast labor negotiations. Union dockworkers voted on the tentative six-year deal from Aug. 15-17. The results should be announced in the fall.

“As economists shift from predicting recession to a ‘soft landing’, the industry holds its momentum,” said Christian Roeloffs, co-founder and CEO, Container XChange, in a statement. “While some experts remain cautious, the foundation of a resilient economy, sustained consumer activity, and strategic federal investments improves the outlook of the upcoming holiday season.”

Source: sourcingjournal.com– Aug 21, 2023

HOME

****

Italy's cotton yarn imports impacted by price decline

In April 2023, cotton yarn prices stood at $5,651 per tonne (CIF, Italy), down -9.8% from the previous month. The import price displayed a consistent decline, with August 2022 marking the highest growth rate at 14%, reaching a peak of $7,772 per tonne. However, from September 2022 to April 2023, average import prices remained stagnant.

Diverse price trends across nations

Significant price disparities were evident among major cotton yarn providers. Egypt commanded the highest price at $9,706 per tonne in April 2023, while Spain offered some of the lowest rates at $3,348 per tonne. Spain experienced the most growth from April 2022 to April 2023 (+0.8%), while other primary suppliers observed declines.

Variability in Italian cotton yarn import prices by type

The price of cotton yarn not intended for retail sale, containing 85% or more cotton, stood at $6,181 per tonne, while yarn with less than 85% cotton was priced at $3,370 per tonne. Notably, price fluctuations were notable based on product type, with retail-ready cotton yarn showing a slight growth rate (-0.6%) compared to falling prices of other items.

Italy's fluctuating cotton yarn imports

Italy's cotton yarn imports surged to 5.6K tonnes in April 2023, a 7.2% rise from March 2023. This growth was most pronounced in September 2022, with a 101% increase compared to the previous month.

While the April 2023 imported cotton yarn value was $32M (IndexBox estimates), overall imports saw a notable decline. The exceptional 66% m-o-m growth in September 2022 marked the highest rate.

Dominant cotton yarn imports by type in Italy

In April 2023, Italy's prime import was cotton yarn (other than sewing thread), with 85% or more cotton content, accounting for 77% of all imports (4.3K tonnes).

This significantly exceeded imports of cotton yarn with less than 85% cotton content, at 973 tonnes. Between April 2022 and 2023, imported cotton yarn not intended for retail sale declined at an average monthly rate of -3.6%.

Other types displayed varying growth: cotton yarn (other than sewing thread), less than 85% cotton, not for retail sale (+0.7% per month), and retail-ready cotton yarn (+13.8% per month).

Source: fashionatingworld.com– Aug 22, 2023

HOME

****

Germany backs Philippines-EU trade talks for stronger ties

Germany has expressed firm support for the revival of negotiations concerning a free trade agreement between the Philippines and the European Union (EU). The German ambassador to the Philippines, Andreas Michael Pfaffernoschke, emphasized the nation's keen interest in exploring new business opportunities and fostering bilateral ties. The envoy noted the potential for increased exchanges of skilled workers and collaboration on various fronts.

Promising Prospects Ahead

Andreas Michael Pfaffernoschke, the new German ambassador to the Philippines, lauded the initiative to reopen discussions on a Philippines-EU free trade agreement. He underscored the significance of mutually beneficial economic prospects for both nations, including strengthened people-to-people relations. The exchange of skilled workers and expanding business avenues could further enhance ties between Germany and the Philippines.

Collaboration Beyond Trade

President Ferdinand R. Marcos Jr. and Ambassador Pfaffernoschke have extended their collaboration to areas beyond trade and investment. They have pledged to work closely on climate change mitigation and adaptation efforts. This collaboration underscores the shared commitment of both nations to address pressing global challenges and work towards sustainable solutions.

Trade Ties in Numbers

In the past year, Germany retained its position as the Philippines' 12th largest trading partner, 10th biggest export market, and 15th import supplier during January-October. The bilateral trade volume between the two countries amounted to $4.7 billion, encompassing $2.8 billion in exports and $1.9 billion in imports. Moreover, Germany stands as the Philippines' primary trading partner within the EU.

