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Currency Watch			
USD	EUR	GBP	JPY
82.93	88.31	101.79	0.56

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INTERNATIONAL NEWS

Health of logistics networks for global trade in China sound: Govt

The health of logistics networks for global trade in China has been sound this year, with steady throughput growth at ports, a rise in air freight volume and stable China-Europe freight train services, according to Wang Xiuchun, an official from the transport ministry.

The total throughput for foreign trade at Chinese ports stood at 3.34 billion tonnes in the first eight months of the year—up by 9.7 per cent year on year (YoY) and 16.9 per cent higher than the same period in 2019.

About 10.32 million tonnes of international cargo and mail were sent by air during the eight months—up by 4.9 per cent YoY, a state-controlled media outlet reported.

A total of 1.26 million twenty-foot equivalent unit containers of goods were transported during the period via 86 freight train routes linking Chinese cities with 217 European destinations. The volume marked a 23 per cent YoY increase.

The freight volume at major trade ports, including Horgos and Suifenhe, surged by 89.1 per cent YoY in August, and international delivery networks improved as well, with an accelerated global push from Chinese courier companies, Wang added.

Source: fibre2fashion.com– Sep 22, 2023

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Bank of England holds bank rate steady at 5.25%

In a closely contested decision, the Monetary Policy Committee (MPC) of the Bank of England has voted by a majority of 5–4 to maintain the current bank rate at 5.25 per cent. The meeting, which concluded on September 20, 2023, witnessed a divide as four members advocated for a 0.25 percentage point increase. The Committee unanimously agreed to reduce its stock of UK government bond purchases by £100 billion over the next year.

The MPC aims to meet a 2 per cent inflation target and sustain growth and employment. While CPI inflation is projected to return to the target by 2025 second quarter (Q2), recent data shows a decline in UK GDP and a loosening labour market. The current monetary policy is sufficiently restrictive, given significant rate hikes since the start of the tightening cycle, the Committee said in a media release.

This comes amid a backdrop of rising global inflationary pressures and challenges in the labour market. The MPC has committed to closely monitoring these factors, asserting that further tightening may be required to counter persistent inflationary pressures.

The UK's economic indicators show mixed signals. While GDP declined by 0.5 per cent in July, there are expectations for modest growth in Q3 2023. The labour market shows signs of loosening but remains tight historically, with the unemployment rate at 4.3 per cent. Average Weekly Earnings grew by 8.1 per cent, higher than expected, although this is inconsistent with other wage growth metrics. CPI inflation has fallen to 6.7 per cent, but core goods and services inflation vary. Inflation is expected to decrease further, despite ongoing pressures in the energy sector.

Source: fibre2fashion.com– Sep 21, 2023

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Brazilian cotton market witnesses unprecedented price fluctuations

The first half of September witnessed notable price fluctuations in the Brazilian cotton market, largely due to disagreements between purchasers and sellers regarding the fair pricing of cotton, resulting in low liquidity in the market. The current situation saw limited transactions, undertaken primarily to address urgent demands and replenish existing inventories, according to a report from the Center for Advanced Studies on Applied Economics (CEPEA).

Between August 31 and September 15, there was a decrease in the CEPEA/ESALQ Index for cotton, dropping by 1.26 per cent to register at BRL 3.9964 per pound as of September 15. This period was marked by sellers' reluctance to reduce their asking prices, as they were preoccupied with the end of the harvest season and focused on processing cotton. The priority was given to the deliveries of previously made purchases, and an underlying concern remained regarding the escalating freight costs and mounting delays at ports.

On the other hand, buyers showcased an interest in procuring smaller cotton quantities, given that many had sufficient stockpile and were still receiving previously ordered shipments. The BBM data reveals that contracts for the 2022-23 crop year cater to 62 per cent of the total estimated industry demand, accounting for 690 thousand tons, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

In a recent update, ABRAPA, the Brazilian Association of Cotton Producers, reported that as of September 8, 94 per cent of the 2022-23 national cotton crop had been harvested, with 40 per cent having been processed. There is an anticipation of a bumper harvest this season, with CONAB, the National Company for Food Supply, upping its estimate for the Brazilian cotton output by 3.94 per cent in a monthly comparison and 23.3 per cent year-on-year to a record 3.15 million tons.

The cultivated area saw an increase, expanding to 1.664 million hectares, 4 per cent more than the last season and a slight increment of 0.31 per cent from the August predictions. This season is expected to bring forth a record productivity level, anticipated to be 18.6 per cent higher than the last season at 1,893 kg/hectare, a historical peak.

Taking into account initial inventories, current season output, and imports, Brazil's domestic availability of cotton is estimated to reach 4.47 million tonnes this year. Of this amount, CONAB (Brazil's National Company for Food Supply) projects that industrial consumption will amount to 690,000 tons. As a result, Brazil is set to have an unprecedented surplus, estimated at 3.78 million tons. If exports this year do not exceed 1.7 million tons, Brazil will have record-high ending stocks by December 2023, surpassing two million tons.

This situation could exert downward pressure on cotton prices within Brazil. Conversely, it might enable the country to supply larger volumes to the international market, especially as the supply from the United States is expected to diminish. Consequently, by 2024 or 2025, Brazil could become the world's leading exporter of cotton.

Source: fibre2fashion.com– Sep 21, 2023

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Cotton Australia unveils 5-pillar strategy plan for 2023-2028

Cotton Australia has unveiled its ambitious Strategic Plan for 2023-2028, a roadmap developed through widespread collaboration involving stakeholders from every sector corner. Central to the strategy are five pivotal priorities—advocacy, trust, sustainability, leadership, and governance.

The framework is anchored on enhancing the reliability, demand, and reputation of the Australian cotton industry, according to Cotton Australia's Strategic Plan for 2023-2028.

Under advocacy, the blueprint outlines a policy agenda that includes nurturing relationships with policymakers and understanding and influencing the global landscape to reinforce the position of Australian cotton as a fibre of choice. The goal is to be adept at lobbying and ensuring a continual feedback loop with all stakeholders.

