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| Currency Watch | | | |
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| USD | EUR | GBP | JPY |
| 82.61 | 89.36 | 104.16 | 0.56 |

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# INTERNATIONAL NEWS

## Structural challenges to dampen China's growth in 3-7 years: Moody's

Structural challenges like an aging population, slowing productivity growth and reduced capital efficiency will dampen China's economic growth in the next three to seven years, according to Moody's Investors Service.

With prior growth engines like urbanisation, capital investment and exports having peaked, China's pivot to high-tech development and increasing domestic consumption, alongside ongoing reforms to improve productivity, could counter these hurdles.

If well-executed, this shift could result in an average annual growth rate of approximately 4.2 per cent from 2023 to 2030, which forms Moody's baseline for the medium term. In a downside scenario where China returns to traditional growth drivers to boost the economy, the average annual growth rate during 2023-2030 could drop to 3.5 per cent.

The rating agency expects a steady drop in potential growth in its baseline despite better productivity, economic rebalancing. It assumes the government's focus on high-tech development and raising domestic consumption will lead to an increased role for the services sector and a modest improvement in productivity growth.

Growth in infrastructure activity will be lower than the past with lower construction demand amid slowing urbanisation. State-owned enterprises will remain at the core of the economy with ongoing reforms to improve productivity, Moody's said in a report.

China could revert to traditional growth drivers if goals to rebalance economy and boost productivity are not met, it noted. Credit quality of rated issuers will be eroded in downside scenario, but some sectors will outperform.

Source: fibre2fashion.com – Aug 26, 2023

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# High-touch services enhance physical store appeal globally: Salesforce

Digital transactions are growing, but brick-and-mortar stores remain vital for boosting customer engagement. Retailers are innovating to create frictionless shopping experiences, differentiating themselves from competitors through high-touch services and unique experiences such as personal shopping and exclusive events.

The roles of store associates are expanding, with 74 per cent of their time now devoted to activities beyond checkout, including social media management, virtual appointments, and online order fulfilment. The need to log into an average of 12 systems daily illustrates this complexity, according to the fifth edition of the Connected Shoppers Report by Salesforce.

Almost 25 per cent of retailers see improving associate productivity as a top priority. There is a growing focus on using mobile devices for tasks like engaging shoppers and conducting transactions; 32 per cent of associates currently utilise a mobile device, a figure expected to rise to 41 per cent within the next three years.

Customers' use of stores as fulfilment centres is also increasing; 57 per cent purchase products online for in-store pick-up, and 53 per cent visit stores for returns. Since 2021, in-store product returns have grown by 13 per cent. Accordingly, 64 per cent of retailers now offer in-store returns for online purchases, and 58 per cent provide 'buy online, pick up in-store' services.

These trends emphasise the continued relevance of physical stores, signalling a dynamic shift in retail associates' roles. They underscore a retail landscape that blends online convenience with the personal connection of in-store experiences.

Source: fibre2fashion.com– Aug 28, 2023

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# Kenya to leverage Bt cotton to rejuvenate textile-apparel sector

Kenya recently said it will leverage adoption of Bt cotton to revitalise the textile and apparel industry. The government is empowering cotton farmers by improving access to Bt cotton seeds, Mithika Linturi, cabinet secretary in the ministry of agriculture and livestock development, said.

Kenya recognises the potential of new breeding tools like biotechnology in addressing the challenge of food insecurity and climate change and that was the reason that Kenya lifted a 10-year ban on the import and use of food derived from genetically modified organisms (GMOs).

“This improved cotton is more productive than conventional cotton, thus translating to more income and better livelihood for our farmers,” Linturi said while opening a four-day Africa Biennial Biosciences Communication symposium in Nairobi.

Blaming the lack of a structured dialogue and engagement among all stakeholders in addressing anti-GMO activism for opposing voices, Linturi said the country still faces major hurdles as some quarters are still opposed to the introduction of GMOs.

He urged agricultural experts to address misinformation about GMOs, a region media outlet reported.

Source: fibre2fashion.com– Aug 27, 2023

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# Business climate in French manufacturing industry degrades in Aug 2023

The business climate in the French manufacturing industry has degraded, according to the business managers surveyed in August this year by the National Institute of Statistics and Economic Studies (Insee). At 96, the synthetic indicator has lost five points and lies at its lowest level since January 2021.

The balances of opinion on the order-books and on the past production have mainly contributed to this degradation. The balance of opinion on the change in production over the last three months has deteriorated: it is at its lowest since August 2020.

On the contrary, the balance related to the change in production over the next three months has rebounded; however, it remains below its long-term average. The general production prospects in the industry have been considered relatively stable since June, with a balance of opinion that remains slightly below its average.

The economic uncertainty felt by business leaders has diminished compared to July, an Insee release said. The balances of opinion associated with the level of the order-books, overall and foreign, have distinctly shrunk and both of them have gone back below their long-term average.

The balance of opinion associated with the current level of the inventories of finished-goods has improved again and has moved away from its average.

The share of companies declaring sourcing difficulties as a factor limiting their production is stable, at 22 per cent.