In a dynamic move, Germany reaffirms its support for reinitiating talks on a Philippines-EU free trade agreement, poised to invigorate trade relations and foster collaboration on multifaceted fronts.

Source: fashionatingworld.com– Aug 22, 2023

HOME

****

Annual investment in textile industry rises 30%

Mohsen Gorji made the remarks in a press conference held for promoting the country's first International Exhibition of Fabric and Related Industries (Fabric Fair 2023), IRIB reported.

Fabric Fair 2023 is due to be held during September 9-12 at Shahr-e-Aftab International Exhibition Center near Tehran. Speaking at the conference, Gorji said more than $450 million worth of textile machinery and equipment were imported into the country in the previous year.

"We are trying to achieve eight percent growth, on average, in the production sector," the official said.

According to the official, the country's textile and clothing industry registered a 17.3 percent growth in the previous Iranian year and had the highest growth rate among other industrial sectors.

He further stated that there are some concerns regarding the supply of raw materials for the textile industry that should be taken into account by the government.

Most of the problems in the mentioned area are due to the lack of foreign currency allocation for the importers of such materials, he noted.

Gorji stated that 80 percent of the fabric needed in the country is produced domestically, saying: "The country's textile industry has grown significantly in terms of quality and design, but sometimes our fabrics are sold in the market under the name of Turkish fabrics."

Fabric Fair 2023 will be held in a space of 10,000 square meters with the presence of more than 90 domestic and foreign manufacturers and suppliers of fabrics active in various fields.

Several foreign trade delegations are also expected to visit the four-day event.

Source: tehrantimes.com– Aug 21, 2023

HOME

****

Nigeria, Egypt to lead Africa's fashion market with US $ 2.5 billion revenue

Nigeria and Egypt are charting the course to dominate the African fashion landscape, encompassing accessories, apparel, and footwear.

By the end of 2023, these two countries are expected to generate a staggering US $ 2.5 billion in revenue. Nairametrics' analysis of Statista data projects that the Nigerian fashion market would grow to a US $ 1.31 billion industry.

The projected market volume is expected to increase at a strong rate of 10.03 per cent per year (CAGR 2023-2027), reaching an estimated peak of US $ 1.92 billion by 2027.

By 2027, it is anticipated that Nigeria will have a booming user base of about 83.8 million users. This is projected to increase from a user penetration rate of 24.4 per cent in 2023 to an outstanding 34.1 per cent by 2027.

Egypt's fashion industry is expected to reach US $ 1.28 billion in 2023, continuing its upward trend. This market is anticipated to reach a market volume of US $ 2.35 billion by 2027, with a compound yearly growth rate (CAGR 2023–2027) increasing at an astounding 16.40 per cent.

Egypt is expected to have a user base of 56.4 million in the fashion business by 2027. Egypt's user penetration, which is currently 33.3 per cent, is expected to soar to an astonishing 47.1 per cent by 2027.

Nigeria is in a unique position with demand exceeding most African countries due to its massive population of over 200 million.

The success of e-commerce fashion is also being propelled by the expanding internet culture among Nigerians, which is being fueled by a remarkable 222.5 million telephone customers estimated in 2022, per the National Bureau of Statistics (NBS).

With a population that exceeds 100 million and a youthful demographic that includes a sizable portion of people under 30, Egypt also has a sizable population. This group drives demand in the fashion industry since they are fundamentally more fashion-conscious and eager to spend money on apparel and accessories.

Egypt's reputation as a top travel destination, which attracts travellers from all over the world, supports the fashion industry further because tourists frequently go shopping and buy local clothing and gifts.

Source: apparelresources.com– Aug 21, 2023

HOME

****

Philippine garments exporters eye Pakistan textile firms' supply

Pakistan's 10 "biggest" textile and garments factories which are exporting worldwide have committed to supply textile and fabrics for Philippine garment exporters given the Philippines's "unrivaled" access to key markets, according to the Philippine Exporters Confederation Inc. (Philexport).

Philexport said Robert Young, Trustee for textile, yarn and fabric sector of Philexport, reported this following his participation in the Asean-Pakistan Business Opportunities Conference held in Lahore and Karachi, Pakistan in early August.

