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

IBTEX No. 164 of 2023 September 14, 2023

Currency Watch			
USD	EUR	GBP	JPY
82.95	89.16	103.68	0.56

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	India and Russia explore Northern Sea Route (NSR), Eastern Maritime Corridor (EMC) in an effort to widen maritime cooperation
2	Shri Dharmendra Pradhan launches Skill India Digital
3	Expert Explains: With the announced India-Europe Economic Corridor, a look at India’s supply chain opportunity
4	May the twain meet: Look East as much as West for Indian exports
5	'Game changer': Exporters on economic corridor proposal
6	India's CPI estimated at 186.2 in Aug; 187.7 for clothing-footwear

INTERNATIONAL NEWS

Global trade resilient amid fragmentation: WTO report

Notwithstanding signs of fragmentation, international trade remains buoyant, dismissing notions of a decline in globalisation, according to the World Trade Report 2023 by World trade Organization (WTO).

The WTO secretariat noted a subtle shift in the goods trade flows between two hypothetical geopolitical blocs delineated based on the UN General Assembly voting patterns. It was observed that trade within these blocs has been expanding at a pace 4-6 per cent swifter than the inter-bloc transactions. Contrary to predictions citing de-globalisation trends, the data underscores a resilient global trading network.

Diving deeper, the report probed into the intricate relationship between economic integration and three pivotal challenges engulfing the contemporary global economic landscape: security and resilience, poverty and inclusiveness, and environmental sustainability. There has been an escalating debate on the negative repercussions of globalisation in these spheres, citing it as a potential risk exacerbator.

Looking at the evidence, the report makes the case that 're-globalisation,' which is the renewed drive towards integrating more people, economies and pressing issues into world trade, is a more promising solution to these issues than fragmentation.

A surge in trade openness has played a substantial role in mitigating conflicts and plummeting poverty rates dramatically over the past four decades. Moreover, the technological advancements fostered through trade have been pivotal in reducing carbon emissions, addressing environmental concerns proficiently.

The way forward lies in fostering heightened cooperation and encouraging more trade to successfully navigate the plethora of challenges, ranging from security issues to climate change, confronting policymakers globally, as per the report.

Source: fibre2fashion.com– Sep 13, 2023

HOME

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Germany's economic sentiment indicator up slightly in Sept 2023

The ZEW Indicator of Economic Sentiment for Germany recorded a slight increase in September 2023, just as it did in the previous month. At -11.4 points, it is 0.9 points above the previous month's value. In contrast, the assessment of the economic situation in Germany continues to worsen considerably.

The corresponding indicator fell 8.1 points to a new value of -79.4 points. This is the lowest value in three years, ZEW said in a press release.

The financial market experts' sentiment concerning the economic development of the eurozone experienced a decline in September and currently stands at -8.9 points, 3.4 points below the previous month's value. The situation indicator for the eurozone also decreased slightly, falling 0.6 points to a new reading of -42.6 points.

"The assessment of the current economic situation in Germany by the financial market experts is even more pessimistic than in August 2023. This development puts into perspective the slight improvement in expectations regarding Germany's economic situation over the next six months.

The brighter economic prospects for Germany align with a notably more optimistic view of international stock market developments. This is, at least in part, attributed to the increasing proportion of respondents who anticipate stable interest rates in the eurozone and the US. Additionally, the experts expect a further easing of China's interest rate policy," said ZEW president professor Achim Wambach.

Source: fibre2fashion.com– Sep 14, 2023

HOME

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China's PPI dips 3% YoY in Aug 2023

A 3 per cent year-on-year (YoY) decrease in China's producer price index (PPI) was noted for August 2023, as per recently released data. The PPI assesses the cost for goods at the factory gate.

The fall is a slight recuperation compared to July and June's reductions of 4.4 and 5.4 per cent, respectively. Moreover, August witnessed a 0.2 per cent month-on-month (MoM) increase, displaying a reverse trend from July's 0.2 per cent decrement, according to the National Bureau of Statistics.

Throughout the initial eight months of 2023, the average PPI decreased by 3.2 per cent YoY. This update sheds light on the Chinese market's dynamics, illustrating a potential stabilisation in producer prices.

Source: fibre2fashion.com– Sep 13, 2023

HOME

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Australia's business pulse strengthens in August 2023: NAB survey

Business conditions in Australia exhibited strengthening trends in August 2023, rising 3 points to settle at 13 index points, according to the National Australia Bank (NAB) Monthly Business Survey for August 2023. This was primarily due to upticks in all three sub-components—trading conditions augmenting by one point to 18 index points, profitability scaling up by 2 points to 13 index points, and employment rising 3 points to attain 9 index points. These readings showcase that the conditions are well above the long-run average levels in trend terms.

Sector-wise, manufacturing took the lead by soaring 18 points. However, a dip of 16 points was noted in the wholesale conditions, while minor increments were spotted in most other industries. The range for other sectors hovered between 9 to 14 index points.

An overview of the situation state-wise presents a mixed picture. Tasmania witnessed a decline of 16 points, a sentiment echoed in New South Wales and South Australia too. Queensland and Victoria experienced elevations by 10 and 8 points, respectively. South Australia lingered on the softer side, marking 4 index points, as per the NAB survey.

Business confidence managed to edge upwards, touching 2 index points, albeit with mixed responses across sectors. Retail remained in the weakest bracket registering minus 14 points. Among the states, Tasmania recorded the lowest figures, with Queensland and Victoria also in the negative trajectory.