The percentage of companies declaring being limited in their production by workforce shortage has increased for the third month in a row, going from 17 per cent in May to 26 per cent in August. These shares remain well above their respective averages.

Source: fibre2fashion.com– Aug 26, 2023

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# Vietnam's trade surplus hits $16.25 bn by mid-Aug 2023

Vietnam recorded a trade surplus of $16.25 billion as of August 15 this year, according to the general department of customs. Its total import and export turnover hit over $402 billion during the period, including $209.43 billion in exports—a decline of 10.1 per cent, or $23.5 billion, year on year (YoY).

It spent $14.2 billion on imports in that period--up by 5.3 period YoY.

In the first half of August, the country's foreign trade was estimated to be worth $28.6 billion, of which export value decreased by 10.8 per cent YoY to $14.4 billion, a news agency reported.

Top exports include garments and textiles, worth $1.55 billion, and machinery and equipment, worth $1.53 billion.

Source: fibre2fashion.com– Aug 27, 2023

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# EU reviews Myanmar's human rights

The European Union is currently reviewing the state of human and labor rights in Myanmar, a move that could lead to the withdrawal of trade privileges granted to the country.

The EU's "Everything But Arms" (EBA) initiative eliminates tariffs and quotas for imports of various goods from 47 of the world's least developed countries, including Myanmar. However, the EU has said it will closely monitor the situation in Myanmar and could withdraw the trade privileges if the human rights and labor rights situation does not improve.

The move comes after major European brands, such as H&M and Inditex, announced they would halt sourcing from Myanmar due to concerns about the country's human rights record.

The military junta that took power in Myanmar in February 2021 has been accused of widespread human rights abuses, including the killing of civilians and the arbitrary detention of political opponents.

The EU's decision to review Myanmar's trade privileges is a significant step and could have a major impact on the country's economy. The garment industry is a major employer in Myanmar, and the withdrawal of trade privileges could lead to job losses and economic hardship.

The EU has said that it is committed to supporting Myanmar's transition to democracy, but it has also made clear that it will not tolerate human rights abuses. The review of Myanmar's trade privileges is a way for the EU to send a message to the military junta that it must respect human rights if it wants to continue to benefit from trade with the bloc.

Source: fashionatingworld.com– Aug 26, 2023

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## Bangladesh to benefit from GPT+

Canada has extended its General Preferential Tariff (GPT) scheme, which provides duty-free market access to developing countries.

The new version of the scheme, called GPT+, will align the program with the ongoing trade dynamics, sustainability priorities, and the economic context of the beneficiary countries. Bangladesh has been a beneficiary of the GPT scheme since 2003 and is expected to benefit from GPT+.

Canada Extends GPT Scheme to 2034, Bangladesh to Benefit from GPT+; Bangladesh is one of the major markets for Canada's apparel. In the fiscal year 2022-23, Bangladesh's apparel exports to Canada reached US$1.55 billion, which was a 16.55% increase from the previous year.

With the introduction of GPT+, Bangladesh should aim to further penetrate the Canadian market by focusing on high-growth sectors such as sustainable apparel and by improving the quality and compliance of its products.
Key points:

• Canada has extended its GPT scheme to 2034.

• The new scheme, called GPT+, will align the program with the ongoing trade dynamics, sustainability priorities, and the economic context of the beneficiary countries.

• Bangladesh has been a beneficiary of the GPT scheme since 2003 and is expected to benefit from GPT+.

• Bangladesh is one of the major markets for Canada's apparel and should aim to further penetrate the Canadian market with the introduction of GPT+.

Source: fashionatingworld.com– Aug 26, 2023

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# Pakistan: Value-added exports key to $80bn target: commerce minister

Caretaker federal minister for Commerce and Industries Dr Gohar Ejaz has urged textile exporters to shift their focus to value-added products, including garments and made-up to achieve the $80 billion export target.

"I pledge to address concerns and challenges faced by entrepreneurs. I assure providing comprehensive assistance through the ministry's trade and investment officers stationed in various international missions," he said, while speaking to the exporters at the office of the All-Pakistan Textile Mills Association (Aptma) on Saturday.

During the meeting, the importance of establishing efficient banking channels for seamless trade, particularly with Central Asian countries, was highlighted. According to the minister, this aligns with the government's commitment to cultivating robust economic connections with nations in that region, further expanding Pakistan's trade horizons. He added that his ministry was devising a plan to boost the country's exports by extending all-out support to the industry stakeholders.

Later, while speaking to the media, Dr Ejaz informed the industrialists about his vision to increase Pakistan's global exports to $80bn, stating that the Ministry of Commerce is vigorously preparing the framework, where special focus would be on strategic export markets and potential products. The EU-27 zone is the largest export destination for Pakistani businesses, and the continuation of GSP+ will assist Pakistan, he hoped.

He emphasised the need for the early operationalisation of the EXIM Bank and the development of innovative products to enhance Pakistan's exports. He said that he has introduced the idea of establishing business parks to support Pakistan's global trade. The minister expressed his determination to explore every possible avenue to realise Pakistan's export potential. He noted that these business parks would play a vital role in achieving Pakistan's economic growth on the international stage.