Young, who is also president of Foreign Buyers Association of the Philippines (FOBAP), said these factories have committed to supply "mainly 100 percent cotton sheets and denim" for the Philippine garment exporters.

He emphasized that "[these garment exporters] rely solely on imported materials as the Philippines has no such industry."

The FOBAP president pointed out that Pakistan's textile and fabrics cost 15 to 20 percent lower than those of other countries.

In fact, Young added, "Pakistan has an average lower production cost than countries like China, India and Vietnam, while offering the same high-quality fabrics due to its skilled workers and yarn quality, billed as the second-best quality cotton in the world."

Meanwhile, Young said that with the Philippines's present free trade agreements (FTAs) such as the Regional Comprehensive Economic Partnership (RCEP), and other forthcoming FTAs and the recent economic reforms and the amended Foreign Investments Act, Philippine Consul General (in Karachi) Imran Yousuf and Economic Diplomatic officer Digna Khan both said they plan to pay a business visit soon.

RCEP is a regional trade agreement between the 10 Asean member states and five Asean FTA partners—Australia, China, Japan, Korea and New Zealand. RCEP countries account for 30 percent of global gross domestic product and one-third of total inward foreign direct investment (FDI).

In an email to Young, Yousuf said Pakistan has already invested in various industries in the Philippines.

“[It is also] importing garments, textile, apparel manufacturing, as Other made textile articles, sets, worn clothing and worn textile articles, rags [amounting] at US$6.7 million in 2022,” he
said.

He cited some Pakistani companies’ investments in the Philippines: TRG Philippines in Manila of TRG Pakistan Ltd., Getz Pharma Philippines of Getz Pharma Pakistan, and Royal Life Pharma, a joint venture in Batangas, Philippines from Pakistan.

Yousuf said the Philippines has “unrivaled access” to key markets such as the Asean, Asia- Pacific Economic Cooperation (APEC) member economies, as well as Asia, Europe and the United States.

“The Philippines’ location is a critical entry point to over 600 million people in the ASEAN market and a natural gateway to the East Asian economies,” he said. “[It] is likewise placed at the crossroads of international shipping and airlines.”

Yousuf said Pakistan and the Philippines are among beneficiary countries of the European Union’s Generalized Scheme of Preferences Plus program, and are also members of the World Trade Organization with all the privileges and protections it provides.

Source: businessmirror.com.ph – Aug 21, 2023

HOME

****

Bangladesh: Yarn consumption in RMG sector declines

Yarn consumption in Bangladesh's Ready-Made Garments (RMG) sector declined by 31.55% in the first half of the fiscal year 2022-23, as compared to the same period in the previous year. This was due to a decrease in orders from international buyers, as well as an increase in fabric imports.

According to data from the Bangladesh Textile Mills Association (BTMA), local garment factories purchased 809,351 metric tonnes of yarn during the January-June period of the previous fiscal year, reflecting a decrease of 373,080 tonnes compared to the same period in the previous year.

The decline in yarn consumption was despite the fact that the RMG sector's export earnings increased by 1.19% year-on-year in the latter half of the previous fiscal year. This was due to a shift towards producing higher-value clothing items, which led to higher prices per clothing item despite a decrease in unit exports.

The BTMA has urged the government to consider the textile sector and reduce gas prices, given that the spot market LNG rate has decreased.

The decline in yarn consumption is a worrying trend for the RMG sector, as it could lead to job losses and factory closures. The government and the industry need to work together to find ways to reverse this trend and ensure the continued growth of the RMG sector.

Source: fashionatingworld.com– Aug 22, 2023

HOME

****

Bangladeshi RMG exporters face price disadvantage in US, EU markets

Bangladesh is the second-largest exporter of ready-made garments (RMG) in the world, but it faces a price disadvantage in the US and EU markets compared to its competitors.

In 2022, the average price of Bangladeshi RMG exports to the EU was USD 17.27 per kg, while India and Sri Lanka secured prices of USD 23.27 and USD 28.54 per kg respectively.