Delving into leading indicators, a betterment was noticed with forward orders enhancing by a point to reach 0 index points, and capacity utilisation escalating to 85.1 per cent. Despite this increment, the forward orders remained in negative territory over the month. Retail appeared to be a significant contributor to this downward pull.

Pricing dynamics revealed a mix; labour cost growth retracted to 3.2 per cent in quarterly terms, thereby partially offsetting the July spike. The purchase cost remained stable at 2.9 per cent, although construction and wholesale witnessed considerable hikes. A slight regression was noted in output price growth, landing at 1.7 per cent due to a retail sector softening which was 1.9 per cent in quarterly terms.

Reaffirming a resilient economy in Q3, the findings resonate well with the recently released National Accounts data, indicating that the subdued yet positive GDP growth of Q2 continues to sustain.

Source: fibre2fashion.com– Sep 13, 2023

HOME

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EU forecasts slower growth & easing inflation till 2024

The European Commission has unveiled its Summer 2023 Economic Forecast, projecting a deceleration in the EU and euro area economic growth, and a slow yet steady decline in inflation over the next two years.

The EU economy is anticipated to grow at a lesser pace of 0.8 per cent in 2023, a dip from 1 per cent as predicted in the Spring Forecast. A similar trend is noted in the euro area with the economic growth forecast slashed to 0.8 per cent for 2023 from an initial 1.1 per cent.

However, both regions are projected to witness a slight improvement in 2024 with growth rates of 1.4 per cent and 1.3 per cent in the EU and the euro area respectively, according to the report.

Inflation is set to showcase a downward trajectory, with the Harmonised Index of Consumer Prices (HICP) inflation expected to reach 6.5 per cent and 3.2 per cent in 2023 and 2024 in the EU, while in the euro area it is predicted to be 5.6 per cent and 2.9 per cent respectively.

The economic activity in the EU has seen a dampening in the first half of 2023, following a series of formidable shocks endured by the region. A slowdown in the domestic demand owing to high consumer prices has notably impacted consumption, despite a strong labour market and dropping energy prices. The monetary policy tightening has shown its effect, evident from the reduced provision of bank credit to the economy.

Despite a solid tourism season, the economic indicators project a deceleration in the industry sector and a loss of momentum in services in the upcoming months. The global economy, except for China, has exhibited better resilience, yet it offers little support to bolster the EU's external demand.

Energy prices will continue to decrease albeit at a slower pace in 2023 and might face a slight increase in 2024 due to surging oil prices. Although service inflation has remained more persistent, it is anticipated to moderate as demand softens, coupled with the impact of monetary policy tightening, the report noted.

Geopolitical tensions, including Russia's ongoing war against Ukraine, pose serious threats and uncertainties to the economic landscape.

Moreover, the global climate crisis exemplified by extreme weather conditions and natural disasters in the summer aggravates the risks involved.

The report emphasised the precarious nature of the present economic climate, with mounting pressures from different fronts creating a complex scenario for policymaking. The EU expects a subdued but steady recovery, with emphasis on the robust labour market and lowering inflation helping to restore real incomes gradually over the forecast period.

“The EU economy has suffered two massive shocks with the pandemic and Russia’s unprovoked war in Ukraine. The very high inflation rate has taken its toll, although it is now receding. After a period of weakness, growth is expected to rebound mildly next year, underpinned by a strong labour market, record low unemployment and easing price pressures.

While our economy remains on a path of growth, uncertainty remains high and we need to monitor risks closely. The implementation of reforms and investments under our Recovery and Resilience Facility remains central to keeping the EU economy on the right track,” said Valdis Dombrovskis, executive vice-president for an Economy that Works for People.

Source: fibre2fashion.com– Sep 13, 2023

HOME

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How Protocol Cotton is Scaling Traceability in the Fashion Supply Chain

In recent years, consumers have become increasingly educated about the fashion industry's harmful social and environmental impact. A 2022 Bain & Company study revealed that about 15 percent of global fashion consumers were already "highly concerned" about sustainability and consistently made purchasing decisions to lower their impact, and this percentage could increase to more than 50 percent in coming years.

As consumers rethink their purchasing habits and legislators expand regulations on environmental claims, this new reality has prompted brands to reduce their environmental and social impact. Per a 2019 analysis by McKinsey & Company, apparel executives increasingly believe that sustainable sourcing at scale is necessary for their companies and the industry.

The consulting firm noted that brands and retailers' efforts to promote sustainability must go beyond individual companies. They should drive accountability by measuring and incentivizing sustainable behavior across their end-to-end supply chains, build on existing commitments to develop global industry-level standards that bring about systemic change and engage the broader public in the sustainable fashion transformation.

Traceability in Fashion's Value Chain

Traceability plays a pivotal role in greening the fashion supply chain, bringing transparency and accountability to the production process and ensuring compliance with sustainability standards, ethical labor practices and responsible sourcing.

At retail, it empowers consumers to make informed choices and support brands that align with their values. Ultimately, tracing the supply chain enhances trust and drives positive change throughout the fashion industry.

The U.S. Cotton Trust Protocol is one of several programs that provides brands and retailers a traceability solution to track the progress of raw materials in the supply chain—in this case, cotton.

