IBTEX No. 151 of 2023 **August 23, 2023**

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USD	EUR	GBP	JPY
82.93	90.01	105.71	0.57

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INTERNATIONAL NEWS

Weak phase in German economy; labour market robust: Central bank

The German economy is still experiencing a period of cyclical weakness, but the labour market is proving fairly robust in this phase, according to the latest monthly report by its central bank. Consumer prices once again rose sharply in the second quarter this year and economic output is expected to more or less stagnate in the third quarter.

According to the Federal Statistical Office's flash estimate, economic output stagnated in the second quarter this year, after having contracted in the winter half-year (October 2022-March 2023). Weak foreign demand weighed on industry.

Employment will remain stable in the coming months, with unemployment continuing to rise slightly, the report said. With inflation still high and the labour market remaining fairly tight, high wage settlements are expected in the coming months as well.

Averaged over April to June this year, consumer prices increased by a seasonally -adjusted 1 per cent compared with 0.9 per cent in the first quarter.

Looking at the year-on-year figures, the inflation rate fell from 8.8 per cent to 6.9 per cent in the second quarter this year.

In the coming months, inflation will, as things currently stand, probably come down further, mainly thanks to an increasingly dampening contribution from energy prices, the report noted. In addition, abating price pressures along supply chains and lapsing one-off effects are likely to play a part in lower inflation.

By contrast, wage growth will probably remain strong, even going into the new year. This is a key reason why the inflation rate is likely to stay above 2 per cent for longer. Higher inflation expectations and potentially recurring energy price shocks also pose upside risks to the price outlook, the report said.

Given stable employment and strong wage growth, as well as declining inflation, the recovery in private consumption is likely to continue. This will also give a boost to the services sector, it added.

Source: fibre2fashion.com – Aug 23, 2023

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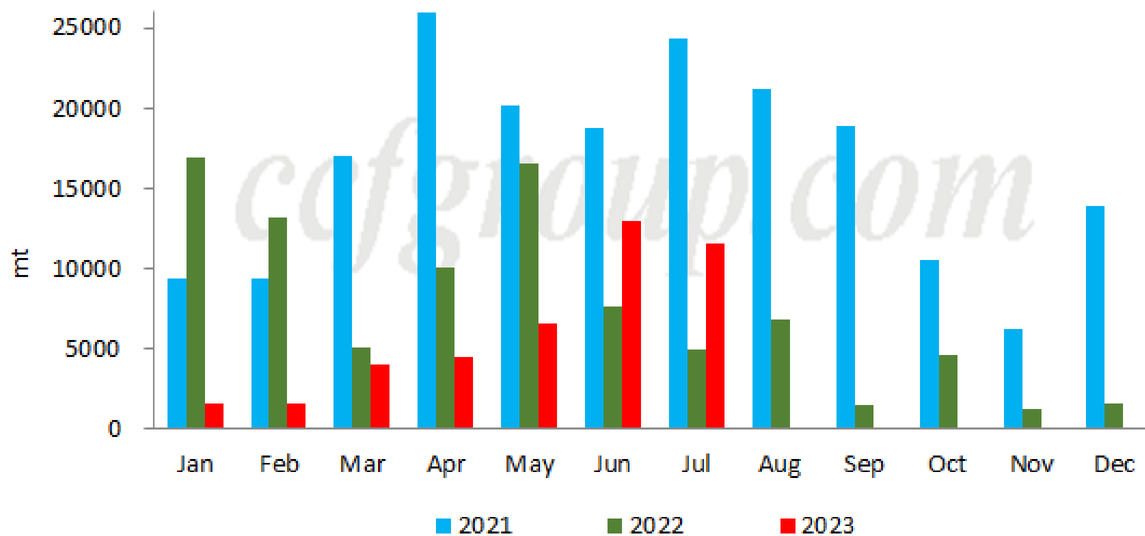
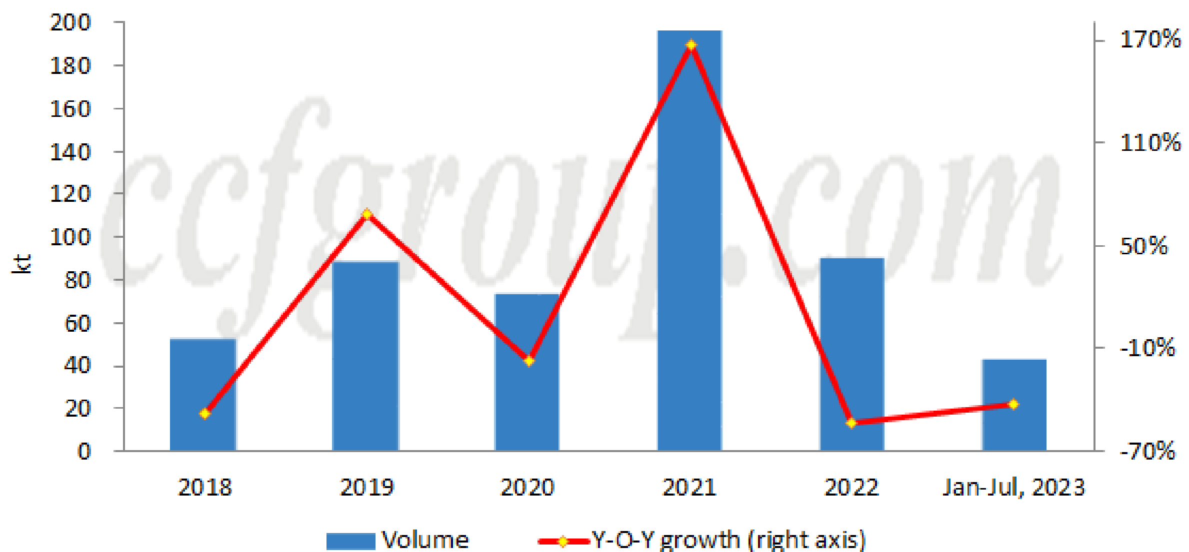
Cotton linter import of China in Jul achieves a year-on-year doubling growth