In the US market, Bangladesh's RMG exports were priced at USD 3.10 per square meter, while India and Sri Lanka commanded prices of USD 3.80 and USD 4.26 per square meter respectively.

There are several reasons for this price disadvantage. One reason is that Bangladesh's RMG industry is heavily reliant on a few sectors, with approximately 80 percent of apparel exports originating from five specific segments. This makes it difficult for Bangladeshi exporters to negotiate higher prices.

Another reason is that Bangladesh lacks a deep-sea port, which makes it difficult and expensive to export goods. This also gives foreign buyers an advantage in price negotiations.

Finally, Bangladeshi RMG factories have not invested enough in research and development, which has limited their ability to produce high-value garments.

To address these challenges, Bangladesh needs to diversify its export portfolio, invest in research and development, and improve its negotiation skills.

Source: fashionatingworld.com– Aug 22, 2023

HOME

****

NATIONAL NEWS

India participates in 20th ASEAN-India Economic Ministers' Meeting in Semarang, Indonesia

Shri Rajesh Agrawal, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry represented India in the 20th ASEAN-India Economic Ministers' meeting held on 21st August 2023 in Semarang, Indonesia and co-chaired the meeting with Dr. Zulkifli Hasan, Minister of Trade, Indonesia.

The Economic Ministers or their representatives from all the 10 ASEAN countries viz. Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam participated in the meeting. Democratic Republic of Timor-Leste also joined the Meeting as an observer.

The Ministers reviewed the bilateral trade and investment relations between India and ASEAN and underscored their commitment to strengthen and enhance the economic partnership between India and ASEAN to ensure that the ASEAN-India Comprehensive Strategic Partnership delivers meaningful benefits for both sides, particularly in the post-pandemic era. India and ASEAN registered a bilateral trade of USD 131.5 billion in 2022-23. The trade with ASEAN accounted for 11.3% of India's global trade in 2022-23.

The Ministers also interacted with the ASEAN-India Business Council (AIBC) and took note of the activities undertaken by AIBC in 2023, including the 5th ASEAN-India Business Summit held on 6th March 2023 in Kuala Lumpur. The Ministers noted the Non-Tariff Barriers (NTBs) flagged by the businesses and appreciated the growing exchanges between the stakeholders from both sides.

The Ministers exchanged views on the regional and global challenges, such as the multidimensional impact of the COVID-19 pandemic, climate change, heightened volatility in the global financial market, inflationary pressures, and geopolitical tensions. Both sides identified resilient supply chains, food security, energy security, health and financial stability as priority areas of cooperation.

The main agenda of this year's meeting was the timely review of ASEAN-India Trade in Goods Agreement (AITIGA) which was signed in 2009. The Economic Ministers' meeting was preceded by AITIGA Joint Committee meeting, which deliberated the roadmap for the review and finalised the Term of Reference and the Work Plan of the AITIGA Review Negotiations. After constructive discussions, the Ministers endorsed the above review documents, which would pave way for the formal commencement of negotiations with defined modalities.

The review of the AITIGA was a long-standing demand of Indian businesses and the early commencement of the review would help in making the FTA trade facilitative and mutually beneficial. The Ministers agreed to follow a quarterly schedule of negotiations and conclude the review in 2025. The review of AITIGA is expected to enhance and diversify trade while addressing the current asymmetry in the bilateral trade. The decision for review of AITIGA will now be placed in the forthcoming India-ASEAN Leaders' Summit scheduled in early September for further guidance.

Source: pib.gov.in– Aug 21, 2023

HOME

****

India, ASEAN agree to review FTA by 2025

India and the ASEAN countries reached an agreement on Monday to review their free trade pact for goods and set a 2025 goalpost for concluding the review aimed at addressing the "asymmetry" in bilateral trade, the Commerce Ministry said.

A Joint Committee of the ASEAN-India Trade in Goods Agreement (AITIGA), signed in 2009, deliberated on the roadmap for the review of the pact and finalised the terms of reference for the fresh negotiations, ahead of an ASEAN-India Economic Ministers' meeting held in Indonesia on Monday. The AITIGA review will now be taken up at the India-ASEAN Leaders' Summit scheduled in early September for further guidance.