Protocol Cotton is tracked through the blockchain-based Protocol Consumption Management Solution (PCMS). This process starts once the cotton fiber is ginned and each cotton bale's unique Permanent Bale Identification (PBI) number and gin weight are captured and verified against a USDA master list for authenticity and non-duplication. Once verified, a digital token, called a Protocol Consumption Unit (PCCU), is minted for each kilogram of Protocol Cotton fiber.

Recently, the Trust Protocol changed the enrollment period for growers so that brands and retailers could get earlier, greater and faster access to Protocol Cotton.

Starting this year, Protocol Cotton can be verified immediately upon ginning. Because more than half of the U.S. crop is marketed within a crucial three-month window beginning at the height of cotton ginning in November, this new timeline will allow Trust Protocol growers' cotton to be verified as Protocol Cotton on their initial Electronic Warehouse Receipt.

With this new timeline, brand and retailer members of the Trust Protocol can now collaborate with marketers well in advance to plan the sourcing and use of more sustainably grown cotton.

For PCMS-tracked cotton, brands and retailers receive a transparency map that verifies the origin starting from the initial fiber shipment to a textile mill. It also provides the names and locations of the Trust Protocol mill and manufacturer members involved at every stage of the production process until the delivery of finished products. This creates enhanced communication opportunities, including the ability to incorporate proportionate environmental data into marketing claims and on-product labels.

Charting a Sustainable Course for the Future

The evolution of legislation, standards, regulations and consumer habits points toward a clear trajectory: The scrutiny placed on brands and retailers' sustainability efforts will continue to intensify.

As the industry wrestles with these challenges, it becomes increasingly evident that scalable solutions are imperative to mitigate the negative environmental impact effectively.

In this regard, the emergence of programs like the Trust Protocol provides a promising pathway to tackle these pressing concerns. By collectively working toward a common goal and prioritizing the scalability of sustainability practices, the fashion industry can confidently navigate the evolving landscape, paving the way for a more sustainable and ethical future.

Source: sourcingjournal.com– Sep 13, 2023

HOME

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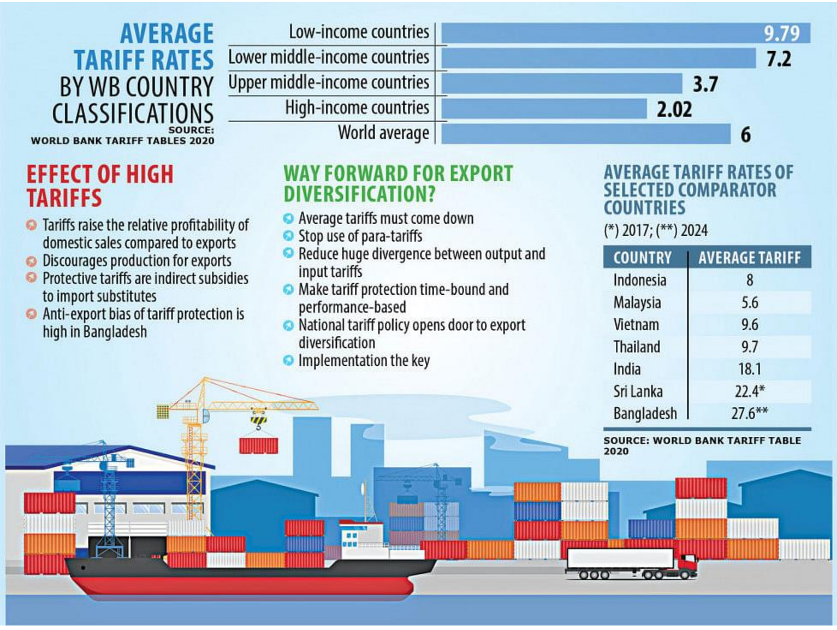
Bangladesh's average import tariffs higher than in most countries

Bangladesh's average nominal tariffs are higher than in low-income, middle-income and high-income countries, as well as most of its comparators, said an economist yesterday.



Such a high tariff on imported items raises relative profitability for domestic market-oriented industries compared to exports, discourages production for overseas markets, and acts as a major barrier to export diversification, said Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh (PRI).

He made the remarks while presenting a paper at a seminar on "Tariff protection and export diversification are not mutually exclusive: The Bangladesh phenomenon" organised by the Bangladesh Institute of Development Studies (BIDS) at its conference room in the capital.

The nominal tariff is 27.6 percent in Bangladesh.

It is 22.4 percent in Sri Lanka, 18.1 percent in India, 9.7 percent in Thailand, 9.6 percent in Vietnam, 5.6 percent in Malaysia, and 8 percent in Indonesia.

"Tariffs are now the principal instrument of protection, an incentive to import-substitute production," Sattar said.

The economist described higher tariffs as a critical requirement for sustaining so-called infant industries without regard to their period of establishment or the efficiency implication of long-term protection.

Sattar said almost all consumer goods produced domestically reap the benefit of extremely high and differentiated levels of nominal and effective protection.

The effective rates of protection for most import-substitute industries could range from 100 percent to 400 percent or more, he said.

Anti-export bias is also one of the bottlenecks for export diversification, according to Sattar.

He said Bangladesh exports 1,377 non-readymade garment products. Of them, 174 products are highly competitive, 408 items are moderately competitive and 795 are marginally competitive.

The country ships 346 types of non-RMG products that earn around $1 million annually, but the segments do not get the bonded warehouse facility, which allows exporters to import raw materials duty-free.