Cotton linter import market has experienced significant fluctuations this year, with a much lower import volume than expected at the beginning of the year, followed by a gradual recovery month by month.

In the past two months, the import volume has stabilized at over 10kt, showing a doubling growth compared to the previous year.

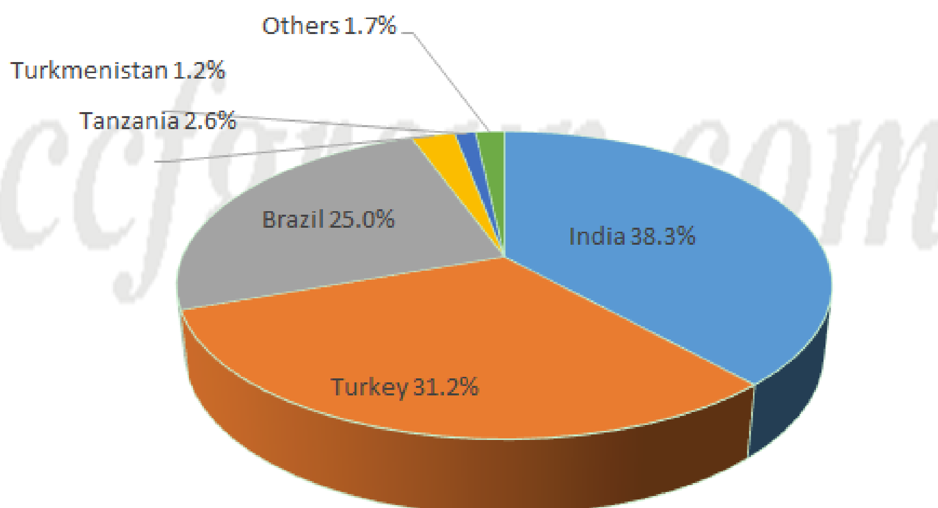




Starting from Feb, the import volume of cotton linter has gradually increased, and there has been a doubling growth trend from Jun to Jul. The import volume in Jul was approximately 11.56kt, a month-on-month decrease of 10.83% but a year-on-year increase of 135.29%. In addition, the cumulative import volume from Jan to Jul was about 42.921kt, a year-on-year decrease of 42.22% but with a narrowing decline.

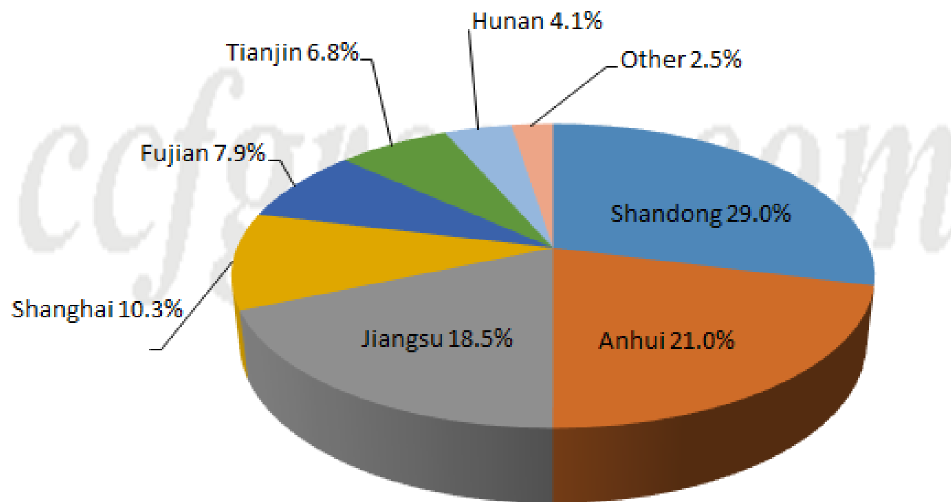
In terms of import origins, the concentration of cotton linter imports has significantly increased this year, mainly from Turkey, India, and Brazil, accounting for as high as 97.2% of the total. It is worth noting that there has been no import from the US for two consecutive months from Jun to Jul, while a small amount of imports from South Korea have appeared during the same period.