"The review of the AITIGA was a long-standing demand of Indian businesses and the early commencement of the review would help in making trade facilitative and mutually beneficial," the Ministry said in a statement.

"The Ministers agreed to follow a quarterly schedule of negotiations and conclude the review in 2025. The review of AITIGA is expected to enhance and diversify trade while addressing the current asymmetry in the bilateral trade," the Ministry added.

Source: thehindu.com– Aug 21, 2023

HOME

****

India's trade policy is working great for Vietnam

The printed circuit board assembly, the camera module, the touch-screen display and the glass cover. Together, they account for three-fourths of the bill-of-materials cost of a smartphone. Vietnam, the world's second-biggest exporter of handsets after China, sources these and most other components at zero tariffs from free-trade partners. But India, which has few such accords of its own but is still keen to emulate the manufacturing powerhouse in its neighborhood, has customs duties as high as 22%.

The result? Making mobile phones in the world's most-populous nation now comes embedded with a cost disadvantage of 4%, says the 2023 edition of a comparative study of tariffs by India Cellular & Electronics Association, an industry body.

This extra burden is something India has deliberately imposed on assemblers even as it began remunerating them for its many existing cost disabilities, especially poor infrastructure and red tape. The so-called production-linked incentives, or PLI, promise to pay firms as much as 4% to 6% of their incremental sales for five years.

One way to think about this is that India is first damaging its competitiveness, and then compensating firms to set up factories in the country. Another perspective is that the handouts are being "supported through indirect revenue from increased indirect taxes from the same sector," as the ICEA report says.

Policymakers are convinced that their strategy is a masterstroke. The PLI program, which kicked in for mobile phones in October 2020, is being touted as a success. Annual production has surged more than 60% to $42 billion. Of this, $11 billion is exported, compared with virtually nothing when Prime Minister Narendra Modi came to power in 2014. From being a net importer, India has become a net exporter of handheld devices.

Elsewhere in Asia, the contest is about semiconductors, the high-value heart of communication, transportation, artificial intelligence, and a lot else besides. From Thailand to Singapore and Malaysia, several countries are now in the fray to shift the locus of front-end chip manufacturing from East to Southeast and South Asia.

India is trying to step on that ladder via packaging and testing. While those plans are yet to bear fruit, cheap labor has already made the nation an upcoming rival to Vietnam in a low-value-added activity like assembling electronics parts.

The pandemic and President Xi Jinping's souring relations with the West have changed the thinking of multinationals. A Foxconn Technology Group plant in the southern Indian state of Tamil Nadu is preparing to deliver iPhone 15s only weeks after they start shipping from factories in China, Bloomberg News reported Wednesday.

The likes of Apple Inc. are reluctant to rely too heavily on the People's Republic to feed global demand. Their quest for a China+1 strategy has presented India with a once-in-a-generation chance to storm the supply chain. Vietnam's phone exports last year were six times the South Asian nation's thanks to Samsung Electronics Co. It is this gap that New Delhi wants to close.

However, conflating correlation with causation could jeopardize this goal. Just because an apparent change in the country's fortunes has occurred despite a lurch toward protectionism, government ministers are angrily dismissing critics who dare to question the wisdom of the tariff-subsidy combo. The official view is that as long as exporters can claim back the duties on imported components, they won't grumble about India's cost disadvantage against Vietnam — not when they're being paid generous PLI incentives.

Following up on this thinking, the Modi government in 2018 announced a "calibrated departure" from more than two decades of greater trade openness, and raised import duties on mobile phones to 20% from 15%. That project has continued unabated. In 2020, the duty on printed circuit board assembly and display was raised by 11 percentage points.

This year's government budget cut the duty on camera lenses to zero. That hasn't made much difference. As the ICEA study shows, the accumulated increase from three years of changes still works out to nearly 5.6% of the bill of materials, or 3.6% of a phone's total cost. Add the impact from the rupee's 11% slide against the dollar since the start of last year — double the decline in the Vietnamese dong — and Indian-made phones would be uncompetitive by more than 4%, the ICEA says.