In his commitment to increase exports, Dr Ejaz stressed the importance of adopting a strategic approach. The minister also proposed a focus on specific countries based on their respective sectors to maximise the impact of Pakistan's exports.

“The FBR, in collaboration with federal ministries and provincial departments, will introduce a Track and Trace System at ginning factories in Pakistan to promote transparent cotton trade,” he said, adding that this initiative aims to assist the textiles and apparel industry in meeting the traceability standards set by various trading blocs, nations, brands, and retailers.

Speaking on the occasion, Aptma Chairman Asif Inam eulogised Dr Ejaz’s elevation to the office of the minister for commerce and industry, saying that the textile industry is looking forward to finding a way forward under his dynamic leadership.

Aptma North Zone Chairman Hamid Zaman stated having its Patron-in-Chief as the commerce minister is a moment of pride for the textile industry. He said the industry plays a vital role in creating jobs and earning precious foreign exchange, and a close liaison between the commerce ministry and the association is the dire need of the hour.

Aptma Senior Vice Chairman Kamran Arshad briefed the visiting minister about the association’s role in addressing the industry’s day-to-day issues and urged him to help out the industry in establishing 1,000 garment units to boost exports.

Source: dawn.com– Aug 27, 2023

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## NATIONAL NEWS

### Industrial policies have returned. What's new?

After a reset triggered as part of the post-1991 liberalization process was completed, announcements on trade measures by the Indian government became boring, barely making the headlines. In the early-1990s, India's peak tariff rate was in triple digits and dominated discussion on economic reform. By 2007-08, that peak rate had fallen to around 10%. Any further changes to trade policy, it was assumed, would just be minor tweaks and not worthy of headlines.

But it was exactly India's trade measures that hit the headlines in early-August, when it imposed licencing requirements on the import of computers, a move it back pedalled on somewhat in the face of protests. Ultimately, the government delayed the introduction of the measures by three months, but didn't reverse it.

Many observers were quick to point out this measure was not an isolated one. In the last few years, after a steady downward trend for many years, India has been increasing its tariffs. The World Trade Organization (WTO), in its review of India's trade policy for 2021, pointed out that since the previous review in 2015, the country's simple average tariff rate had increased from 13% to 15.4%.

The number of goods with tariffs below 10% declined to 67.8% of the overall trade basket in 2020-21, from 79.1% in 2015. By comparison, the share of goods with tariffs between 10% and 30% increased to 22.1% of the overall trade basket in 2020-21, from 12.1% in 2015.

In a paper in 2020, Shoumitro Chatterjee and Arvind Panagariya, noting that there had been about 3,200 tariff increases done by India since 2014, said: "India is turning inward. Domestic demand is assuming primacy over export-orientation and trade restrictions are increasing, reversing a three-decade trend."

According to the Global Trade Alert database, which tracks trade policy measures across countries, India has seen a spike in trade measures that could be seen as 'harmful' to trade, since at least the last decade. While there is data available for close to 280 sectors, close to one in seven 'harmful' trade policy measures have been seen in six sectors—precious metals, jewellery, vegetable oils, oilseeds, organic chemicals and metal waste/scrap.

Union minister of state for entrepreneurship, skill development, electronics and technology Rajeev Chandrasekhar tweeted that by licencing imports of IT hardware, it was the government's objective to ensure "trusted hardware and systems" while also reducing India's dependence on imports and increasing its reliance on domestic manufacturing. In other words, this was a form of industrial policy, in all but name.

The classic argument against industrial policy—broadly defined as a set of policy measures aimed at large-scale changes in the structure of the economy—has been broadly two-fold. First, economists argue, governments are terrible at predicting the future. Bureaucrats are bad at identifying future economic trends or industries (let alone companies) to promote, which will 'take off' in the future and pull the rest of the economy along with them. Secondly, even if governments could do this, there is the risk that any benefits that governments offer will be snapped up by politically well-connected business groups rather than the dynamic, under-funded entrepreneurs who really need it and will put it to good use. So, are the 'new' industrial policies any different?

A global trend

While much criticism has been directed at the Indian government for appearing to be more trade 'interventionist' in recent years, the reversion of many countries to some form of 'industrial policy', which effectively aims at replacing imported products with domestically produced ones, is a global phenomenon. A recent paper by Réka Juhász, Nathan J Lane and Dani Rodrik on the return to industrial policy uses data compiled for countries on trade and industrial policy measures implemented by governments across the world, using official documents. It concludes: "Industrial policy has indeed returned and is on the rise."

The total number of policy interventions classified by the database relating to industrial policy rose from 56 in 2012 to 1,568 in 2022. Importantly, they note, high-income G20 countries are major users of industrial policy, with advanced countries accounting for the "overwhelming majority" of industrial policy interventions. This is partly because while industrial policy is implemented in various different ways, an important avenue is the government budget—either as subsidies or as tax concessions. Richer countries have much more financial leeway to spend a greater proportion of their budget on such policies.