Trust forms the second pillar, with an emphasis on capturing pertinent data and fostering valuable insights to facilitate responsible showcasing of the industry. This involves a commitment to transparency, responsiveness, and accountability, including owning up to mistakes and standing firm against unjust accusations.

Sustainability is another critical focal point, seeking to break down barriers and foster enablers to certified practices. The plan delineates a roadmap to enhance grower uptake and to streamline the certification process, aiming for a globally recognised impact.

The ambitious goal is to have 100 per cent of Australia's cotton farms sustainability-certified, a move primed to reduce environmental impact and elevate sustainable practices.

Leadership envisions steering research and development in the industry, nurturing grassroot participation and celebrating the achievements in the sector. The strategy outlines a role in fostering next-generation leadership and enhancing education and training avenues, with a keen eye on bolstering biosecurity and stewardship in the industry.

Governance, the final pillar, is geared towards optimising levy payments and building a resilient financial framework that proactively manages risks and aligns resources to fulfil the strategic objectives. Here, the structure of Cotton Australia itself will undergo refinements to align with the overarching strategy, and to ensure a seamless succession plan is in place.

Key performance indicators have been established to gauge the success of the initiative over time, focusing on different facets including championing successful advocacy campaigns, enhancing the industry's reputation, achieving global recognition for Australian cotton sustainability standards, fostering industry collaboration, and augmenting financial efficiency.

By 2028, the vision is for a thriving and trusted industry, renowned for its reliability, quality, and strong global demand, encouraging investment and meeting global sustainability standards. This strategy, born of collaborative efforts, aims not only to reshape the Australian cotton industry but also to steer it towards being a beacon of sustainability and innovation on the global stage, added the release.

Source: fibre2fashion.com– Sep 21, 2023

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Impact of the EU Strategy for Sustainable and Circular Textiles on Vietnam

In March of 2022, the European Union adopted the EU Strategy for Sustainable and Circular Textiles. Recognizing the vast environmental cost of the EU's clothing and apparel consumption, this strategy encompasses a series of environmental regulations aimed at mitigating those costs.

Notably, however, a huge volume of the clothing and apparel consumed in the EU comes from emerging markets like Vietnam. Big-name European brands like Adidas and H&M, for example, both have a number of factories in the emerging Southeast Asian country.

In this light, Vietnam Briefing looks at the details of this new strategy and what the implications might be for textile and garment manufacturers in Vietnam.

What is the EU Strategy for Sustainable and Circular Textiles?

The EU Strategy for Sustainable and Circular Textiles (EUSSCT) is the foundational blueprint for the transition to more sustainable consumption of clothing and apparel by member states of the European Union.

The strategy outlines the core tenets of the transition, which include:

- Textiles sold within the EU should be repairable, recyclable, and durable; made of recycled materials where possible, hazardous substance-free, and made in a manner that respects the environment and social rights.
- 'Fast fashion' is no longer viable, and consumers stand to benefit for longer from textiles that are high-quality and affordable rather than cheap and quick.
- Services dedicated to the reuse and repair of clothing are widely available and profitable.
- The apparel production sector should be resilient, innovative, and competitive.
- Producers should take responsibility for what they produce and the value chains they use to produce them, including ensuring they have sufficient capacity for recycling and ensuring that only the bare minimum of excess clothing is incinerated or goes to landfill.

How will the strategy ensure these tenets are met?

The EU has outlined a number of actions it will take to meet its objectives. These include:

- Issuing design requirements that will ensure textiles last longer, that repairing them is easier, and that they are easier to recycle. There will also be regulations on the quantity of recycled content they should include.
- Cutting down on overconsumption and overproduction by discouraging the destruction of returned or unsold textile items.
- Tackling the release of microplastics into the environment from synthetic textiles.
- Empowering consumers to identify greenwashing and increase sustainable fashion awareness.
- Introducing Extender Producer Responsibility rules to ensure the cost of an item at the point of sale includes all of the environmental costs generated by the item throughout its lifecycle.
- Providing producers with incentives to ensure their manufacturing processes are sustainable.
- Promoting a global approach to sustainable textiles and limit the export of textile waste.
- Providing businesses with incentives to transition to circular business models.

What is the waste framework directive?

The waste framework directive forms a cornerstone of the EU's strategy to reduce the volume of waste it produces and to increase the volume of waste that it recycles. A 2023 amendment to the directive has been proposed specifically targeting textiles. Whereas it specifically targets sorting and recycling of textiles in the EU, this can have carry-over effects in that it may reduce demand, particularly for brand new products, from major textile manufacturing locations like Vietnam.

A second key component of the directive will see greater monitoring of exported recyclables. The amendment notes that waste is sometimes exported from the EU under the guise of being recyclable material but in fact, is not. This amendment will see this practice better policed and provide clear guard rails to ensure materials shipped abroad to be recycled, are in fact recycled. In this light, clothing manufacturers in

Vietnam using recycled materials may find themselves under increased scrutiny.

Click here for more details

Source: vietnam-briefing.com– Sep 21, 2023

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Istanbul's ITM 2024 set to showcase latest textile tech products

The ITM 2024 International Textile Machinery Exhibition is set to take place from June 4-8, 2024, at the Istanbul TUYAP Fair and Congress Center. Preparations are in full swing for this great event where textile technology leaders will together bring the latest products to their visitors for the first time.

The ITM team has focused on the advertising and promotional activities in order to host thousands of visitors and sector investors from all over the world at the ITM 2024 Exhibition. Halls are almost full due to high demand, organisers TUYAP, Textile Machinery and Accessories Industrialists Association (TEMSAD), and Teknik Fuarcilik said in a joint press release.