This cost may not be showing up in export performance because it is being borne by India's 1.4 billion consumers. Costlier imports are hurting local demand amid high inflation. Component manufacturers have no incentive to become globally competitive if they can hawk whatever they make in their home market at an inflated price, shielded by tariffs.

Exporters, meanwhile, have every reason to keep importing components — and claim duty drawbacks. Self-reliance, the slogan under which the program is being sold to the public, may be an illusion. Raghuram Rajan, a University of Chicago economist and a former governor of the Indian central bank, has shown that after adding major parts that go into phones, the country may have become a bigger net importer than before.

The PLI incentives are on incremental production, but the tariffs are on total costs. When the handouts eventually end, the elevated duties would bite. India's own history is littered with cautionary tales of excessive state control. Erecting protectionist walls didn't work in the past. High tariffs and a newly imposed license requirement on imported computers, laptops and tablets — a measure that smacks of bureaucratic desperation, as my colleague Tim Culpan has written — may not help make India the next factory to the world even now.

Source: financialexpress.com– Aug 21, 2023

HOME

****

SIMA urges cotton industry stakeholders to follow Code of Conduct

Cotton Association of India (CAI) had estimated the cotton crop of 311 lakh bales for the season 2022-23 but The Southern India Mills' Association (SIMA), Coimbatore, a leading trade body of textile mills has refuted this estimate.

Ravi Sam, Chairman, SIMA has appealed to the CAI to avoid deviating from the estimate made by The Committee on Cotton Production and Consumption (COCPC) being one of the active members of COCPC to prevent any negative impact on the cotton market.

He has also appealed to the Ministry of Textiles to advise all the Members of COCPC to avoid projecting their own estimates as a code of conduct.

The COCPC functioning under the chairmanship of the Textile Commissioner which consists of all stakeholders of the cotton value chain, has been estimating the crop size, imports, exports, consumption, stock, etc.

The COCPC estimate has been influencing the cotton price trend and in-turn the performance of the cotton textile value chain.

He stated that COCPC has estimated the opening stock as 39.48 lakh bales (as against the CAI estimate of 24 lakh bales), the crop size as 343.47 lakh bales (as against CAI estimate of 311.18 lakh bales), consumption as 295, export as 30 lakh bales (as against CAI estimate of 16 lakh bales) and closing stock as 51.95 lakh bales (as against CAI estimate of 23.18 lakh bales).

He stated that the cotton price which was ruling at Rs. 55,500 per candy during July 2023 has now increased to Rs. 61,200 per candy, an increase of Rs. 5,700 per candy which is higher by 11 per cent of international cotton price.

The hosiery cotton yarn price dropped by Rs.25/- per kg (40s combed) during the last month due to sluggish demand and several hundreds of spinning mills suspended yarn production demanding certain relief measures to mitigate the challenges and avoid becoming NPAs.

Under this scenario, though the cotton price increased by Rs. 5,700/- per candy, the yarn price increased only by Rs. 10/- per kg during August 2023 thus making all the spinning mills continue to incur cash losses.

He further added that the export of cotton textiles has increased to US $ 1,623 million from US $ 1,553 million during Q1 of FY '23-24 (April – June). Again, during August 2023, Indian cotton increased in price by 12 per cent. The steep increase in cotton prices, that would reflect in the yarn price, would make the exporters to incur loss in meeting the export commitments already made by them.

Source: apparelresources.com– Aug 21, 2023

HOME

****

India's foreign trade crosses $800 bn mark in first 6 months of 2023: GTRI

A healthy growth in India's services segments has helped the country's total exports and imports of goods and services to cross the USD 800 billion mark during the first half of 2023, despite a slowdown in global demand, think tank GTRI said in a report on Monday.

According to the analysis of the Global Trade Research Initiative (GTRI), exports of goods and services rose by 1.5 per cent to USD 385.4 billion during January-June this year, as against USD 379.5 billion in January-June 2022.

Imports, however, dipped by 5.9 per cent to USD 415.5 billion during the six months of this year, as against USD 441.7 billion in January-June 2022.