Interestingly, the authors conclude that import tariffs are not the main tool of industrial policy—the trend in import tariffs provides only a partial picture of industrial policy measures. The most obvious example of this in India's case is the ₹1.97 trillion production-linked incentive (PLI) scheme. On the face of it, the PLI scheme has nothing to do with tweaking tariffs. It is focused on incentivizing companies to increase domestic production across 14 sectors, rather than manufacture products outside India.

Another important category of industrial policy measures across richer, middle-income, or poorer countries attempt to lower cost of production for companies through a variety of means—loan guarantees, trade finance, loans from the state, or even outright grants. Finally, even in the case of trade, the so-called non-tariff barriers to trade—governments setting minimum quality standards for imports, for example—have become progressively more important in influencing trade flows.

Some sectors stand out prominently when it comes to industrial policy. Green energy in general, and electric vehicles in particular, are sectors that many governments give attention to. The auto sector is another example. Among poorer countries, textiles and apparel figure prominently as sectors targeted for incentives.

Spot the change

So, how is the new industrial policy different? Contemporary industrial policies, the authors argue, are much less inward looking. They are aimed at blocking off imports, but much more focused on promoting exports. An industry focused on winning export orders is likely to be much more cost-efficient and uses the latest technology than one that knows it can operate safely in a sheltered domestic market with few competitors.

In an important sense, of course, this is hardly 'new' industrial policy. The tiger economies of Asia—starting from Japan, followed by South Korea, Taiwan and others, and finally China—did exactly this. By doing so, these countries have effectively set the standard for what is 'good' industrial policy and what isn't.

But even trying to identify what is, and what isn't, an industrial policy can be difficult. For instance, a month before the laptop licencing restriction, India imposed import licencing requirements on gold jewellery. This was hardly related to any aim by the government to promote a domestic jewellery industry, but an explicit attempt to close off a loophole which businesses were using to import gold without duty. Thus, it's critical to identify why governments are attempting to impose, say, a tariff or a licencing requirement, rather than to automatically assume that they are to protect domestic industry. Further, a government can target a single sector through a variety of industrial policy instruments over time. Some of these are measurable, like import tariffs. Others are unquantifiable such as 'administrative guidance'—when bureaucrats sit down with companies and nudge them in a certain direction.

The difficulty of observing industrial policy is not just an academic issue. Governments, point out Juhász, Lane and Rodrik, cannot use many of the tools that were at their disposal decades ago to influence trade. Given the commitments to the WTO, for instance, few governments can raise import tariffs at will. So, import tariffs have become much less important a tool of industrial policy than in earlier decades.

Even the experiences of the successful Asian economies throw up different lessons, depending on which country we look at. Both China and Vietnam, for example, relied to a much greater extent on foreign direct investment (FDI) to promote domestic industry than their predecessors. China followed a model whereby foreign companies partnered with domestic companies, such as those in the auto sector, to set up manufacturing units. Over time, a process of skill and technology transfer would take place to the domestic partner. This form of quid-pro-quo FDI has proved controversial with foreign companies, who tend to view it as a form of forced technology transfer.

Nevertheless, as research by Jie Bai, Panle Jia Barwick, Shengmao Cao, and Shanjun Li showed, the quid pro quo FDI route led to auto models being produced in China with quality improvements of between 3.8-12.7%. Across East Asian economies, facilitating exports through the use of tools such as trade finance was ubiquitous and critical. And again, reliance on formal protective measures, so beloved of Indian policymakers, came down over time in East Asia and even in South Korea. A critical aspect of the success of the Asian tigers was the relationship between state and industry. It was neither top-down—an approach that would effectively result in the government ordering the private sector around and telling them where to put their money. It was also not too clubby, which would have resulted in the 'political capture' of the state by industry. Bureaucrats worked closely with industry and there was constant feedback from industry to government about what was working and what wasn't. Thus, governments were able to be pragmatic and constantly improve policies which worked and throw out those that didn't. The other major policy that works is just better infrastructure—better roads, better ports, better and more reliable power supply. In addition, better targeted infrastructure investment that directly addresses the needs of manufacturers and entrepreneurs, rather than being the vanity project of a prime minister or president.

The new context

The context in which industrial policy is done has changed dramatically from a few decades ago. The biggest change is the actual decline in manufacturing across the world as a source of growth of GDP and of employment. Even in China, manufacturing employment has been declining since at least 2014.

If a core goal of industrial policy is employment, then by definition, industrial policy will have to focus on services to a much greater extent than it has. "So, the question becomes whether the productive development policies typically applied to manufacturing can also be appropriate for sectors such as retail, hospitality, education, healthcare, or long-term care," write Juhász, Lane and Rodrik. "But good-jobs externalities (which lead to jobs that provide social mobility to the middle class) are rampant in such services, and we know that these activities can benefit from complementary investments in new work practices, job-specific training, technologies that complement and empower workers, better tailored regulations, and improved organizational culture."