"These products can play a significant role in accelerating export diversification if they are brought under the bonded warehouse facility," he said, adding that products made by jute, leather goods and home textile industries are largely competitive in the world market.

"Non-RMG exporters can compete in the world market purely on the basis of labour cost advantage."

He said the National Tariff Policy 2023 has opened the door for export diversification.

According to the PRI chief, the focus of the policy will be on import taxes such as customs duty, regulatory duty and supplementary duty, which are not "trade neutral".

The value-added tax, the advance income tax and the advance VAT are considered trade neutral and are not under the purview of the trade policy, he said.

The economist pointed out that export diversification is not getting traction despite two decades of policy focus on "thrust sectors", "high priority sectors", and "special development sectors".

Salehuddin Ahmed, a former governor of the Bangladesh Bank, stressed cash incentives and other benefits like the bonded warehouse facility to increase export diversification.

He, however, added that the National Tariff Policy alone will not be effective in giving a boost to export diversification.

Ferdaus Ara Begum, chief executive officer of the Business Initiative Leading Development, said there are a number of sectors that have the potential to contribute more to export diversification, but they don't enjoy the bonded warehouse facility.

She called for extending the facility to them instead of giving incentives.

BIDS Director General Binayak Sen chaired the seminar.

Source: thefinancialexpress.com.bd– Sep 13, 2023

HOME

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Bangladesh: A sudden surge in orders to test RMG, textile sectors' capacity

Bangladesh might be the second-largest apparel supplier in the world, but its current installed capacity will not be adequate to meet demand if orders surge significantly as buyers shift away from countries such as China and Vietnam.

On the back of the existing capacity, the country exported garment items worth $46.99 billion in the last fiscal year, registering a 10.27 percent year-on-year growth, according to data from the Export Promotion Bureau.

China sold apparel items worth $182 billion globally and Vietnam shipped products amounting to $35 billion in 2022, data from the World Trade Organisation showed.

Bangladesh's share in the global readymade garment trade more than tripled in the past 17 years: in 2005, the country's share was 2.5 percent but it rocketed to 7.9 percent last year.

And local suppliers say Bangladesh's share would grow in the coming years, a prospect that might bode well for the country's largest foreign exchange earning sector but it could also bring about one of the stiffest challenges for the sector as well.

For example, if 10 percent orders are diverted from China to Bangladesh, this will bring businesses worth $18.2 billion for the latter. Such a volume of orders is enough to put the manufacturing capacity under strain and bring about a raw material shortage for local suppliers like they witnessed in 2021-22 after the global supply chain rebounded from the severe fallout of Covid-19.

Bangladesh's garment shipment surged more than 35 percent in FY22.

Already, some garment-supplying countries such as Myanmar, Ethiopia, Cambodia, China, India, Pakistan and Cambodia have seen their global market share in the garment segment slash over the last few years whereas Bangladesh's pie is expanding.

For instance, China's share in the global apparel business fell from 36.6 percent in 2010 to 31.7 percent in 2022, owing largely to its dragging tariff war with the US.

The severe impact of the pandemic, the Russia-Ukraine war, the higher cost of production and the dearth of skilled workers have also contributed to the fall in the share for the world's largest apparel supplier.

Mohammad Abdullah Zaber, managing director of Noman Group, said a lot of US-based orders for fabrics have come to his factory from China and India over the last one year.

So, he has already expanded the capacity.

"There is a forecast that orders may see a strong rebound next year as international retailers and brands are running out of their stocks of unsold apparel items," said Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA).

He said Bangladesh has the capacity to supply goods against a large volume of orders, but many mills are running below capacity owing to an inadequate supply of gas and power and the dollar crisis in the banking sector.

Many of the mills that were used to produce 80 tonnes of yarn a day are producing 40 tonnes to 50 tonnes of raw materials currently, he said, adding that dyeing mills are also facing a similar situation.

"Under the circumstances, new investment is very low."

Asking not to be named, the country manager of a retailer from the Netherlands said although more orders are flowing to Bangladesh, the volume is still slow.

He said orders are expected to see a jump if the political chaos linked to the national election does not linger.

Monsoor Ahmed, chief executive officer of the BTMA, the platform of primary textile millers, said the knitwear sector has the capacity to meet demand, but the woven sector is lagging behind as their capacity is low.

Presently, more than 500 spinning mills supply raw materials to knitwear manufacturers. Of them, only 200 are export-oriented.

The installed spinning capacity is 4,500 million kilogrammes, but they are manufacturing 2,400 million kgs of yarn currently as their full capacity can't be utilised because of the gas and power shortage, he said.

"Spinners can't go for expansion because of the dollar shortage," he said, adding that only 60 weaving mills produce fabrics for the export-oriented garment sector.

In denim, Bangladesh is, however, capable of catering to any volume of orders. Local denim millers produce more than 700 million yards of fabrics per year.

According to Ahmed, setting up a new factory is time-consuming and it takes at least three years and costs Tk 700 crore to set up a medium-sized factory.

Since international buyers have cut the lead time to 45 days to 60 days from 90 days and 120 days, local garment suppliers have already come under pressure. In order to deliver products within agreed deadlines, they are using more locally produced yarn and fabrics.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, also said that the country may find it challenging to supply goods if orders climb suddenly.

The lingering gas crisis, a shortage of adequate skilled workers, and higher prices of yarn are major bottlenecks that may prevent Bangladesh from attracting buyers looking to move away from other countries, he said.