In terms of cumulative data, from Jan to Jul, India, Turkey, and Brazil were the top three importers, accounting for a combined proportion of 94.5%. Among them, the largest decrease in imports this year was from the US, with an import volume of less than 30 tons from Jan to Jul, a year-on-year decrease of 99.66%. However, the import from India saw significant growth, totaling 16.455kt from Jan to Jul, a year-on-year increase of 76.2%.



In terms of destinations, the distribution of cotton linter imports this year is relatively dispersed but also relatively concentrated. In Jul, Shandong, Fujian, and Jiangsu ranked among the top three, accounting for a combined proportion of 79.2%. The import of Fujian showed significant growth, while Anhui saw a significant decrease in imports.

In terms of cumulative data, from Jan to Jul, Shandong, Anhui, and Jiangsu ranked among the top three, accounting for a combined proportion of 68.5%. Xinjiang has experienced a significant decrease in imports this year, while Fujian and Hunan have seen notable growth in imports. Inner Mongolia Autonomous Region has made its first imports for years.



In conclusion, cotton linter import market has experienced significant fluctuations this year, starting low at the beginning of the year and picking up in the middle with import volume exceeding 10kt in Jun and Jul. It is expected that there will be limited increase in the supply of Chinese cotton linter until a large amount of new cottonseed arrives in Oct.

Therefore, there is still a certain degree of dependence on the import market. Shandong, Jiangsu, and Anhui provinces are the main importers of cotton linter this year, with the majority of imports coming from Turkey, India, and Brazil.

Source: ccfgroup.com – Aug 23, 2023

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US textile, apparel imports decline in June

Overall imports fell by 4.2% from May and 16.7% from the previous year.

In June, imports of textiles and apparel experienced a decline following several consecutive months of growth. The combined volume of textile and apparel imports in June reached 8.43 billion square meter equivalents (SME), indicating a 4.2 percent drop from May and a significant 16.7 percent decline from the corresponding period of the previous year. Specifically:

• Textile imports amounted to 6.38 billion SME, registering a 6.3 percent decrease compared to the previous month and a 13.2 percent decrease from the previous year.

• Apparel imports stood at 2.05 billion SME, revealing a 3.0 percent rise from May but a substantial 25.9 percent decrease from the previous year.

Cumulative imports for the year fell by 21.4%

Cumulatively for the year until June, imports of textiles and apparel totalled 44.8 billion SME, marking a notable 21.4 percent reduction from the previous year's figures. Within this, textile imports accounted for 33.2 billion SME, representing an 18.0 percent decrease, while apparel imports experienced a significant decline of 29.7 percent, reaching 11.6 billion SME.

Imports over the past 12 months fell by 15.2%

Considering the one-year period ending in June, the overall import volume dropped by 15.2 percent, amounting to 93.6 million SME. During this period, textile imports decreased by 13.3 percent to 67.4 billion SME, while apparel imports exhibited a substantial decline of 19.9 percent, reaching 26.2 billion SME.

Source: fashionatingworld.com – Aug 21, 2023

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American Consumerism Stalls as Chinese Luxury Spending Recovers

Global luxury firms have a lot less to worry about now that Chinese consumption is showing improvement on the tourism front.

Earlier this year, luxury firms such as LVMH noted that U.S. consumers weren't buying as much high-end fashion and accessories. Many younger aspirational customers found inflation eating into their spending power. But the pullback might go deeper than that.

A June report from the Federal Reserve Bank of San Francisco indicated that U.S. consumers might run out of the savings they stored up during Covid by the end of September.

While that's bad news for global luxury firms operating in the U.S., Asian consumers appear to be offsetting their American counterparts.

Moncler executive director Roberto Eggs said during a first half earnings conference call that the company has seen a "rebound" of Chinese mainlanders traveling first to neighboring regions like Hong Kong and Macau and also to Japan and Korea.

"In terms of regional spending for the Chinese cluster, the bulk of the sales contribution still came from Asia Pacific, given capacity limitations around long-haul flights, passports and visas," HSBC's global consumer and retail analyst group wrote in a research note.

China's Ministry of Culture and Tourism recently lifted a ban on group tours to more than 70 locations, including U.S., U.K., Australia, South Korea and Japan, in a move that should benefit luxury companies.

Citing data from Global Blue, the HSBC noted that Chinese spending last month on luxury in Asia Pacific and Continental Europe reached 100 percent and 40 percent, respectively, of July 2019 levels. Top destination markets in Asia were Japan and Korea, while Europe was led by Greece and France.

"The Chinese consumer will be a multi-year driver of luxury sector revenue growth and is not just a 2023 story," Bank of America researchers wrote in a note last week on China and the luxury market. Chinese

consumers "will likely progressively start spending more offshore," a large shift that they expect to be a driver of incremental demand overall and one that is "still ahead of us," they added.

With group tours back on, tourism to Europe could be "the single biggest area of upside potential," BofA analysts pointed out. For now, spending recovery in France likely benefitted "Vuitton, Dior, Cartier and Hermes." They expect that "full Chinese luxury demand normalization in Europe will still take time and is likely a 2024-2025 phenomenon."

Shopping in Europe and Japan, which is closer to China, allows Chinese consumers to take advantage of attractive prices. "This incentive still exists today, with [an estimated] 20 percent cheaper retailer prices on soft luxury in Europe or [an estimated] 30 percent after the VAT refund," according to BofA.