The contemporary debate on industrial policy in India tends to get caught up in the issue of 'should we go down this road again'. This is essentially irrelevant. All governments use such policies and they always will. The questions should really evolve around what policies to use, what sectors to target, and how to set up a mechanism by which governments learn from the experience of private industry and adapt.

Source: livemint.com– Aug 27, 2023

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# India, UK to continue free trade agreement negotiations till Aug-end

Indian and UK officials will continue their negotiations till the month-end to iron out differences on the proposed free trade agreement (FTA), the commerce ministry said on Sunday.

This meeting will be followed by a review at the higher level, it said.

Following the G20 Trade and Investment Ministers Meeting (TIMM) at Jaipur, the progress of the negotiations was reviewed by Commerce and Industry Minister Piyush Goyal and UK's Secretary of State for Trade Kemi Badenoch on August 26.

"Teams are going to continue negotiations till the end of August 2023 which will be followed by stock taking at the higher level, it said.

While expressing satisfaction over the last 12 rounds of negotiations wherein several chapters have been finalized, both exuded confidence that the next round of talks to be similarly successful.

"Both Chief Negotiators apprised the ministers about the current state of play, issues outstanding for resolution and their continuous joint efforts to iron out the same," the ministry added.

The ministers directed the officials to maintain a good pace of exchanges with a better understanding of each other's aspirations and sensitivities.

"Both leaders expressed their unwavering commitment to reaching a conclusion on a fair, balanced, and mutually beneficial trade deal that will enhance economic cooperation between the two countries," it added.

In a separate statement, the ministry said that Goyal and Swiss State Secretary for Economic Affairs Helene Budliger Artieda also held talks on ways to strengthen economic ties.

They reviewed the progress made in the ongoing negotiations for a Trade and Economic Partnership Agreement (TEPA) between India and EFTA (European Free Trade Association).

The EFTA members are Iceland, Liechtenstein, Norway, and Switzerland.

"Both leaders reiterated their shared vision of achieving a mutually beneficial trade deal based on the principle of reciprocity that reflects the evolving economic landscapes of both India and the EFTA countries," it said.

Source: business-standard.com– Aug 27, 2023

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# India hopes to conclude free trade deal with Britain this year, says FM Sitharaman

Finance Minister Nirmala Sitharaman on Friday said negotiations to secure free trade deal between India and the UKare expected to be over by the end of this year.

"It is not difficult to guess that the agreement with UK should get concluded soon. For whatever reasons, it could not happen last year. I think this year there's hope that we'll finish it fast," she said while addressing B20 summit, organised by CII as part of India's G20 Presidency.

FTA Benefits

Talking about benefits of FTA, she said that Brexit has happened but still UK can play the role of a threshold towards Europe. Same is possible with other countries too. "One FTA can have its own spillover on a second FTA and so on for both countries," she said, adding that FTA with Canada and other countries are also in work.

On Thursday, UK Secretary of State for International Trade Kemi Badenoch had said the India-UK FTA may be close to finalisation and there is optimism that the two sides could deliver 'mutually beneficial' results.

"We are now in the final stages. I can't give a deadline, anything could happen. But what I can say is that I am very optimistic, and I am working closely with my counterpart, Minister to make sure we can deliver something that both our countries will find mutually beneficial," Badenoch said at a media interaction on the sidelines of the G20 Trade & Investment Ministerial Meeting in Jaipur.

Crucial deal

The FM's comments came at a time when the two countries are working towards agreement on issues including intellectual property rights, rules of origin and an investment treaty.

A deal between India and the UK is crucial for New Delhi, which hopes to become a big exporter, while the UK would get wider access for its whiskey, premium cars and legal services. Both countries are aiming to double bilateral trade by 2030 via such a deal.

Source: thehindubusinessline.com– Aug 25, 2023

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# Implementing cotton quality control order: Challenges and opportunities

Quality forms the bedrock of any thriving industry, serving as the fundamental building block for success. This truth resonates deeply within India's textile sector - a key driver of the country's economy, generating employment opportunities and contributing substantially to exports. Despite its robust farm-to-fashion framework, there is now a greater emphasis on product quality to maintain India's global reputation.

With this imperative in mind, India has taken an important step to enhance its global competitiveness by introducing quality control orders (QCO) for cotton bales. However, as with any significant transformation, this endeavour brings forth both challenges and opportunities for various players in the textile supply chain; farmers, the ginning community, importers, and exporters, all stand at the threshold of navigating these changes.

Understanding requirements and their significance

Quality Control Order (QCO) for cotton bales is a set of regulations designed to oversee the quality of both domestically produced and imported cotton. The primary objective of QCO is to curb the influx of substandard and cheaper cotton products into the market, ensuring that customers receive superior-quality goods.

As per the key requirements under the QCO framework, cotton bales must adhere to specific quality standards before being introduced to the market. These standards encompass various aspects, including moisture content, trash levels, and overall quality. By enforcing these requirements, the authorities aim to safeguard the interests of consumers and uphold the industry's integrity.