The newly unveiled ITM 2024 video celebrates the escalating triumph of ITM exhibitions throughout the years, garnering substantial praise from its over 30,000 viewers on social media platforms including YouTube, LinkedIn, and Instagram. The central theme of the video, heralded with the clarion call ‘Discover the Future!’, pivots around the anticipations and ground-breaking developments set to unveil at the ITM 2024 Exhibition.

In the textile realm, a sector fundamental to the economy for its mammoth production yield and contribution to employment, innovations are ceaselessly advancing, significantly in Turkiye and globally. These developments are steering towards environmental sustainability, leveraging advancements in software and automation, while reducing water and energy consumption. The rising curiosity among industry aficionados revolves around the digital evolution and sustainable future of the textile industry, a question poised to find its answer at ITM 2024.

The forthcoming event promises a plethora of the latest innovations in textile machinery, including artificial intelligence-supported apparatus and unrivalled design excellence devices. The chosen motto, ‘Discover the Future’, encapsulates the spirit of the exhibition, urging participants to delve into the transformative landscape of textile technologies.

Underscored with the slogan ‘More than an exhibition…’, the ITM 2024 event offers attendees an insight into the future of textiles. It stands as the epitome of innovation in the world textile industry, presenting a unique amalgamation of diversity in exhibitor profiles, visitor demographics, and immense business potential. Visitors, ranging from company proprietors to sector representatives, will grasp a firsthand experience of the latest technological breakthroughs, gaining expert advice on futuristic technologies to refine their products and shape investments.

This grand assembly, showcasing over 1,200 exhibitors and engaging tens of thousands of investors globally, pledges to transcend anticipations, offering a stage for brands to reach a global audience, spanning hundreds of countries across all continents. A hub for billion-euro business transactions, ITM 2024 fosters collaborative opportunities with industry forerunners, envisaging a sustainable future adorned with digitalisation and pioneering technology in every textile facet from weaving to digital printing.

Surpassing the landmarks set by ITM 2022, the 2024 instalment is set to create new records in both exhibitor and visitor numbers. Istanbul, a city of strategic global prominence, renowned for its rich heritage in trade, fashion, and culture, will host the event in June 2024, offering a congenial setting with its excellent amenities and visa-free accessibility, thus enhancing the allure for prospective visitors.

Visitors and exhibitors globally, including those from European, North African, and Balkan nations, can look forward to not just a promising business expedition but also a historical and cultural voyage in the ancient city of Istanbul, accessible through a mere 3-hour flight for many, added the release.

Source: fibre2fashion.com– Sep 21, 2023

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Australia's economy faces prolonged weakness: Westpac

The Westpac-Melbourne Institute Leading Index, which gauges the likely pace of Austalia's economic activity for the next three to nine months, has shown a slight uptick, moving from minus 0.56 per cent in July 2023 to minus 0.50 per cent in August 2023. Despite the minor improvement, the outlook remains grim, as per Westpac's chief economist, Bill Evans.

"The economy continues to move through an extended period of weakness," Evans said in a media release.

He highlighted that the leading index has remained in negative territory for just over a year, indicating that the economy is growing at a below-trend pace.

The string of negative prints, starting in August of the previous year, accurately predicted the economy's downturn in 2023. The economy expanded at an annualised pace of 1.6 per cent over the March and June quarters, which is well below the trend growth closer to 3 per cent per year.

Westpac projects that this lackluster performance will continue into the next year. Economic growth is expected to be less than 1 per cent for the year up to June 2024. However, Evans suggested there may be 'some upside risks' to this prediction, given that population growth is anticipated to exceed 2 per cent in 2023.

Despite the potential for population growth to positively impact the economy, Evans warned that economic growth is still likely to trail behind it. This pattern was observed in both the March and June quarters this year, during which GDP per capita contracted by 0.3 per cent.

Although the leading index has seen a minor lift since the start of this year, moving from minus 0.73 per cent in February to its current minus 0.50 per cent, the improvement of just 0.24 percentage points does little to alleviate concerns about the Australian economy's recovery.

Source: fibre2fashion.com– Sep 21, 2023

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Lenzing's Indonesian site earns EU Ecolabel certification

Lenzing, a leading provider of specialty cellulose fibers, has earned EU Ecolabel certification for its Purwakarta site in Indonesia. This recognition signifies Lenzing's commitment to high environmental standards, expanding its product portfolio to include LENZING ECOVERO and VEOCEL brand fibers. By transitioning to specialty viscose production, Lenzing is better equipped to meet the growing demand for eco-friendly viscose fibers.

An investment of EUR 100 million modernized the Indonesian site, significantly reducing emissions. The site now sources energy sustainably and is driving the shift to biomass, aligning with Lenzing's carbon reduction goals. The company aims to decrease carbon emissions per ton of product by 50% by 2030 and achieve carbon-neutral production by 2050.

Stephan Sielaff, CEO of Lenzing, emphasized their commitment to sustainability and circular business models, highlighting the EU Ecolabel certification as a testament to their performance.

LENZING ECOVERO and VEOCEL fibers have a lower environmental impact, emitting fewer greenhouse gases and causing less water pollution than traditional viscose. Lenzing also plans to produce LENZING ECOVERO Black fibers in Indonesia, further reducing energy and water consumption throughout the textile chain, contributing to a lower carbon footprint.

Source: fashionatingworld.com– Sep 22, 2023

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Pakistan's textile sector set for positive growth as exports rebound

In a promising turn of events, Pakistan's textile sector is poised for a positive growth trajectory marked by a noteworthy export rebound and significant policy interventions.

This was stated by Mr Rehman, a member of the Executive Committee of the All Pakistan Textile Mills Association (APTMA).

Talking to WealthPK, he said that approximately 20% of the textile and clothing sector's installed capacity was adversely affected during the last 16 months. "However, recent developments indicate a positive trend, as August 2023 witnessed a month-on-month increase of 14.27% in overall exports compared to July 2023.

He highlighted that the textile and clothing sector's effective production capacity now exceeded $25 billion, thanks to investments exceeding $5 billion in recent years. "Policy initiatives are expected to facilitate the realisation of the sector's full potential."