"India's foreign trade (exports and imports of merchandise and services) reached USD 800.9 billion during January-June 2023, exhibiting a decline of 2.5 per cent over the same period last year (January-June 2022), the report said.

Standalone, goods exports dipped by 8.1 per cent to USD 218.7 billion, while imports contracted by 8.3 per cent to USD 325.7 billion.
On the other hand, services exports during the six months period grew by 17.7 per cent to USD 166.7 billion, while imports rose by 3.7 per cent to USD 89.8 billion.

"Data is showing modest decline due to weak global demand and losing competitiveness in labour intensive sectors. The decline in merchandise exports happened despite appreciating INR (Indian Rupee). INR/USD exchange rate appreciated from 76.16 in April 2022 to 82.18 in Apr 2023," GTRI Co-founder Ajay Srivastava said.

He said the world trade outlook for 2023 is weak due to a number of factors, including the ongoing war in Ukraine, high inflation, tighter monetary policy, and financial uncertainty.

"But these factors will soon be overshadowed by a spate of new subsidies and protectionist measures by the EU and USA. For example, in the first seven months of 2023 alone, the EU has introduced five regulations on climate change and trade, each of these are essentially measures to curb imports," he said.

India should continue to focus on increasing product quality and supply chain competitiveness, he said, adding since every big country is into inward mode, India should not surrender its policy space especially in new issues in FTAs (free trade agreements) and Indo-Pacific Economic Framework for Prosperity (IPEF).

He suggested the government be ready to use targeted and precise retaliation to counter unilateral policy decisions like CBAM (carbon border adjustment mechanism) or EU Deforestation Regulation.

India has done this effectively in 2019 by raising tariffs on the US products when the US in 2018 raised tariffs on steel and aluminium, he said.

The report stated that 11 of 29 product categories contributing to 25 per cent of India's exports registered positive export growth during January-June 2023, over the same period last year.

Those sectors include Telecom, Computer and electronics items; Machinery, boilers, Turbines; Pharmaceuticals; ceramic products.

Smartphone exports jumped to USD 7.5 billion during January-June this year from USD 2.5 billion in January-June 2022.
However, exports in 18 of 29 product categories contributing to 75 per cent of total merchandise exports declined during the period and that include cereals, vegetable, fruits, spices; fish, meat; dairy products; textiles, ; carpets, garments; footwear; and leather.

"Small firms active in labour intensive sectors face 10-15 cost disadvantages due to high cost of capital, low quality grid power, delays at the ports and higher compliance cost. PLI is not an answer to product categories where thousands of firms make the same products as it will put non recipients to disadvantage, Srivastava said.

He suggested that a horizontal scheme extending 2-3 per cent incentive to every firm in the sector will help in meeting some of the cost disability.

Further, the report said that India exports goods to 240 countries and out of that, the country's outbound shipments declined in 134 destinations.

Major countries where exports declined include the USA, UAE, China, Bangladesh, and Germany. Countries where exports grew positively include Netherland, UK, Saudi Arabia.

"India's exports exceed USD one billion with 41 countries. India's export promotion must focus on these countries as these countries account for 87 per cent of India's exports. India's exports grew positively in 12 of these countries and declined in 29 countries," he said.

During January-June 2023, the top 15 countries with which India has the highest trade deficit include China (USD 38.1 billion), Russia (USD 29.6 billion), Saudi Arabia (USD 12.9 billion), Iraq (USD 12.5 billion) and Switzerland (USD 7.5 billion).

Talking about free trade agreements, the report said the share of FTA partners in India's merchandise exports came down from 30.1 per cent in the first six months of 2022 to 26.8 per cent in 2023.

This includes total merchandise exports and not the preferential exports for which data is not in public domain.

About oil imports, it said that import of crude petroleum came down from 79.2 billion in January-June 2022 to 73.2 billion in January-June 2023, a decline of 7.6 per cent.
"But, Russia's share in India's import of petroleum crude jumped from 6.4 per cent in January-June 2022 to 31.3 per cent in January-June 2023.

"Imports increased from USD 5.1 billion to USD 22.9 billion registering a growth of 350 per cent," Srivastava said, adding the share of imports from all other major suppliers like Iraq, Saudi Arabia, UAE has declined substantially during this period.