Source: sourcingjournal.com– Aug 22, 2023

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Apparel repairing segment reinvents fashion statements

The heightened customer awareness about wearing sustainable and environment-friendly apparels is helping drive up demand for clothing repair and re-wear by premium brands around the globe. With an underlying concept of a stitch in time saves nine, many leading garment companies are creating a scalable and profitable after-sale repair service business to make them last a lifetime, while overcoming tricky logistical and workforce challenges in doing so.

A recent study by the Massachusetts Institute of Technology (MIT) has shown that for a global population of 8 billion, around 19 pieces of clothing per person are manufactured yearly and the emissions generated throughout the lifecycle of clothing are just massive and unaccounted for.

It's not just about nostalgia and re-wearing favorite clothes, but a newer way of enjoying fashion over a longer period versus fast-fashion where clothes are bought and thrown away post use. From receiving alteration orders from textile trading firms that wholesales products to apparel makers, fixing clothing damaged during the production process to make it sellable as well as after-sales paid service of reworking embroidery, buttons and embellishments with bespoke tailoring, the repairing and recycling apparel segment is a versatile one.

Japan leads the way

Japan has always led the way in the repairing garment segment with many local brands having in-house services to remake and repair their traditional kimonos. They are now going global in expanding their mending services with global brands. Some repair and tailoring companies such as Japan Apparel Quality Center founded the Shibaura Repair Workshop to provide such services for its corporate customers around the world. The services include alteration to accepting orders from individual customers.

"The negative environmental impacts of the fashion industry became widely known, prompting eco-friendly ethical consumption behaviors to rapidly become widespread among them. There is a new view among consumers, too, that it's cool to upcycle favorite clothes and wear them longer," says Noriko Saiki, Senior Manager, Japan Research Institute and

an expert on the relationship between fashion and the United Nation's Sustainable Development Goals.

Globally, premium brands such as Patagonia, Nudie Jeans, Zara, Levi's, and Uniqlo among others are stepping in with repair services that are focused on sustainability and waste reduction. Fast-fashion brand Uniqlo now has repairing services at three Uniqlo shops in Japan, which specialize in repairing and remaking products such as fixing tears, adding embroidery to old clothing, alteration services, and accepting orders to fix puffer jackets and damaged crotch area of jeans, among other repair types.

Brands launch innovative apparel re-use schemes

Not just Japan. similar global efforts are in place in Europe with the French government recently announcing it will subsidize clothing and shoe repairs to reduce waste starting in October 2023. Spain's Inditex, which operates Zara stores globally, has plans to launch repairs in major markets and has already launched a mending service for its products in Britain in November 2022.

H&M has collaborated with a startup to help fix damaged apparel with a scheme called 'Close the Loop' which encourages customers to deposit their used clothing in in-store recycling bins and receive a coupon for their next purchase. On same lines, cosmetics giant Sephora has introduced a program called 'Beauty (Re) Purposed', which focuses on hard-to-recycle packaging waste in the beauty industry, which has managed to reach its target consumers and bring in profits.

However, most big retailers are facing a labor shortage as they try to keep up with the rising repairing and rewear garment demand as it's a difficult segment that takes concentrated effort and high skill set and many young staffers are not interested.

Also, the popularity of cheap fast fashion has ensured the average middle-class shopper will not have the money or interest to invest in repairing old clothes. The repair-and-wear apparel segment does build brand loyalty and longevity but it's a niche one that is just at the starting line still waiting to get up and go fast.

Source: fashionatingworld.com– Aug 22, 2023

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Kenya to Host ITME Africa & Middle East 2023

Kenya will host the ITME Africa & Middle East 2023 textile industry event from November 30th to December 2nd, 2023. The event will bring together representatives from 18 countries to foster new business alliances, explore prospects, and connect with the local textile sector.

Organized by the India ITME Society, the event aims to establish a platform for participating companies to engage with importers, buyers, agents, and dealers, not just within Kenya, but across multiple African countries seeking to invigorate or fortify their textile industries.

Notable participants in ITME Africa & Middle East 2023 will include machinery manufacturers and textile technologists from India, Turkey, Taiwan, Italy, Benin, Ghana, Kenya, Austria, Zambia, Sri Lanka, Germany, Rwanda, Spain, China, and more. Indian companies view this event as an exciting avenue to expand their customer base within the emerging markets of Africa and the Middle East.

Prominent brands and manufacturers such as Lakshmi Machine Works Ltd (LMW), A.T.E. Huber Envirotech, Luwa India, Kusters Calico, Gurjar Gravers, Hindtex Industries, and others have already confirmed their presence, along with country pavilions from China, Italy, Ghana, Turkey, and Taiwan, showcasing their technological and engineering prowess.

ITME Africa & Middle East 2023 transcends being a mere event or exhibition. It aims to offer holistic solutions for the textile industry, affordable technology, global exposure, learning experiences, and a convergence of business entities. It opens doors for investments, joint ventures, access to finance, networking with experts, educators, and thus ushers in a wave of knowledge, progress, growth, and prosperity.