He explained that the successful implementation of the Regionally Competitive Energy Tariffs (RCET) had led to textile and clothing exports reaching $19.5 billion in FY22. "However, exports plummeted to $16 billion in FY23 after the RCET was discontinued.

Rehman pointed out that the commerce ministry was set to unveil a comprehensive plan aimed at reinvigorating more than 1,600 textile industries that had remained dormant for the past 16 months.

Caretaker Commerce Minister Gohar Ejaz has expressed optimism about the imminent announcement of a strategic framework to bolster the textile industry's competitiveness on the global stage.

He said that the framework was "meticulously crafted" and encompassed provisions for regional competitive energy pricing, working capital support, expedited refund payments, enhanced market access, and diversification of product offerings.

Ejaz added that the framework had the potential to “unleash the country’s full production capacity” and help the textile industry achieve its export target of $50 billion by 2028. He urged the stakeholders to work together to implement the framework effectively.

The textile sector’s woes extend throughout the entire value chain, encompassing various stages, including ginning, weaving, spinning, processing, and garment manufacturing. Some industries also operate at reduced production levels, further underscoring the sector’s need for revitalisation.

Source: nation.com.pk– Sep 21, 2023

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Bangladesh: BGMEA president urges brands, retailers, buyers to consider rational price upcharge

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan has urged the brands, retailers and representatives of buyers to kindly consider a rational price upcharge in current price negotiations for the orders to be produced from December 1, 2023 onwards.

Faruque made the call in a letter considering the standard and cost of living of the workers and the inflation.

He said regardless of Bangladesh's position and stake in the global apparel value chain-- as manufacturers or buyers-- all are passing through a tough time.

"The unprecedented inflation, leading to contractionary policies by central banks in all developed countries, is affecting disposable income, spending and demand for products. While managing supply chain has become difficult at retail end, we, the manufacturers are in a complete 'nightmare situation' to manage our capacities, supply chain, planning and forecasting," he said.

Mentioning that the local exporters have been quite successfully able to retain growth momentum in export, so far, Faruque mentioned the zero tolerance and committed efforts and investments made by the industry to remediate and ensure complete safety at workplace.

"This makes us unique as a nation and we want to continue this journey with you. We're working continuously to improvise ourselves. We're making all the efforts to make business easier and efficient. Some of our steps in recent past have already brought results, especially with regard to importation of textile from India through multiple land ports, relaxation of rules regarding partial shipment while importing textile from India," he added.

The BGMEA president said the direct cargo train between India and Bangladesh and improved warehousing capacity in land custom ports has opened a gateway for improved trade logistics.

Government also waived the rule of mandatory fumigation for importing cotton from USA. At the same time, the rule regarding import of raw materials on FOC basis is relaxed from four months to six months, he continued.

Faruque Hassan said Bangladesh now have 202 LEED certified RMG factories of which 73 are platinum. "We're working with a clear sustainability vision to significantly decarbonize our industry and adopt circularity by 2030, which aligns with your priorities and complements your values as well," he added.

Mentioning that they are trying to make BGMEA as a futuristic organization, Faruque said they have established a Future Center at BGMEA which covers a Center for Innovation, Center for Efficiency and Center for OSH to foster innovation in every segment of the trade; the Textile Technology Business Center (TTBC), which is an offspring of the Partnership for Cleaner Textile (PaCT) project; a Responsible Business Hub (RBH) in BGMEA to strengthen the capacities of our manufacturers to adapt and comply with the globally emerging due diligence; and a Circular Fashion Unit to deal with the circular economy initiatives.

Since inflation and production cost hike including gas, electricity, fuel, transport and other costs, is squeezing the breathing space, he said in fact the workers, who are the lifeline of this industry, is suffering the most from the inflation.

"We know that the price level has also gone a bit higher, but barely enough to cope up with the cost upsurge. However, you may know that the Minimum Wage Board for the garment workers is working to review the current minimum wages," he said.

The BGMEA president hoped that before the end of this year a new minimum wage will be declared and there will be quite a significant increase, if the trend of previous reviews as well as the aggregate inflation in past five years is considered.

He said, in fact, in today's world there is no respite from inflation, be it Bangladesh or any country around the world. Well, the Minimum Wage Board is an independent body, with equal representation from workers, owners and independent groups. "It works independently, so it's difficult for me to speculate about the hike in wage," the BGMEA president added.

He said: "As we commit ourselves to continuously delivering the better, we're leaving no stone unturned to optimize the value of our spending, with an uncompromising stance on ethical and responsible business. Let us be more empathetic toward each other and find the space for realignment and continued partnership."

Source: bssnews.net– Sep 21, 2023

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Bangladesh RMG Export Statistics for January-August 2023

Overall Growth

Bangladesh's total RMG exports to the world reached US$ 31.99 billion during the January-August 2023 period, showing 7.27% growth compared to the same period in the previous year.

EU

The EU is Bangladesh's largest RMG export destination, and it played a major role in the overall growth. Bangladesh's RMG export to the EU increased by 5.96% during the mentioned period, with a total export value of US$ 15.87 billion.

Among the 27 member countries of the EU, 21 countries demonstrated positive growth in their imports from Bangladesh during this period. However, Germany, Lithuania, Malta, Poland, Slovakia, and Slovenia posted negative growth.

USA, UK, and Canada

Bangladesh's RMG exports to the USA decreased by 8.08% during the mentioned period, dropping to US$ 5.69 billion. Conversely, exports to the UK and Canada experienced positive growths of 13.60% and 6.79% respectively, with exports amounting to US$ 3.60 billion and US$ 1.05 billion.

New Markets

Bangladesh's RMG exports to new markets continued to grow, reaching US$ 5.80 billion in Jan-Aug 2023, showing 28.31% growth compared to the same period in the previous year.