Quality control holds immense significance, especially in a country like India where maintaining consistent quality has been a challenge. The impact of sub-par quality reverberates beyond domestic markets. International buyers impose stringent standards, and meeting these benchmarks is crucial for sustaining exports. With emerging market dynamics such as the China-Plus-One strategy and Bangladesh's anticipated shift in status being a least developed country (LDC), the need to elevate quality becomes even more pressing to secure India's standing in the global textile trade.

Challenges for farmers

Unpredictable Weather Patterns: The cotton farming process is heavily dependent on weather conditions. Unpredictable and shifting weather patterns can lead to fluctuating cotton yields and quality. Sudden changes in temperature, rainfall, or other environmental factors can negatively impact the quality of the cotton produced.

Preference for Other Crops: Many farmers opt to cultivate other crops like paddy due to factors such as guaranteed returns and perceived ease of cultivation. This preference diverts attention and resources away from cotton production, leading to a decline in overall cotton output.

While some quality labs exist, their limited accessibility leads to uncertainty. All these factors make it potentially difficult for farmers to adhere to rigorous QCO standards.

Solutions for farmers

Leveraging Technology: Elevating awareness and education about agricultural technology is imperative to cultivate a thriving farming community. By integrating technology, farmers can not only attain high-quality cotton yields but also streamline processes, conserve resources, and bolster their livelihoods. Empowering farmers with tech-savvy skills ensures both bountiful cotton production and the sustainable evolution of the agricultural landscape.

Financial Incentives: Providing financial incentives to farmers who adhere to QCO standards can motivate them to prioritise cotton cultivation. Subsidies, grants, or direct payments for producing high-quality cotton can encourage them to invest more in their cotton crops and adopt best practices.

Challenges faced by the ginning Iindustry

The ginning industry, a pivotal link in the textile supply chain, plays a crucial role in processing raw cotton before it reaches the manufacturing stage. Ginning units are responsible for separating the cotton fibres from seeds, impurities, and non-fibre materials, ensuring that the cotton is clean and ready for further processing. However, the implementation of Quality Control Orders (QCO) for cotton bales presents several challenges and opportunities for this industry.

● Infrastructural Unpreparedness: Ginning facilities might lack the necessary infrastructure to meet QCO requirements, necessitating time and resources for upgrades.

● Uncertainty about Existing Stocks: Existing uncertified cotton stocks raise uncertainty, potentially disrupting the supply chain due to a lack of clarity on their fate.

● Standardisation of Trash and Moisture Limits: Standardising acceptable trash and moisture levels across cotton varieties complying with QCO is complex.

Solutions for the ginning industry

● Time and Infrastructure Support: Ginning facilities require time and financial support for upgrading machinery and processes to meet QCO standards.

● Technical Upgrades: Modernisation, such as automatic bale presses and better storage, enhances efficiency and consistency in cotton processing.

● Exemptions and Testing Infrastructure: Exemptions for existing uncertified stocks and accessible testing infrastructure can aid compliance.

● Financial Support and Awareness: Financial support and awareness campaigns can facilitate upgrades and educate stakeholders about QCO requirements.

Challenges for importers, suppliers

Both importers and suppliers also face a fair share of challenges. For instance, obtaining the required BIS certification can be expensive for importers. This financial burden of certification might lead to reluctance among importers, potentially causing textile manufacturers to lose orders or seek alternative suppliers.

Similarly, under the proposed QCO, suppliers will also have to obtain Bureau of Indian Standards (BIS) certification and this presents logistical challenges, as officials need to travel to foreign manufacturing units to conduct inspections and audits. This in turn can lead to delays and additional expenses.

Solutions for importers, suppliers

However, each of these potential concerns can be solved by streamlining certain processes. For example, exploring cost-effective avenues for BIS certification can help reduce the financial burden on importers.

Similarly, for international suppliers, there can be a fast and seamless process put in place for them to acquire BIS certification. Developing a standardised procedure that minimises the need for physical inspections can facilitate smoother compliance for suppliers abroad.

Promising opportunities: Elevating India's global textile influence

The impending implementation of Quality Control Orders (QCO) for cotton bales presents a transformative potential for India's textile industry. By ensuring consistent high-quality cotton, QCO positions India as a global hub of reliability and excellence, attracting international buyers in search of unmatched value. This impact extends further, curbing the inflow of subpar cotton imports, safeguarding domestic markets, and fostering fair trade.

Moreover, QCO's adherence to cotton imports promises to enhance the textile industry by infusing superior raw materials, cascading into the production of top-tier finished goods, thus propelling India's textile exports. In essence, it paves the path to India's ascendancy in the global textile arena, signifying an era marked by distinction, integrity, and greater international appeal.

In summary, QCO for cotton bales underscore India's dedication to enhancing textile standards. While challenges across various sectors may persist, allowing time for necessary changes is essential. Collaborative stakeholder efforts can overcome these obstacles, ensuring successful implementation. Ultimately, by prioritising superior imports, India can boost buyer confidence and drive the industry toward achieving its ambitious USD 100 billion textile export target by 2030.