The India ITME Society Team has proactively garnered support for this event from the Indian Embassy, governmental organizations, and associations in Kenya, ensuring its success through active visitor engagement. The Kenyan Government and Industry Bodies wholeheartedly back this technology and trade business event.

The opportunity for industry delegation groups to attend and network with trade associations, government officials, and industry members is also available.

The India ITME Society has invested significant effort to create this opportunity for the textile industry, textile engineering, and allied fields to discover new horizons in Africa and the Middle East.

Source: fashionatingworld.com– Aug 22, 2023

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Turkiye's ND-PPI for textile up 60.74% YoY in July, 60.12% for apparel

Turkiye's non-domestic producer price index (ND-PPI, 2010=100) increased by 15.34 per cent month on month (MoM) and by 60.32 per cent year on year (YoY) in July this year. It rose by 45.66 per cent on the December 2022 figure, and by 58.79 per cent on a twelve-month moving average basis in July.

The index for textiles rose by 60.74 per cent YoY and 15.69 per cent MoM during the month, whereas the index for apparel increased by 60.12 per cent YoY and 14.55 per cent MoM.

The same for manufacturing increased by 60.43 per cent YoY and 15.34 per cent MoM during the month, an official release stated.

The index increased by 53.70 per cent YoY for intermediate goods, by 67.95 per cent YoY for durable consumer goods, by 62.40 per cent YoY for non-durable consumer goods, by 22.42 per cent YoY for energy, and by 72.44 per cent YoY for capital goods.

The index increased by 13.39 per cent MoM for intermediate goods, by 17.59 per cent MoM for durable consumer goods, by 14.25 per cent MoM for non-durable consumer goods, by 25.60 per cent MoM for energy, and by 16.23 per cent MoM for capital goods.

Source: fibre2fashion.com– Aug 23 2023

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Pakistan's textile industry struggles due to low exports and inflation

Pakistan's textile sector which has conventionally served as the bedrock for most of its industrial labour is staring at a gloomy future. Once a thriving sector of Pakistan's economy, the industry now struggles with low exports amid a deepening crisis.

The past two years have seen the country's finances struggling including forex reserves, inflation, debt to GDP ratio, fiscal and current account deficit. This had an adverse impact on various industrial activities including production, employment and trade, according to experts on Pakistan's economy.

Being the most important mainstay of Pakistan's industrial spectrum, the textile industry is facing unprecedented stress. Many of the country's textile mills and manufacturing units catering to consumers in Europe and the US are now shut down or facing closure due to lack of orders or input shortages.

Already battered by economic slowdown, Covid and disruptions in the global supply chain, the textile industry could not sustain the impact of devastating floods of 2022 which resulted in destruction of a large portion of the cotton crop. As cotton production reached historic low, the simultaneous political crisis played its part in aggravating the situation.

The government's ad hoc measures like import freeze, aimed at managing foreign reserves, further hindered the industry's ability to manage the shortfall by sourcing inputs from outside. On top of that, the industry underwent a tax hike recently. The textile companies also complain of a substantial increase in the cost of capital, with interest rates exceeding 20 per cent in the country. These factors added further strain to the already struggling textile sector in Pakistan, resulting in massive job losses and fall in export volume, according to reports in Pakistani media.

"Pakistan's economy has been mismanaged over the years. This is reflected in the textile sector which was a promising sector. The political disturbances will further dent growth in the sector," according to Pradeep Mehta, Secretary General, CUTS International (a leading public policy body) and a leading expert on international trade.

From $19.3 billion recorded in 2021-22, the level of textile exports from Pakistan fell by 15 percent to reach $16.5 billion in 2022-2023. Traditionally, the industry is dependent on the support of export markets across the EU, UK, US, UAE and Turkey. Textiles account for around 60% of Pakistan's exports and its crisis is expected to spread to other parts of the economy. Moreover, an extended period of subdued performance in exports is likely to provide a window of opportunity to regional competitors like India and Bangladesh.

The CEO of renowned Kohinoor Mills Aamir Fayyaz Sheikh was recently quoted in Pak media as saying that "Pakistan's overall market share in the textile and garment industry was nearly 2.25 percent about two years ago. Now it's down to around 1.7 percent." More than the reduction in export volume, the decline of the textile industry has ramifications beyond economy. The crisis may also turn into a social problem involving the poor labourers who could be displaced from the textile sector.

According to Pakistani media, the sector employs over 40 per cent of the country's 20 million industrial workforce. According to some estimates, 25 to 30 per cent of the textile factories in the country have faced closure while many others are operating well below full capacity. This has led to an estimated job loss of around 700,000 across the country since last year.

Analysts also fear the contagion effects of industrial slowdown and job losses on other sectors of the economy. As per local media, the job losses are also being observed in another important industrial employer -- the Automotive sector. The Pakistan Association of Automotive Parts and Accessories Manufacturers claims that around 25,000-30,000 workers in the country's automotive sector have lost their jobs due to a drop in annual sales.

The policymakers in Pakistan need to look deep into the problems faced by the textile sector. However, any such proposal is unlikely to find favour with the Pakistan government which has traditionally preferred the easier task of securing concessional exports deals from developed countries (like GSP plus from EU) using its low development status as an effective instrument.