Among the non-traditional markets, Bangladesh's RMG exports to Japan, Australia, India, Turkey, and Brazil have shown impressive growth.

Source: fashionatingworld.com– Sep 21, 2023

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Pakistan: Firm trend on cotton market

The local cotton market on Wednesday remained steady and the trading volume remained satisfactory.

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is Rs 17,500 to Rs 18,500 per maund. The rate of Phutti in Sindh is in between Rs 7,800 to Rs 8,800 per 40 kg. The rate of cotton in Punjab Rs 19,000 to Rs 19,500 per maund and the rate of Phutti in Punjab is in between Rs 8,500 to Rs 9,000 per 40 kg. The rate of cotton in Balochistan is Rs 18,500 to Rs 19,000 per maund while the rate of Phutti is in between Rs 8,500 to Rs 9,500 per 40 kg.

Around, 1800 bales of Saleh Pat were sold at Rs 18,600 per maund, 400 bales of Ghotki were sold at Rs 19,300 per maund, 2000 bales of Shahdad Pur were sold at Rs 17,500 to Rs 18,500 per maund, 1400 bales of Sanghar were sold at Rs 17,500 to Rs 18,200 per maund, 1800 bales of Tando Adam were sold at Rs 17,500 to Rs 18,500 per maund, 800 bales of Mir Pur Khas were sold at Rs 18,200 to Rs 18,300 per maund, 1200 bales of Haroonabad were sold at Rs 19,300 per maund, 2000 bales of Sadiqabad, 600 bales of Faqeer Wali, 600 bales of Chistian, 2000 bales of Rahim Yar Khan, 800 bales of Ahmed Pur East were sold at Rs 19,500 per maund, 800 bales of Tonsa Shareef were sold at Rs 19,200 per maund, 600 bales of Mian Wali were sold at Rs 19,500 per maund, 1000 bales of Layyah were sold at Rs 19,200 to RS 19,500 per maund, 200 bales of Shujabad were sold at Rs 19,600 per maund, 200 bales of Gojra, 200 bales of Mongi Bangla, 200 bales of Karo Lal, 200 bales of Bhakar were sold at Rs 19,400 per maund, 400 bales of Khanewal were sold at RS 19,200 per maund, 400 bales of Dera Ghazi Khan were sold at Rs 19,200 per maund.

The Spot Rate remained unchanged at Rs 19,000 per maund. Polyester Fiber was available at Rs 383 per kg.

Source: brecorder.com– Sep 21, 2023

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NATIONAL NEWS

Ind-Ra raises GDP growth forecast for FY24 to 6.2%

India Ratings & Research (Ind-Ra) has upped India's GDP (Gross Domestic Product) growth forecast to 6.2 per cent from 5.9 per cent for FY24. This is in line with many other agencies, while the government and the Reserve Bank of India expect growth to be 6.5 per cent.

Indian economy grew by 7.2 per cent in FY23.

S&P Global Market Intelligence has revised India's growth forecast for FY24 to 6.6 per cent due to strong growth in the April-June quarter, up from the 5.9 per cent projected in August.

The Organization for Economic Cooperation and Development (OECD) has raised India's GDP forecast for 2023-24 to 6.3 per cent from 6 per cent projected earlier. Earlier, Fitch Ratings raised its growth forecast to 6.3 per cent for the current fiscal year, from 6 per cent.

Growth factors

In its latest forecast, released on Wednesday, Ind-Ra attributed its revision to a variety of factors, including the government's capital expenditure, deleveraged balance sheets of India Inc and banks, subdued global commodity prices and the prospect of private capital expenditure picking up.

However, it also flagged some constraints on GDP growth in the current fiscal year before the general elections, including a slip in global growth, which has hit Indian exports, tighter financial conditions upping cost of capital domestically, a deficit monsoon and tepid manufacturing growth.

"All these risks will continue to weigh and restrict India's GDP growth to 6.2 per cent in FY24, and the quarterly GDP growth, which came in at 7.8 per cent in the June quarter, is slated to slow down sequentially in the remaining three quarters of FY24," Ind-Ra principal economist Sunil Kumar Sinha said.

Consumption demand

The agency said the consumption demand is not broad based and estimated the private final consumption expenditure to grow 6.9 per cent in FY24 as against 7.5 per cent in FY23. The real wage growth of households belonging to the lower income bracket has been negative since the fourth quarter of FY21 and became marginally positive only the December quarter of FY23, it said, adding that the same for households belonging to the upper income bracket rose in the range of 9.5 per cent to 12.7 per cent during the same period.

There are some green shoots visible on the private capital expenditure front, the agency noted, citing a recent Reserve Bank of India paper. The agency said while exports are facing headwinds, the services sector recovery is on track. It, however, called out monsoon rainfall and industrial growth as "areas of concern"

ADB's Forecast

Meanwhile, ADB said that growth for fiscal year 2023-24 will remain high at a forecast 6.3 per cent albeit a tad lower than April's 6.4 per cent projection. Strong private consumption and upticks in public and private investment are expected to brighten India's outlook.

"The slight downward revision for FY is due to erratic rainfall patterns during the monsoon which will affect agriculture output in the upcoming harvest," it said while adding that for fiscal year 2024-25, India's forecast remains at 6.7 per cent.

Source: thehindubusinessline.com– Sep 20, 2023

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IPEF's supply chain initiative holds promise

The final text of the supply chain agreement (SCA) of the Indo-Pacific Economic Framework for Prosperity (IPEF) has now become available. This is even as the agreements on the other three pillars of IPEF relating to trade, clean economy and fair economy are still under negotiation. India is among the 14 IPEF members that will be signing these agreements. On the trade pillar, however, India is only an observer.

The supply chain pillar has attracted maximum interest considering that the IPEF launch came against the backdrop of severe supply disruptions following Covid, the Ukraine conflict outbreak and the uncertainties about China's moves on Taiwan. Another unstated but compelling factor was the concern about possible coercive trade practices by China using to advantage its dominant manufacturing and trade status that has also led to calls for de-risking.