Source: business-standard.com– Aug 21, 2023

HOME

****

Personalisation is becoming standard across global fashion industry

Personalisation is becoming a standard across various industries across the globe, including fashion and apparel, according to Akshay Narvekar, founder and CEO of Bombay Shirt Company, a brand focused on custom-made, quality clothing. Personalisation is the way forward, as leading brands are turning away from traditional mass production methods.

“From an apparel perspective, it seems ludicrous to expect that a brand can release 30 designs each season in five sizes and assume the whole world will want those designs in those sizes and that they will fit perfectly. Many brands are realising this, and I think of it as a movement towards what I believe is the ultimate way of consumerism,” Narvekar told Fibre2Fashion in an exclusive interview.

While speaking about delivering fitting products in an online retail environment, Narvekar told F2F, “To replicate the personalised experience of tailored shirts online, we have focused on employing the right technology to ensure customers get their preferred size, fit, and style.

We have developed a unique sizing model, FitSmart, where customers answer five simple questions based on the category they are shopping in, and their unique size is created and saved on the website. Once they have made their first purchase, subsequent orders happen twice as quickly, since they do not need to re-enter sizing information. Impressively, as many as 94 per cent of customers claim they like their fit the first time.”

Source: fibre2fashion.com– Aug 22, 2023

HOME

****

Pan-India retail leasing rises 24% YoY in H1 2023: CBRE report

On a pan-India basis, retail leasing experienced a 24 per cent year-on-year (YoY) growth in the first half (H1) of 2023, and a 15 per cent increase compared to Jul-Dec 2022, totalling 2.90 million square feet, according to a report by CBRE South Asia Pvt Ltd, India's leading real estate consulting firm. Bangalore, Delhi-NCR, and Ahmedabad accounted for 65 per cent of the leasing activity.

The period also marked a 148 per cent YoY increase in supply, reaching 1.09 million square feet. Ahmedabad led supply addition growth with a 73 per cent share, followed by Delhi-NCR at 20 per cent.

During the first half of 2023, retail leasing in Delhi-NCR increased by 65 per cent YoY, with fashion and apparel players driving leasing at 47 per cent, followed by luxury at 13 per cent. The total leasing stood at 0.70 million square feet compared to 0.42 million square feet in the corresponding period last year. The city also recorded a supply of 0.22 million square feet, according to CBRE's 'India Retail figures H1 2023' report.

Recognising the potential of the consumer market, international brands such as European luxury brand Balenciaga are set to establish their presence in India. Galeries Lafayette, a leading Parisian shopping centre, plans to open two stores in Mumbai and Delhi-NCR in collaboration with Aditya Birla Fashion and Retail Ltd.

The report also highlighted key trends shaping up in 2023. Retailers are likely to explore new stores in secondary locations, considering cost-sensitive opportunities.

The retail equation now prioritises experience, leisure, and customer-centric strategies. Brands are focusing on immersive in-store experiences as a response to e-commerce, optimising their physical presence.

Furthermore, retailers are reassigning a more active supply chain role to their brick-and-mortar stores to hedge against rising transportation costs. The final 50 feet remains a significant concern in the logistics journey.

Retailers will continue to explore tier II, III and IV markets. Factors like increased spending potential, smart city recognition, developing infrastructure, and successful brand launches are driving preference for these markets. India's transition into an organised retail market will be propelled by growth in these cities, making it vital for stakeholders to harness their economic potential, the report added.

Anshuman Magazine, Chairman & CEO - India, South-East Asia, Middle East, and Africa, CBRE, said: "Despite global headwinds and looming uncertainty, India is poised for strong economic growth and sustained recovery during the endemic stage. Retailers have expressed positive leasing sentiments, indicating their strong interest in establishing new setups, expanding operations, and upgrading existing stores.

"Going forward, the anticipated growth in mall supply coupled with encouraging consumer spending trends, especially during the festive season, is expected to further augment the sentiment for expansion among both international and domestic retailers who are well positioned in the market."

Source: fibre2fashion.com– Aug 21, 2023

HOME

****