He thinks orders will pick up after December as the global supply chain is recovering and international buyers are coming up with an additional volume of work orders.

Mohammad Abdur Razzaque, chairman of the Research and Policy Integration for Development, a think-tank, said the capacity of the country needs to be strengthened as exports are bouncing back in line with the revival of the global supply chain.

"A lot of work orders may come to Bangladesh thanks to the China-Plus One policy adopted by many countries to reduce their dependence on a single source, namely China."

Source: thedailystar.net– Sep 14, 2023

HOME

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Bangladesh approves Tk 4,283-cr project to upgrade Mongla Port

The executive committee of Bangladesh's National Economic Council (NEC) yesterday approved a Tk 4,282.76-crore project to expand and modernise facilities at Mongla Port in Bagerhat.

The Mongla Port Authority under the shipping ministry will implement the project by June 2027 with a Tk 3,782.36 crore loan from China on a government-to-government basis.

The project aims at ensuring modern port facilities at Mongla, enhancing its container handling capacity, constructing a container terminal and ensuring hazardous cargo handling facilities.

The approval followed a meeting of the committee held with its chairperson Prime Minister Sheikh Hasina. The project was part of 19 projects that were approved.

Of the 19, 13 are new projects, while seven are revised ones.

The other projects approved in the meeting include those related to widening district highways in Khulna Zone, emergency reconstruction of roads, bridges and culverts hit during last year's floods in Sunamganj and Habiganj road division, and land acquisition for constructing a sewerage treatment plant at Reyerbazar area, according to a news agency.

Source: fibre2fashion.com– Sep 14, 2023

HOME

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NATIONAL NEWS

India and Russia explore Northern Sea Route (NSR), Eastern Maritime Corridor (EMC) in an effort to widen maritime cooperation

The Union Minister of Ports, Shipping & Waterways and Ayush, Shri Sarbananda Sonowal met with the Minister of the Russian Federation for the Development of the Far East and the Arctic, Mr. A.O. Chekunkov at the Pavilion of Kamchatka Territory, "Far East Street" in Vladivostok, Russia today.

During the meeting, both the leaders discussed wide range of items of maritime communication between India and Russia to widen maritime cooperation including possibility of usage of new transport corridors like the Northern Sea Route (NSR) as well as the Eastern Maritime Corridor (EMC) between Vladivostok and Chennai.

It was also decided that India and Russia agreed to train of Indian seafarersin Polar and Arctic waters at the Russian Maritime Training Institute, named after GI Admiral Nevelsky, which is equipped with simulator training facilities, in Vladivostok, Russia.

Speaking on the occasion, Shri Sonowal said, "The relationship between Russia and India has deep historical roots and is based on mutual respect and shared interests. We remain committed to maintaining strong ties and fostering strategic cooperation across various sectors.

With the support from the Russian government, our team visited the ports of Vladivostok, Vostochny, Nakhodka and Kozmino in May, 2023, which helped us gain insights and collaboration forged during the visits to these ports has contributed to our understanding of requirements for the full-scale operationalisation of the Eastern Maritime Corridor (EMC).

Our proposed workshop in Chennai will discuss the operationalisation of the EMC, and we envision to involve pertinent stakeholders involved in the trading and transportation of potential commodities such as coking coal, oil, and liquefied natural gas along this corridor. I am also happy to inform you that we have extended an invitation to Russia to participate at the upcoming Global Maritime India Summit (GMIS), 2023."

Speaking at the meeting, the Minister of the Russian Federation for the Development of the Far East and the Arctic, Mr. A.O. Chekunkov, said, "We discussed the development of maritime communications between our countries, as well as the prospects for using the Northern Sea Route. This dynamic of contacts is the foundation for further strengthening our partnership. Cooperation with the Republic of India is one of the priorities of the international activities of our Ministry; we intend to develop relations with Indian partners in the Far East in all areas of mutual interest."

Highlighting the role of other alternative routes for exploring trade and commerce opportunities between India and Russia, Shri Sonowal said, "India is keen to collaborate a partnership regarding the development of the Northern Sea route, recognising the potential it holds for enhanced connectivity and trade."

Speaking on the alternative routes for trade, Mr AO Chekunkov said, "We agree with your conclusions that the potential cargo base of the line will be coking coal, oil, LNG and fertilizers. In the Far East, this product range is present in sufficient quantities, and in the east of India, the infrastructure to receive it is being built up. Taking into account the specialization of the Far Eastern ports, the project should be implemented in an expanded geographical scope, including other regions in addition to Primorye, primarily the Khabarovsk Territory.

We are ready to visit Chennai this October on a business mission and, with the participation of leading Russian exporters, to develop mutually beneficial solutions with the Indian side for the launch of the above lines. The NSR is a global transport project. Its development can provide economic benefits to both Russia and non-regional states. For India, this is an opportunity to increase sales of shipbuilding products and gain income from participation in the general logistics business in northern latitudes."

Source: pib.gov.in– Sep 13, 2023

HOME

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Shri Dharmendra Pradhan launches Skill India Digital

To ensure that every Indian has access to quality skill development, relevant opportunities and entrepreneurial support, Shri Dharmendra Pradhan, Union Minister for Education and Skill Development and Entrepreneurship today launched Skill India Digital (SID), a comprehensive digital platform aimed at synergizing and transforming the skills, education, employment, and entrepreneurship landscape of India. The platform embodies the aspirations and dreams of millions of Indians who seek better opportunities and a brighter future as it extends industry-relevant skill courses, job opportunities, and entrepreneurship support. The event was also graced by Shri Rajeev Chandrasekhar, Minister of State, Skill Development and Entrepreneurship & Electronics, IT.