The SCA is the first regional trade agreement of its kind aiming to bolster supply chains in critical sectors and key goods. Such sectors and goods have to be identified by each party to the SCA depending on its circumstances and based on how significant or critical they are to that country's security, public health and safety or for prevention of serious economic disruptions. The idea is this will also help in a shared understanding of global supply chain risks.

SCA is structured as a collaborative effort among the parties to increase the resilience, efficiency, productivity, sustainability, transparency, diversification, security, fairness and inclusivity of its supply chains. It aims to achieve the totality of these attributes and not just some. The initiative also seeks to foster greater investments in the region in related sectors and to bring about improvements in physical and digital infrastructure, logistics and trade facilitation.

Most of SCA, however, is not set in legally binding language. Nor does it have mechanisms to adjudicate disputes, beyond providing for consultations. Even so it has some striking features that can bring salience. Its main implementation mechanism will be its Supply Chain Council comprising all its members which will, among other things, establish teams to develop action plans for critical sectors or key goods of priority to its members to increase resilience and competitiveness.

The teams shall take inputs from key stakeholders in the region including from the private sector, the academia and the NGOs. Its recommendations could include needed diversification, joint financing of projects and acceleration of business matching.

Emergency channel

Another mechanism is the establishment of a crisis response network that will serve as an emergency communications channel and a support system among the IPEF countries in the event of a supply chain disruption or its likely imminence. SCA commits its members to extend support to the affected members and lists an array of possible efforts to alleviate the situation. The crisis response network will also consider use of stress tests or similar exercises to prepare and test strategies for simulating a range of possible supply chain disruptions and minimise any negative impact.

Yet another mechanism, reflective of the labour centric trade policy of the Biden administration which has piloted the IPEF initiative, is the setting up of a labour rights advisory board under the SCA. It is apparently to ensure that efforts to improve resilience are undertaken consistent with labour rights. These are rights under the 1998 ILO Declaration on Fundamental Principles and Rights at Work which has also been updated in June 2022 to include those relating to acceptable conditions of work with respect to minimum wages and hours of work.

The labour board will be tripartite in character including not only a government representative from each IPEF member but also a representative each from the employers and the workers. As part of its tasks the board shall develop two sector specific technical reports annually on labour rights in IPEF supply chains. Additionally, SCA also includes a system for raising labour rights inconsistencies in a specific facility of one party that can affect the supply chains in the economy of another and elaborates a procedure for addressing and reporting them.

Another aspect given emphasis is for maintaining confidentiality of information provided by a party to another or to SAC’s different bodies as part of SCA implementation. This is understandable considering much of such information could be commercially sensitive.

On the possible impact that SCA could have in strengthening supply chain resilience it may be too early to tell. Some analysts have criticised, and this applies to the other pillars of IPEF as well, that there may not be much incentive for the parties to comply with the commitments unless accompanied by tariff liberalisation as in a free trade agreement. Secondly, without binding commitments, would members exert themselves in fulfilling stated intentions and objectives? Thirdly, will businesses be willing to share information about their respective supply chains, input dependence and other vulnerabilities?

Here one can perhaps draw a parallel with APEC, of which India is not a member but China is, that was conceived more than three decades back on the principles of open liberalism with no binding mechanisms. While the levels of tariff liberalisation brought about by APEC itself may have been limited it certainly proved a very effective forum, through peer pressure, in bringing about substantial improvements in the Asia Pacific region's dynamism through its trade facilitation and investment facilitation action plans. It could also achieve this because of its system of annual leader summits and reviews of actions taken at the highest levels. Will IPEF, and SCA in particular, get similarly implemented for the regions' good that can also bring about trusted integration?

Finally, for India, SCA could mean an opportunity of engaging with the region not only on easing supply chain constraints but also one which can attract business matching and investment possibilities. However, it may also be the first trade-related agreement in which it will be committing to labour standards, even if, without dispute settlement provisions.

Source: thehindubusinessline.com– Sep 21, 2023

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India to become $5 trillion economy, third-largest by 2027: RBI DG Patra

India will be a USD 5 trillion economy and the third largest in the world by market exchange rates by 2027, aided by the demographic advantage and pace of financial sector development, Reserve Bank Deputy Governor Michael D Patra has said.

Delivering a speech at the 16th SEACEN-BIS High-Level Seminar hosted by the National Bank of Cambodia on Monday, Patra said it is widely believed that during the next two decades -- if not for longer -- the centre of gravity of the global economy will shift eastward to Asia.

The IMF's Regional Economic Outlook for Asia and the Pacific indicates that this region will contribute about two-thirds of global growth in 2023 itself and India will account for a sixth of world output growth in 2023 and 2024, he said.

In terms of market exchange rates, he said India is the fifth-largest economy in the world and the third-largest economy on the basis of purchasing power parity.

"Our assessment is that by 2027, India will be a USD 5 trillion economy and the third largest in the world even by market exchange rates. A key driver in this transformation is likely to be the window of a demographic dividend that opened up in 2018 and will probably last till the 2040s, going by fertility and mortality rates," Patra said.

"We are the most populous country in the world at 1.4 billion and the youngest at an average age of 28 years. The other major catalyst of India's progress will be the pace and quality of financial sector development, which is the theme of my address today," he said.

For a high saving rate economy, like the rest of Asia, he said, a modern, efficient, and soundly functioning financial sector is essential for mobilising the resource requirements of India's developmental aspirations.

While the jury is still out on whether economic progress is finance or demand-led, Patra said a wealth of empirical evidence points to Asia's growth trajectory being that of the real economy leading financial development, and India is no exception.

There is also stylised evidence that the composition of the financial sector across Asia is changing, with hitherto bank-dominated systems giving space to alternative financial intermediaries like non-banks and capital markets, he said, adding these developments, in turn, generate impulses of growth for the rest of the economy.