Source: economictimes.indiatimes.com– Aug 22, 2023

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NATIONAL NEWS

Proposed PLI scheme for garments takes backseat over low criteria for investment, turnover: sources

The Finance Ministry rejected the proposal for extending the PLI scheme to garments and made-ups of all materials

The Textile Ministry's proposal for a new Production Linked Incentive (PLI) scheme exclusively for the garments and made-ups sector, with lower minimum investment and production criteria, may have been consigned to the back seat for the moment, a source tracking the matter said.

"The Textiles Ministry had worked hard on the proposed PLI scheme for apparels and made-ups of all materials, including cotton, as there are a large number of producers of garments in the country who could have benefitted from it. But finally what was offered was a PLI 2.0 scheme for textiles that was an absolute copy of the first one, and was restricted to man-made fibre (MMF) and technical textiles with the same investment and turnover criteria as before," a source tracking the matter said.

The Finance Ministry rejected the proposal for extending the PLI scheme to garments and made-ups of all materials as it did not want to bring down the minimum threshold limits on investments and turnover to the levels suggested by the Textiles Ministry, the source said.

As the Textiles Ministry recently introduced some flexibilities in rules in the original PLI for textiles scheme, including requirements around setting up a new company and investments, it is hopeful the application window for investors re-opened till August 31 2023 will attract more investments.

The initial PLI scheme for textiles, implemented in September 2021, covered MMF (man made fibre) apparels, MMF fabric, and technical textiles items. The minimum investment criteria was ₹100 crore and ₹300 crore, for the two parts of the scheme, while minimum turnover criteria was ₹200 crore and ₹400 crore.

"The textiles industry had pointed out to the government that garments producers were of smaller scale and the minimum investment and turnover criteria had to be much lower for the proposed new PLI scheme so that MSME sector could also benefit," the source said.

For the new scheme, the considerations included three investment thresholds of ₹15 crore, ₹30 crore, and ₹45 crores with double the turnover as the criteria for availing incentives, an industry representative said. The incentives proposed were lesser than that offered under the first PLI scheme

"The Finance Ministry did not approve of the proposed investment and turnover criteria for the new scheme as it thought that it was too low and did not fit with the idea of the PLI scheme," the source said.

The Textile Ministry had set about working on a new edition of the PLI scheme as there were not enough takers for the first edition that had a corpus of ₹10,683 crore. Per calculations, the 64 candidates selected for the scheme would be eligible for incentives worth ₹6,000 crore over the next five years, leaving a surplus of over ₹4,000 crore.

Source: thehindubusinessline.com– Aug 22, 2023

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GDP growth for April-June quarter estimated between 8.3-8.5%

GDP growth in April-June quarter (Q1FY24) is estimated to have been 8.3-8.5 per cent, two research reports said on Tuesday. It is higher than projection made by Monetary Policy Committee's projection of 8 per cent. Both the reports have listed good growth in manufacturing and picking up of services as reasons for higher growth.

The Statistics Ministry will release the GDP growth number for the first quarter on August 31. First quarter growth in FY23 was 13.1 per cent.

A SBI research report, using Artificial Neural Network (ANN) model with 30 high frequency indicators, forecast that the quarterly GDP growth for the April -June quarter would be at 8.3 per cent.

"Given that the GDP deflator is at -0.6 per cent (due to negative WPI), we expect nominal GDP growth at 7.7-7.8 per cent for Q1 FY24. This the first time since Q4FY19, when nominal GDP growth is expected to be less than the real GDP growth," it said.

ICRA has projected the year-on-year (y-o-y) growth of the GDP to improve to 8.5 per cent in Q1 FY24 from 6.1 per cent in Q4 FY23, boosted by the supportive base of Q1 FY2023, which saw the Indian economy normalising after the Covid-19 pandemic.

Govt's capex

According to Aditi Nayar, Chief Economist with ICRA, economic activity in Q1 FY24 was boosted by a continued catch-up in services demand and improved investment activity, particularly a welcome front-loading in government capital expenditure.

"Sharply lower prices of various commodities on a y-o-y basis supported margins in some sectors. However, unseasonal heavy rains, the lagged effect of the monetary tightening and weak external demand exerted a downward pressure on GDP growth," she said.

SBI research report mentioned that in Q1FY24, manufacturing is sustained as reflected in IIP, automobile sales, PMI data. Further, agriculture sales has been strong. Power supply has been high. In the

service side, passenger traffic picked up in Q4FY23 has sustained, air cargo traffic increased.

"Most importantly, there has been a surge in capital expenditure in Q1, with central government spending 27.8 per cent of budgeted, while States at 12.7 per cent of budgeted. States like Andhra Pradesh, Telangana, Madhya Pradesh, where are elections are due, have registered capital expenditure growth up to 41 per cent," the report said, while expecting growth for FY24 to be higher than projected rate of 6.5 per cent.

However, ICRA's Nayar is not so optimistic. She said: "We are circumspect that erratic rainfall, narrowing differentials with year-ago commodity prices, and possible slowdown in momentum of government capex as we approach the Parliamentary elections, could dampen GDP growth in H2 FY24 below the MPC's forecasts."