SID is the Digital Public Infrastructure (DPI) for skilling, education, employment, and entrepreneurship ecosystem of India. Driven by the vision to make skill development more innovative, accessible, and personalized in its embodiment, focusing on digital technology and Industry 4.0 skills, the state-of the- art platform will be a breakthrough in accelerating skilled talent hiring, facilitating lifelong learning and career advancement. The platform aligns perfectly with the vision articulated in the G20 framework for building DPI and the digital economy to promote digital skills and digital literacy. It is also a comprehensive information gateway for all government skilling and entrepreneurship initiatives – a go-to hub for citizens in pursuit of career advancement and lifelong learning.

Speaking on the launch, Shri Dharmendra Pradhan said that Skill India Digital is a state-of-the-art platform to bring all skilling initiatives together. He said that the consensus on India’s advocacy for global digital public infrastructure as well as for addressing skills gaps was the centrepiece of India’s successful G20 Presidency. Taking another leap towards creating digital public infrastructure, MSDE has created an open-source platform to address the skilling needs of India’s diverse demography. Skill India Digital is one more step towards harnessing our demographic dividend and establishing India as a global skills hub, he added. A revolution in learning and skill development, Skill India Digital will enable skilling for all, anywhere, anytime, he added.

Just a few days after the success of G20 summit, Shri Rajeev Chandrasekhar said that one of the most significant agreements in the Summit was on DPIs. Skill India Digital is certainly one of the most important DPIs for the youth and is at the intersection of two of the most important components of PM's vision for New India - Skill India & Digital India. These are powerful schemes where the sole objective is to ensure skilling the youth with future ready skills. This will help in creating many opportunities. In this post covid world there is tremendous awareness about digital skills. Skill India Digital will enable Entrepreneurship and future-ready workforce, he added.

Click here for more details

Source: pib.gov.in– Sep 13, 2023

HOME

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Expert Explains: With the announced India-Europe Economic Corridor, a look at India's supply chain opportunity

Amid the efforts to cut dependence on China-centric global supply chains, countries such as Vietnam have grabbed the China+1 headlines more than India. However, the announcement at the G20 Leaders' Summit on the landmark India-Middle East-Europe Economic Corridor (IMEC) has the potential to make India an Asian hub in global supply chains.

Prime Minister Narendra Modi's visit to Washington DC in June showed that supply chains are at the centre of the latest chapter in India-United States relations.

First, what are supply chains?

Supply chains — variously described as global production networks, production fragmentation, or global value chains — refer to the geographical location of stages of production (such as design, production, assembly, marketing, and service activities) in a cost-effective manner.

Global supply chains have been the leading model of industrial production since the 1980s, influencing the pace and nature of globalisation and regionalisation. The shift in industrial production from local and regional supply to global supply took place gradually over the last 100 years.

Global supply chains can be found in a wide range of simple (textiles and clothing, food processing and consumer goods, etc.) and complex industries (e.g., automotives, aircraft, machinery, electronics and pharmaceuticals).

Why are global supply chains moving from China?

Even before the Covid-19 pandemic, Western firms had begun to reduce their reliance on China, and its popularity as a sourcing market among Western buyers was diminishing. Some production stages in Chinese supply chains, particularly the labour-intensive ones, were moving to lower-cost locations. The trend was attributable in part to rising wages and supply chain bottlenecks within China, and investor concerns about tighter regulation of foreign firms.

The global risks of supply chains concentrated in mainland China and Hong Kong are underlined by recent data. Exports from the two markets, which together represent 20% of world exports of intermediate goods, decreased 15% and 27% year-on-year respectively during the last quarter of 2022. Shipments from the US, which accounted for 8.1% of world exports of intermediate goods, fell by 3% while those of Japan, with 4% share, fell by 13%.

The downturn, coupled with internal risks in China and the country's trade war with the US, is forcing multinational companies to rethink their global sourcing strategies.

It is costly to shift supply chains — new plants need to be set up, and workers need to be hired and trained, which makes it difficult to relocate production from China wholesale. Even so, considerations of profitability are influencing a trend of relocating production either to friendly countries or back to the US.

Why is India being considered an attractive supply chain hub?

Southeast Asia has beckoned foreign companies with cheap wages, fiscal incentives and improved logistics. Vietnam and Thailand are big winners in supply-chain shifting. But over time, India can become a complementary Asian manufacturing hub to China by reaping gains from foreign technology transfers and creating value-adding jobs.

This is seen in the ramped-up manufacturing of iPhones in the country, early technology transfer in the product cycle of the technologically advanced Mercedes Benz EQS to India, and Foxconn Technology Group developing a chip-making fabrication plant in Gujarat. Manufacturing sectors in India such as automotives, pharmaceuticals, and electronics assembly are already sophisticated, and likely to emerge as winners in this race.

India's attractiveness to foreign investors is also linked to geopolitical and economic factors. The World Trade Organisation (WTO) lists India as the fifth largest importer of intermediate goods in 2022 Q4 with a 5% share, suggesting that supply chain pessimism on India may be altering since the pandemic.

The countries ahead of India are China (23.4%), the US (16.2%), Germany (9.1%), and Hong Kong (6.0%). India could in the future double its current 1.5% share of world exports of intermediate goods.