Conclusion

The QCO on cotton has the potential to greatly improve matters for the Indian textile industry – importing better products will help in exporting better products – increase trust from buyers, and meeting international QC requirements will improve order books. Ultimately the entire industry stands to gain and we will be better position to meet the textile export target of $1 bn by 2030.

Some challenges do exist, however, with collaboration and cooperation between all industry stakeholders, we can arrive at solutions that will make the transition easier for the industry, along with demonstrating India's seriousness and resolve to be a significant player in the global textile industry.

Source: thehindubusinessline.com– Aug 27, 2023

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## 'India, China trade on fast track'

Chinese vice trade minister Wang Shouwen said India and China's trade relationship has been growing very fast and the doors of the Regional Comprehensive Economic Partnership (RCEP) are open to New Delhi. He was speaking at a session on trade ministers at the ongoing B20 summit in New Delhi moderated by commerce and industry minister Piyush Goyal.

"China-India trade relationship is growing very fast. Last year our bilateral trade reached $130 billion. If there had been an FTA agreement between China and India, either bilateral or in RCEP context, the trade potential between the countries would be much further tapped," Shouwen said.

"So, it is your decision to decide when you are joining RCEP but doors of RCEP will always be open to India," he said. India walked out of RCEP in November 2019 Bangkok summit. "Do you regret that we chose not to join RCEP," Goyal asked before explaining India's decision. India did not join RCEP because the India-China trade is largely skewed in favour of China and entering RCEP would have intensified that.

"The Indian industry feels that if we had entered into this agreement with the RCEP, this trade would have certainly increased but it would only have increased the trade deficit further," Goyal said. UK Business and Trade Secretary Kemi Badenoch said that India and Britain are actively discussing the proposed free trade agreement (FTA) and the negotiations are now in the final stages.

"India is a perfect example of what the world is going to be looking like in the future and we need to make sure that our economy and our country is adapting to that in a way that works for the UK. We're currently negotiating a free trade agreement, which minister Goyal has promised me is going to be the most ambitious free trade agreement," Badenoch said. Australia trade minister Tim Ayres said that India's hosting of G20 Trade and Investment Ministers meeting has been "absolutely fantastic" and India's leadership on focusing the G20 discussion, as we approach the challenging WTO discussions has been terrific.

Source: economictimes.com– Aug 26, 2023

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## India's heart with US rather than China-led trade pact RCEP, says Piyush Goyal

New Delhi's "heart" is with Washington, hinting at the trade surplus with the US. The Commerce and Industry Minister's remarks at the B20 summit in the national capital while moderating the 'Trade Ministers' Session' where Wang Shouwen, Vice Minister in the Ministry of Commerce of China and US Trade Representative Katherine Tai were present.

Goyal asked Wang if Beijing regretted that India chose not to join the Regional Comprehensive Economic Partnership (RCEP).

To this, Wang said China and India's trade relationship has been growing very fast and last year, the bilateral trade reached USD 130 billion.

"If there had been an FTA agreement between China and India, either bilaterally or in RCEP context, the trade potential (that) exists between our two countries will be much further tapped in to the benefit of our two peoples. So, it is your decision to decide whether you will join RCEP but the RCEP door will be always open to India," Wang said.

Responding to the comment, Goyal said the bilateral trade would have gone up, but also the trade deficit.

"We are already concerned that the bilateral trade even though USD 130 billion is largely skewed in favour of China. The Indian industry feels that if you had entered into this agreement with the RCEP this trade would have suddenly increased, but it would only have increased the trade deficit further..."

The Indian minister also wondered how China does the costing and pricing of goods it exports.

"...it's a matter that I think all the ministers would like to know how you can supply goods at less than the raw material costs," Goyal asked.

In reply, Wang congratulated Goyal for being a very successful trade minister for India.

"...even though you are not able to balance your trade with each and every ... trading partner, you have been very successful in maintaining a global trade balance overall for the country.

"So it is natural that you will have trade deficits with countries like China, but you will also have a trade surplus with other countries. It is very good that you are able to maintain your trade balance globally," he added.

With the US, India enjoyed a trade surplus of about USD 28 billion during 2022-23, while there was a deficit of about USD 83 billion with China, as per the commerce ministry data.

Making India's stance clear in a lighter vein, Goyal recalled an incident in the Rajya Sabha when the leader of the opposition (Mallikarjun Kharge) complained that the Chairman always looked to the treasury benches to his right-hand side and not towards the opposition parties sitting on the left.

"The Chairman had retorted that his heart was on the left-hand side. So my heart here is with (USTR) Katherine Tai from the United States of America (who was sitting on Goyal's left side)," the Indian trade minister said amid applause from the audience, largely comprising domestic and global business leaders.

Goyal also applauded the USTR's leadership in bilaterally resolving six out of seven disputes at WTO between India.

Source: conomictimes.indiatimes.com– Aug 25, 2023

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# Global reforms needed for speedier Customs clearances: DP World's Sulayem

There is an urgent need to reform the Customs clearance framework around the world to better goods movement according to Sultan Ahmed Bin Sulayem, Group Chairman and Chief Executive Officer, at DP World.