Accordingly, the agency has maintained Its FY24 GDP growth estimate at 6 per cent, lower than the MPC's projection of 6.5 per cent for the fiscal.

Source: thehindubusinessline.com– Aug 22, 2023

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Advance preparation by exporters, govt must comply with EU's carbon tax: GTRI

Government and exporters have to take urgent steps like devising mechanisms for monitoring emissions data, and providing incentives for the adoption of greener technologies to deal with the European Union's carbon tax as it would impact exports of sectors like metals, a report said.

Suggesting a nine-step action plan, the report by Global Trade Research Initiative (GTRI) said that Indian firms have less than 40 days to prepare for the CBAM (carbon border adjustment mechanism) transition.

The CBAM or carbon tax (a kind of import duty) will come into effect from January 1, 2026, but from October 1 this year, domestic companies from seven carbon-intensive sectors, including steel, cement, fertiliser, aluminium and hydrocarbon products, will have to share data with regard to carbon emissions with the EU.

"The CBAM tax will start from January 2026, but there are penalties on not reporting, negligent reporting or mis-reporting of data from October 1, 2023, onwards," GTRI co-founder Ajay Srivastava said.

He said that the transition period for the tax, starting October 1, brings extensive data compliance requirements for Indian exporters.

The GTRI suggestions assume significance as the EU on August 17 notified compliance requirements for the CBAM transition period, which starts from October 1 this year.

"The CBAM documents exceed 800 pages of complex legal, technical texts, necessitating thorough understanding by the government and industry," he added.

The CBAM will translate into a 20-35 per cent tax on select imports into the EU starting January 1, 2026.

India's 26.6 per cent of exports of iron ore pellets, iron, steel, and aluminium products go to the EU. These products will be hit by CBAM. India exported these goods worth $7.4 billion in 2023 to the EU.

"CBAM imposes massive data compliance requirements on Indian exporters. For every consignment, exporters have to share hundreds of 1000 data points, explanations, and methods used with EU counterparts. Neglect or misreporting leads to stiff penalties," Srivastava said.

He said that with low level of domestic data capture, Indian firms need to set up systems first before reporting data.

"Small firms will suffer more from penalties than tax burden," he cautioned.

The nine steps include awareness and education; data collection and management; compliance strategy; reporting and submission; risk mitigation; long-term planning; monitoring and review; and industry-academia collaboration.

The report asked for setting up of a dedicated task force or working group comprising representatives from relevant ministries like commerce and environment to oversee CBAM compliance and facilitate communication between industries and government bodies.

It also said that companies should invest in setting up robust data collection systems to accurately track emissions throughout their production processes, and collaborate with technology providers to develop software tools that can help streamline data capture and management for reporting.

On data preparation, it said industries should form dedicated teams responsible for data preparation and submission in line with the CBAM requirements.

"Companies should develop standardized templates for data collection and reporting, aligning with EU's specified formats; and foster open communication with EU-based importers to ensure a smooth exchange of emissions data and reporting information," it added.

As there will be a quarterly reporting system, the report said that there is a need for internal protocols for review and verification of data before submission to avoid penalties.

Further for long-term planning, the report recommended industries to invest in research and innovation to reduce emissions and improve energy efficiency; and asked the government to provide incentives, grants, or subsidies to companies that adopt greener technologies.

To strengthen industry-academia collaboration, it asked academic institutions to offer specialized courses and training programmes on carbon emissions reporting and management.

"By systematically following the action plan, the government and industries can prepare for the challenges posed by the CBAM, ensure smooth compliance, and minimize the risk of penalties while positioning themselves for a more sustainable future," it added.

Source: economictimes.com– Aug 22, 2023

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India's exports to FTA countries contract at a faster rate

Most of the free trade agreements that India has entered into over the years are not delivering the expected benefits. Giving a starker view of this, a recent analysis has showed that exports to the countries with which India has no bilateral trade pacts are holding up better in the current scenario, as compared to the shipments to the FTA partner countries.

In the first six months (January-June) of 2023 merchandise exports to FTA partners declined 18.2% on year while the overall decline in shipments during the period was only 8.1%, according to the analysis by trade policy think tank Global Trade Research Initiative.

The decline in exports to FTA partners brought down their share in overall exports to 26.8% in the Jan-June 2023 from 30.1% in the same period last year. The FTA partners with the biggest decline in exports are South Asia Free Trade Area AFTA (33.2%), South Korea (30%), Australia (25.4%), Japan (15.6%) and ASEAN (13.4%), according to GTRI.

While overall imports from FTA partners have also declined during the six months by 11%.Overall exports to FTA countries were $ 58.6 billion in the first half of 2023, down from $71.6 billion in the year ago periodr. Imports during Jan-June declined to $ 88.6 billion from $ 99.5 billion in the year ago.

The trade deficit with FTA partners also increased to $ 30 billion in January-June this year from $ 27.9 billion the same period last year.More than half of this deficit or $ 16.1 billion is accounted for by Asean alone which explains the insistence of India on review of Asean-India Trade in Goods. Last year the deficit during the same period was $ 19.3 billion.