Indian service can also be a winner, including in information and communications technology, back-office work, financial and professional services, and transport and logistics.

Since 2022, the Narendra Modi government's trade policy has placed renewed emphasis on preferential trade through a flurry of bilateral deals with trading partners.

The UAE-India Comprehensive Economic Partnership Agreement entered into force in May 2022. An early harvest was reached in April 2022 for the Australia-India free trade agreement (FTA), and talks are ongoing to conclude the full FTA by the end of 2023. Negotiations for a UK-India and EU-India FTA are in process.

These new deals are significant because they are with Western trading partners, and reflect plans for deep economic integration going well beyond India's previous FTAs which focused solely on the goods trade and related measures.

So, what must India do going forward?

India can learn much from China's experience.

• First, the promotion of export-oriented foreign direct investment (FDI) is key to participating in supply chains. A gradual stance of trade liberalisation dictates maintaining an open-door policy toward FDI in manufacturing and facilitating investment at a high level, with competitive fiscal incentives and the creation of modern special economic zones as public-private partnerships. The reduction of business hassles through digitalisation of tax, customs, and business administration, and high-quality free trade deals is essential.

• Second, local companies need smart business strategies to join global supply chains. Big companies naturally have advantages in supply chains due to the larger scale of production, better access to foreign technology, and the ability to spend more on marketing.

Conglomerates can cross-subsidise investments and other costs among business units. Small and mid-sized enterprises should, therefore, work as industrial suppliers and subcontractors to large exporters.

Business strategies like mergers, acquisitions, and alliances with multinationals and large local business houses are rational approaches. So is investment in domestic technological capabilities to achieve international standards of price, quality, and delivery.

• Third, caution should be exercised before India attempts to replicate China's state interventionist template wholesale, as there is a significant risk of government failure and cronyism. It may be prudent to actively engage with think tanks to gain insights into what might work.

Still, some aspects of China's industrial policy may be relevant to India, including better targeting of multinationals in new industrial activities in which there may be a potential comparative advantage and better coordination between the central and state governments. Equally important is upstream investment in tertiary-level education in science, technology, engineering, and mathematics.

Could the South Asian region as a whole benefit from this approach?

India has a historic opportunity to promote industrialisation in South Asia, which would stabilise the region, increase jobs, and make it less vulnerable to Chinese enticements.

Market-led spillovers from India's supply chains through outward-foreign investment in labour-intensive manufacturing are a natural transmission channel to Bangladesh and Sri Lanka.

India's dynamic start-up culture, venture capital financing and fintech capacity can be used to draw in young entrepreneurs from other South Asian countries.

The Indian government should consider two policy initiatives to promote regional supply chains.

First, upscaling the Make in India Programme into a Make in South Asia Programme. India can provide fiscal incentives to Indian manufacturers to expand into Bangladesh and Sri Lanka, which are in apparel supply chains. Food processing, textiles and apparel, and the automotive sector might be candidates for this, given India's neighbours' factor endowments and industrial experience.

Second, India should conclude a comprehensive bilateral FTA with Bangladesh and upgrade the Indo-Sri Lanka FTA to support regional rules-based trade and investment.

These initiatives can help to integrate these two countries into supply chain activities centred on India as the assembly hub, and bring mutual welfare gains in terms of industrialisation, real income growth and job creation.

Unless India creates channels for South Asia, it has no offer for the Global South. The fresh supply chains opening up with the US are a good place for India to start its global integration journey, Neighborhood First.

Source: indianexpress.com– Sep 14, 2023

HOME

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May the twain meet: Look East as much as West for Indian exports

India's West-oriented export thrust is welcome but it would be pragmatic not to lose focus on the booming Asia Pacific region

India's goods exports printed 14.5% lower for the April-July period, having contracted for the sixth month on a trot in July. A slump in goods exports such as this would typically drive attention to the imminent slowdown in Western advanced economies. Only, this time around, the bigger problem seems to be closer home—the Asia Pacific (APAC) region, which comprises the Association of Southeast Asian Nations (ASEAN) and northeast, south and east Asia.

While during April-July India's total goods exports contracted 14.5%, exports to the APAC region were down a substantial 22.0%. The decline in exports to the US and European Union (EU) was lower at 11.5% and 4.8%, respectively.

The slowdown in exports to the APAC region also started earlier. In fiscal 2022-23, when India's overall goods exports and those to the US and EU rose 6.9%, 3.1% and 15.2%, respectively, exports to APAC markets were down 11.2%. Hence, the decline this fiscal year is on an already low base of last year.

The starkest sub-region-wise decline in fiscal 2022-23 was to northeast Asia (-18.9%); followed by south Asia (-18.1%) and east Asia (-13.7%). Exports rose by a mild 3.9% to ASEAN.

So, did these regions import less from other parts of the world last year, apart from facing inherent systemic issues? On the contrary, even as India's exports to APAC markets fell, most of these regions imported more from across the world. Thus, the Indian export slump was not on account of lower regional demand.

Further, India's non-oil exports to the APAC region slid more, by 12.3% on-year in the past fiscal (they rose to both the EU and US). This implies the decline in India's goods exports to APAC was not a result of lower exports of oil (India's top export commodity) but was broad-based, with the export of many of the top 10 commodities contracting.