In India, he said, additional dimensions have opened up exciting possibilities for leveraging our growth potential the digital revolution; transformation of the payment and settlement ecosystem; and innovations in financial inclusion.

"More recently, India's exponential expansion of the usage of space technology is reshaping every aspect of our lives, including the financial sector," he said.

The approach to the financial sector in India is reflecting a new paradigm in which macroeconomic and financial stability are seen as strongly complementary and providing the foundation for medium-term growth prospects, Patra noted.

Prudence is taking precedence over-exuberance, and this is reflected in the steady build-up of all types of buffers, he pointed out.

"In an overarching sense, this approach is reflected in the accumulation of foreign exchange reserves, which, as our experience has shown, has become our national safety net in the absence of a truly global financial shield. Besides providing the wherewithal to protect our financial markets and institutions from being overwhelmed by global spillovers, the reserves have helped to build bulwarks of external strength, as reflected in modest external debt servicing and debt to GDP ratios," he said.

"We believe that this is strengthening our capability to manage new challenges, such as climate change and cyber threats while maintaining public confidence and ensuring the financing requirements of India's development strategy," he added.

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

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Unlocking MSME potential

The development of micro, small and medium enterprises (MSMEs) has been the centrepiece of India's economic strategy to achieve inclusive growth and productive job creation. Over the years, different policy initiatives have attempted to encourage and support MSMEs by providing subsidised credit, technical assistance, excise tax exemptions, and preference in government procurement.

Despite the multitude of incentives, MSMEs continue to face barriers to growth and experience challenges in accessing finance, markets, skilled labour, and technology. Given these bottlenecks, most MSMEs have struggled to expand, and the enterprise landscape in India continues to be dominated by micro-enterprises that typically create low-paying and low-value added employment opportunities.

To harness the potential of MSMEs as engines of inclusive growth, a re-thinking of MSME development strategies is required. Digital technologies that have the potential to boost productivity and growth of MSMEs should be a key element of such a strategy. Global evidence suggests that technology can enhance operational efficiencies, innovation, access to international markets and credit, and promote enterprise productivity and growth.

Given the rapid expansion of India's digital economy, in particular the growth of e-commerce, one key issue that merits attention is how MSME participation in e-commerce can enable them to compete and grow by making it easier to overcome geographical barriers and reach new customers by lowering the market entry and doing business cost. Empirical evidence on the engagement of India's MSME sector with e-commerce platforms is limited thus far.

In a recent study titled "Leveraging E-commerce for Growth of MSMEs" (https://icrier.org/pdf/E-commerce_MSME_Annual-Survey.pdf), we conducted a comprehensive primary survey involving over 2,000 MSMEs to understand how e-commerce can be leveraged to enable their growth in India.

The survey combines data from enterprises that are integrated with e-commerce platforms and those that are not, across six product categories, namely sports goods, toys, processed and preserved food products, apparel, furniture and handicrafts. The survey covered the cities of

Ahmedabad, Bhubaneshwar, Delhi, Jaipur, Lucknow, Ludhiana, Jalandhar, Agra, Meerut, Saharanpur, and Chennai. Importantly, all the enterprises included in the sample are registered on the Udyam portal, a government facility that provides firms with a permanent registration and basic identification number.

The findings of the survey suggest that the main reason MSMEs join e-commerce platforms is to gain access to a broader customer base and expand market reach. Improved market access is the most widely reported benefit of integration. Most enterprises reported an improvement in their total sales and profit margins after integrating with e-commerce platforms.

Many firms mentioned that they had invested in training employees and purchasing new equipment, machinery and software ever since they joined e-commerce platforms. Integrated MSMEs also reported launching new products, making improvements in existing product design and adopting new business practices and organisational methods.

It appears, therefore, that integration with platforms may have fostered investment and innovation at the firm level. However, only a relatively small share of integrated firms reported hiring new employees after joining e-commerce platforms. This may be due to the fact that the use of online marketing practices may have saved firms labour inputs in some areas even though they may have created jobs elsewhere through an expansion in sales.

In addition to capturing information on the key performance indicators of firms, the survey also captured important characteristics of the businesses and demographics of business owners to undertake a comparative analysis of MSMEs that transacted on e-commerce platforms and those that did not. First, the survey found that firms with younger and more educated owners are more likely to be integrated with e-commerce platforms.

Second, women-owned MSMEs are not far behind male-owned firms in terms of integrating with e-commerce platforms, despite the underrepresentation of women in the MSME landscape in general. This could be attributed to the fact that barriers faced by women in accessing traditional markets on account of social and cultural norms ease when retailing through platforms. Third, integrated MSMEs report a higher share of permanent employees in their workforce compared to non-integrated firms. Fourth, a greater proportion of export-oriented firms integrate with e-commerce platforms compared to firms that do not engage in exports, suggesting a positive relationship between firms' export orientation and digitalisation. Given that the more productive firms in the economy are likely to be engaged in export activity, such firms are perhaps better placed to harness the benefits of online sales and are, therefore, more likely to join e-commerce platforms.

The selective adoption of e-commerce by MSMEs is noteworthy and has important implications for the industrial structure. If it is the more productive firms in the economy that first adopt modern digital tools like e-commerce, which subsequently enable them to grow by making deeper inroads into markets, then inequities can emerge between integrated and non-integrated MSMEs. It is also important to note that digital technologies are rapidly transforming consumer expectations and MSMEs need to adapt to remain competitive in the digital economy.

Policymakers and other stakeholders must be mindful of these potential inequities and work to bridge the divide between the integrated and non-integrated firms. Analysis from the survey suggests that potential reasons for not integrating with e-commerce platforms include informational barriers to the adoption of new technologies and limited capability of firms to profit from e-commerce.

Addressing these gaps will require investments in technology, digital skills, and information that enable firms to adopt e-commerce successfully.