Only with SAFTA is India running a surplus of $ 10.3 billion on exports of $ 12.7 billion and imports $ 2.4 billion. Last year's surplus with Safta which includes Afghanistan,Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka was $ 16.7 billion.

Deficit with Australia ($ 4.2 b), Japan ($6.2 b), Korea ($ 6.7b), UAE ($7.2b). Overall India's merchandise exports in Jan-June were $ 218.7 billion, down 8.1% from last year. Imports during the period were at $ 325 billion, down 8.3% on year. Services imports touched US$ 89.8 billion during January-June 2023, exhibiting a growth of 8.1 % over the same

period last year (Jan-June 2022). Services exports reached a turnover of $166.7 billion during January-June 2023, exhibiting a healthy growth of 17.7 % over the same period last year .Services imports touched$ 89.8 billion during in the first half of 2023, exhibiting a growth of 8.1 % over last year.

India's foreign trade – Exports and Imports of Merchandise and Services – reached$ 800.6 billion during January-June 2023.

Source: financialexpress.com– Aug 22, 2023

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Uzbekistan's economic stability provides immense opportunities for Indian investors

India's key partner in Central Asia – Uzbekistan – has been maintaining stable economic growth and the re-election of President Shavkat Mirziyoyev has provided tremendous opportunities for prospective Indian investors in the resource rich country.

Several sectors in Uzbekistan are open to foreign investments and India is one of the sought after partners. Regular flights between Delhi and Tashkent could further contribute to growth momentum of the Uzbek economy. Political stability of Uzbekistan coupled with predictable policies could be point of attraction for Indian investors.

India and Uzbekistan signed a Joint Statement in September 2019 to set up a joint feasibility study for entering into negotiations for a Preferential Trade Agreement (PTA). It is hoped that PTA could be signed soon and that would open up India's entry into Kyrgyzstan as well as Tajikistan.

Notable Indian investments in Uzbekistanby Indian companies include those in the field of pharmaceuticals, amusement parks, automobile components, and hospitality industry. Indian majors like GMR have expressed interest in investment in airports, development of air corridor, Navoi cargo complex in Uzbekistan; KDAH (Ambani Hospital) from Mumbai has expressed interest in setting up a specialty hospital.

Investments in various fields, including pharma and healthcare, textiles and auto components, agriculture and food processing, and mining and jewellery sector are in various stages of discussion.

In the field of education in October 2019, AmityUniversity and Sharda University opened campuses in Tashkent and Andijan respectively. Indian institutions like iCreate are actively cooperating with Uzbek counterparts for promoting start-up ecosystems in Uzbekistan and training entrepreneurs in setting up incubators.

Indian companies like Dev IT have entered into bilateral cooperation in field research, technologies, start- ups and innovations with budding Uzbek partners.

India's National Thermal Power Corporation is also participating in various tenders including solar PV power plants and consultancy assignment for gas projects in Uzbekistan. India and Uzbekistan have set up National Coordination Committees to oversee the implementation of mutually agreed projects and initiatives.

India has granted market access for lemon and melon from Uzbekistan. Pest Risk Analysis (PRA) for plum and sweet cherries have been completed and is further under process. Uzbekistan has granted market access for banana and mango from India. PRA for Soyabean oil cake has been completed and additional information has been sought. Request for PRA from India include wheat, wheat flour, potato, pomegranate and pomegranate seeds.

Indian investors can get further impetus from the fact that Uzbekistan has maintained high growth dynamics during the first half of the year despite an unstable external environment. Uzbekistan's economy is expected to maintain stability through the year and is expecting higher investments from India. Today Uzbekistan provides predictable financial environment and friendly people besides regular connectivity to further promote business ties.

Inflation in Uzbekistan continues to slow down. In January-June, prices increased by 3.5%, while in the same period in 2022 by 6.5%. In annual terms, inflation slowed to 9% (in June 2022 – 12.2%). Food inflation slowed from 8.9% in January-June 2022 to 4.1% over the same period this year. Similarly, the growth of prices for non-food products slowed from 5.8% to 3.1%, for paid services from 3.3% to 2.9%, according to official data.

Investments from centralized sources in the first half of the year increased by 2.4%, in particular, at the expense of budget funds by 3.6%. Foreign investments and loans guaranteed by the government increased by 6.9%. Industrial production in the first six months of this year grew at a faster pace compared to the same period in 2022 – 5.6% versus 5.1%, respectively.

The main factors of economic growth are due to the timely adoption of urgent measures to support entrepreneurs, as a result of which the growth of the manufacturing industry amounted to 6.3% (5.9% for the first half of 2022), the mining industry by 0.2% (-0.5%).

In agriculture, in particular in crop production and animal husbandry, there is an acceleration in the growth rate of output to 3.8% (in January-June 2022 – 2.7%).

Foreign trade turnover in the 1st half of the year increased by 19.4% to $29.2 billion. Exports increased by 23% to $12.1 billion, imports by 17% to $17 billion.

The export growth is due to an increase in the supply of machinery and transport equipment to foreign markets by almost 60%, gold by 47%, services by 41%, food by 33%, various finished products by 25%. At the same time, exports of non-food raw materials decreased by 26%, fuel and energy resources by 20%.

Source: economictimes.com– Aug 22, 2023

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