Also, the problem did not start in fiscal 2022-23; the region's share in India's goods exports has been declining even before that. In fiscal 2018-19, APAC accounted for 33% of India's goods exports, more than the combined share of the US and EU at 30.4% (a trend since fiscal 2008). In fiscal 2022-23, APAC's share declined to 26.6% and the combined share of the US and EU rose to 34%—a trend that continued as of April-July this fiscal year, with APAC's share shrinking further to 26.1%.

What is also problematic is that while India's exports to the APAC region have been faltering, imports from the region remain robust. That worsens the trade deficit with the region. From 49.6% in 2018-19, APAC's share in India's goods trade deficit rose to 64.7% during April-July this fiscal.

While China remains the primary contributor to trade deficit with the APAC region, the deficit with APAC (ex-China) is also widening. For instance, while China's share in India's goods trade deficit rose from 29.1% in fiscal 2018-19 to 35.9% during April-July this fiscal, the share of APAC (ex-China) increased from 20.5% to 28.8%.

The decline does not bode well for India's overall export prospects. Notably, India has kept itself out of a mega Asian trade deal, namely the Regional Comprehensive Economic Partnership (RCEP), considered the world's largest free trade bloc, covering around 30% of the world's population, gross domestic product (GDP) and trade.

The RCEP came into full force on 2 June. With the Philippines being the last one to complete its ratification process, this trade arrangement is now effective for all its 15 members—the 10 ASEAN countries along with China, Japan, South Korea, Australia and New Zealand.

India is also not a part of the Comprehensive and Progressive agreement for Trans-Pacific Partnership (CPTPP) and the trade pillar of the Indo-Pacific Economic Framework for Prosperity (IPEF), which are the two other large trade deals in the broader Asian region.

As tariffs among member countries of those pacts continue to fall and trade and investment synergies improve, it is possible that India's export potential to the APAC region will face further headwinds. That said, India has 13 free trade agreements (FTAs) and six preferential trade agreements (PTAs) with various countries/regions, and these mitigate some of the risks that arise from not joining mega regional trade deals.

To sum up, therefore, while India tries to increase exports to Western advanced economies, it would be pragmatic for the country not to lose focus on the APAC region. In terms of size alone, at around $32 trillion (nominal GDP size in 2022), the APAC (ex-India) market is bigger than both the US ($25.5 trillion) and Eurozone ($14.1 trillion).

Indeed, S&P Global expects APAC (ex-India) growth at around 4% to exceed that of the US (1.7%) and the Eurozone (0.6%) this year, and this trend is likely to continue in the foreseeable future. Hence, India must think of ways to harness the full potential of this region for its exports, especially given the natural benefit of geographic proximity.

Rudyard Kipling once said in a poem that the East is East and West is West and the twain shall never meet. If Indian exports are channelled in both directions, it would belie that claim of the Mumbai-born English poet and novelist. More than proverbially.

Source: indianexpress.com– Sep 14, 2023

HOME

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'Game changer': Exporters on economic corridor proposal

Ludhiana: Exporters are in a jubilant mood over the "landmark" decision made during the G20 Summit to establish an economic corridor linking India with Europe via Middle East.

According to traders, the corridor will significantly reduce the logistics costs and transit time of containers, while proving to be a "game changer" for Ludhiana's exporters, specially those dealing in garments and textiles.

Local exporters are currently facing fierce competition with the garment industries of Bangladesh and Sri Lanka, whose products are priced way lower as compared to the Ludhiana's industry due to lower cost of production incurred by them.

Harish Dua, executive council member of Apparel Export Promotion Council, said, "The decision to establish India-Middle East-Europe Corridor is a historic one indeed. It will boost the international trade from India to Europe and Middle East. This corridor will offer huge advantage to Ludhiana's garment and textile industry, which is one of the biggest exporter of India's products to Europe, but has been going through a tough time lately. We are facing stiff competition in European markets from our neighbours Sri Lanka and Bangladesh, who, on account of their cheaper cost of production, are beating us by offering same products at lower rates."

He also expressed hope that the Ludhiana's industry will be able to get an edge over the neighbouring exporters. "Once the multimodal corridor gets ready, the freight charges for shipping to Europe from India will reduce significantly and with these additional savings, garment exporters from the city will be able to drop the selling price of their products and easily compete with Sri Lankan and Bangladeshi players," he added.

Garment exporters are also of the view that the corridor will lead to increase in their export sales as delivery time will cut down to almost half due to the corridor.

Source: economictimes.com– Sep 13, 2023

HOME

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India's CPI estimated at 186.2 in Aug; 187.7 for clothing-footwear

India's general consumer price index (CPI) was 186.2 in August this year compared to 174.3 in the same month last year, while CPI-based inflation in the month was 8.8 per cent compared to 7 per cent in August 2022, according to provisional estimates released for the month by the National Statistical Office under the ministry of statistics and programme implementation.

Final figures show the general CPI was 186.3 in July this year—indicating a fall of 0.05 per cent in August—and CPI-based inflation was 7.2 per cent, an official release said.

The CPI and inflation rate for clothing and footwear for August were 187.7 and 5.15 per cent (provisional) respectively. The CPI for the sector was 187.3 for July.

The CPI and inflation rate for only clothing were 188.9 and 5.24 per cent (provisional) in August, while the same for only footwear were 181.1 and 4.86 per cent (provisional) respectively.
The CPI for only clothing was 188.4 in July and the same for only footwear was 180.7 in July.

Source: fibre2fashion.com– Sep 13, 2023

HOME

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