Speaking at the B20 Summit India 2023, organised in collaboration of the Confederation of Indian Industry (CII), he said that coordination between the Customs agencies of any two countries is even better than a free trade agreement (FTA) among them.

"It is important to streamline global clearances to facilitate the seamless movement of goods around the world," Sulayem, who is also the Chairman of the Ports, Customs & Free Zone Corporation of the United Arab Emirates (UAE), told ET.

According to him, more countries are signing agreements to fast-track customs clearances through the Authorised Economic Operator program of the World Customs Organisation. This qualifies certain companies in both countries for fast-track clearances. The UAE has signed such an agreement with India, as well as Korea.

"We would encourage more such agreements between countries to be signed, because if customs in various countries can co-ordinate with one another then global trade will be a lot more efficient," he added.

Commenting on India's aim to increase local production, Sulayem voiced support for the national priorities around energy-efficient infrastructure. "These will support India’s ambitions to become a global manufacturing and export hub," he said.

Source: economictimes.com– Aug 26, 2023

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# India, Greece commit to double bilateral trade by 2030

India and Greece on Friday agreed to upgrade bilateral ties to a strategic level and double the two-way trade by 2030. Prime Minister Narendra Modi paid an official visit to the Hellenic Republic at the invitation of Prime Minister of Greece Kyriakos Mitsotakis.

Both leaders held high-level talks in a warm and friendly atmosphere and they noted the ongoing cooperation between the two sides and exchanged views on bilateral, regional and international issues of mutual interest, said an India-Greece joint statement. Building on the foundation of the long-standing warm and close relationship between their countries and peoples, the two leaders decided to upgrade Greek-Indian bilateral ties to the level of a "Strategic Partnership" and agreed to work to further expand bilateral cooperation in political, security and economic spheres, it added.

"The two Prime Ministers also decided to take steps to further strengthen people-to-people ties between the two countries. Appreciating the increase in bilateral trade and economic engagement in recent years, the leaders also directed that both sides shall work to double bilateral trade by 2030," the statement said.

The bilateral merchandise trade stood at about USD 2 billion in 2022-23, according to Indian government data. Prime Minister Mitsotakis and Prime Minister Modi reiterated the need for further broadening and deepening bilateral engagements, in the field of defence, shipping, science and technology, cyber space, education, culture, tourism and agriculture.

"They took note of the signing of the MOU on cooperation in the field of agriculture, including the establishment of a Hellenic-Indian Joint Sub-committee on Agriculture for facilitating sectoral cooperation for mutual benefit," the joint statement said. Both leaders directed their senior officials to ensure regular dialogue in the areas including political, economic, defence, security and public diplomacy, it said, and the two leaders also agreed to encourage direct flights between Greece and India.
Prime Minister Modi welcomed Greece into the International Solar Alliance (ISA) and looked forward to Greece's membership of the Coalition for Disaster Resilient Infrastructure (CDRI).

Source: economictimes.com– Aug 25, 2023

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# Rasi Seeds to drive adoption of high-density cotton planting in Telangana

Though high-density cotton planting has taken root, its adoption has been slow. Rasi Seeds, one of the top cotton seed players in the country, has joined hands with Cotton Inc. of the US to cut the adoption process short.

Rasi Seeds has teamed up with Kater Hake, international cotton expert and Vice-President of Agricultural and Environmental Research at Cotton Incorporated, to study the current agronomic practices and increase the rate of adoption of the HDPS, which promises to increase the yields up to 30-40 per cent.

Despite India's cotton acreage being the biggest in the world, its productivity is very low, ranking 44 globally, leaving a huge scope for growth.

Learning more

M Ramasami, Chairman of Rasi Seeds, and Kater Hake met Telangana Agriculture Minister Niranjan Reddy and other top government officials and discussed the issues and opportunities involved in the HDPS way of growing cotton.

"The Telangana Government got to know that we are doing pilot HDPS plantations and invited us a few months ago to learn more about the HDPS. Today, we gave them a detailed presentation," Ramasami told businessline, after the meeting with the State Government officials.

"In order to increase the productivity gains of the State and ensure cotton growers continue to make big strides, HDPS should be replicated on a wide scale," he said.

Telangana, the third largest cotton producer in the country after Gujarat and Maharashtra, grew cotton on 20 lakh hectares last year and is expected to retain the same acreage in the ongoing kharif season.

Offers promise

"HDPS offers promise as the cost of production doesn't go up proportionately as we increase the number of cotton plants by three times to 24,000 from the present 8,000 plants. It helps plants grow at a uniform height, making it easy for farmers to harvest using machines," S Niranjan Reddy said.

"By optimising plant density and land use, HDPS paves the way for higher cotton productivity," he said.

"The integration of precision agriculture and genetic innovations holds incredible potential in amplifying farmers' earnings and ensuring the optimal growth of cotton plants," Hake said.

Telangana is carrying out experiments in HDPS by promoting the method in about 4,000 hectares this year. "We have plans to significantly increase the HDPS acreage in phases," Niranjan Reddy said.

Source: thehindubusinessline.com– Aug 25, 2023

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