Additionally, enhancing the competitiveness of non-integrated MSMEs by providing them with infrastructure services, financial services, managerial and business skills, and enterprise support and training will better position them to harness the benefits of e-commerce adoption.

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

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Indian exporters fear Canada row could disrupt shipments

With India and Canada enmeshed in a diplomatic row, engineering and apparel exporters fear that their shipments to this growing market could be disrupted.

Both nations have paused negotiations for a Free Trade Agreement, which has further upset the exporters at a time when India's merchandise exports during April to August 2023 have fallen to $172.95 billion from $196.33 billion in the same period a year earlier.

India was negotiating an interim Indo-Canada Early Progress Trade Agreement (EPTA), which would have finally culminated into a Comprehensive Economic Partnership Agreement (CEPA) or a wide-ranging FTA. After the relaunch of FTA negotiations between the two countries in March 2022, nine rounds of negotiations had already been held until July this year.

Talking to ET, Arun Kumar Garodia, chairman of EEPC India, the apex body of engineering exporters said: "Like all other countries, Canada too had opted for China plus policy as they were facing problems from Chinese suppliers. The automatic choice for Canada was India. Exports to Canada were growing gradually.

Though the current diplomatic row between the two countries has not yet impacted exports, if this continues for a longer time, then India will lose the advantage of the China plus policy. Solutions should come out so that the bilateral trade talks on FTA should resume helping both the countries."

India's engineering exports to Canada surged from $886.43 million in 2018-19 to $1.37 billion in FY23.

Federation of Indian Export Organisations (FIEO) director general Ajay Sahai said, "We are hoping that the situation will be sorted out diplomatically or else it will have an impact on the FTA talks going ahead. Even though Canada is not yet a major trade partner with India, the country has a lot of possibilities."

Apparel exporters from Tirupur were also hoping for the FTA to happen so that the exports to Canada, which stood at ₹1,304 crore in FY23, could increase.

KM Subramanian, president of Tiruppur Exporters Association, said, "Canada is a growing market but is not a major one as of now. But losing any market, big or small, harms the apparel exporters."

Bilateral trade between India and Canada has grown significantly in recent years, reaching $8.16 billion in 2022-23. India's exports ($4.1 billion) to Canada include pharmaceuticals, gems and jewellery, textiles, and machinery, while Canada's exports to India ($4.06 billion) include pulses, timber, pulp and paper, and mining products.

Source: economictimes.indiatimes.com– Sep 21, 2023

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EU carbon tax and other laws to impact $37 billion of India's exports: Report

New Delhi: The Council on Energy, Environment and Water has said that India's exports of around $37 billion, which is approximately 43% of the country's exports to the EU as of 2022, are likely to be impacted due to the bloc's various non-tariff measures (NTM) including the Carbon Border Adjustment Mechanism (CBAM).

Some of the recent regulations that can prove to be NTMs include the EU's CBAM and Deforestation-free Regulation (EUDR), and the United States' Inflation Reduction Act, it said. NTMs are policy measures other than ordinary customs tariffs that can have an economic effect on trade.

"While developed countries have lowered their tariff levels over time, they have gradually increased the issuance of NTMs," the think tank said.

As per the report titled 'Sustainability-driven Non-tariff Measures: Assessing Risks to India's Foreign Trade', the product categories at risk due to the proposed sustainability-focused EU regulations include textiles, chemicals, selected consumer electronics products, plastics, and vehicles.

These items accounted for 32% of India's exports to the EU in 2022, valued at approximately $27 billion.

It noted that regulatory differences between trading partners make compliance with these complex measures difficult for countries without equivalent regulations, leading to restrictions in market access, specifically for emerging economies such as India.

The think tank has suggested trade pacts, stronger compliance through common information-sharing platform for firms to register and the information can be tracked, and introduction of India's own standards and non-tariff measures to ensure the quality of its manufactured items.

Sustainability-driven NTMs are increasing at a high rate and their proportion of the total NTM notifications to WTO has increased to 19% in 2021 from 8% in 1997.

NTMs implemented by the EU have impacted India's rice and chemical exports in the past, according to the report.

"With an increase in the issuance of E-NTMs by developed countries, India faces a serious challenge concerning its key export items," the centre said.

It has suggested a "structured approach" to deal with these measures to ensure that India's exports are not impacted. It includes developing mutual recognition of compliance assessment activities in the respective countries through bilateral trade pacts, raising specific trade concerns, preparing the industry to comply with these strict regulations and ramping up its regulatory mechanism to introduce its own standards and NTMs.

Source: economictimes.indiatimes.com– Sep 21, 2023

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GSTN enables geocoding of GST address for all states and UTs

The goods and services tax network (GSTN), the technology support for goods and services tax (GST), has enabled geocoding for businesses across all states and union territories, a move which will make it easier to eliminate fake registration or to locate a tax evader.

"GSTN is pleased to inform that the geocoding functionality for the "Additional Place of Business" address is now active across all States and Union Territories," GSTN said in an advisory issued on Wednesday.

Launched in February this functionality was running on a pilot basis in Delhi and Haryana.

This technology enables tax agencies to accurately identify the geographical coordinates of properties, businesses, and taxpayers and will help them identify the exact location of the taxpayers addresses.

Also this will allow the determination of the exact location of registered entities and will ensure address details in GSTN records are streamlined leaving less scope for fake GST address and registration.

Heat maps and spatial analysis tools can reveal clusters of tax irregularities, helping enforcement agencies allocate their resources more effectively

"Geocoding functionality plays a crucial role in apprehending tax cheats by providing tax authorities with precise location data," Rajat Mohan, Senior Partner, AMRG and Associates said.

"By leveraging geocoding, tax authorities can enhance their auditing and enforcement efforts, ultimately contributing to fairer and more efficient tax collection processes," Mohan added.

So far GST Network has geocoded 2.05 crore addresses of registered businesses to verify genuine registrations and provide accurate data in GSTN records.

Source: economictimes.indiatimes.com– Sep 20, 2023

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