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Currency Watch			
USD	EUR	GBP	JPY
83.19	87.07	100.39	0.56

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INTERNATIONAL NEWS

Biden urged to protect US apparel sector from China's 'illegal' practices

In a letter to President Biden US senators stress the importance of the domestic US apparel and textile industry to national security, healthcare, and the economy. Credit: Shutterstock. A bipartisan group of US Senators seek immediate action to combat what they describe as China's "illegal trade practices," which they warn could lead to a "coming disaster" for domestic textile and apparel production and employment and throughout the Western Hemisphere.

Senators Thom Tillis Sherrod Brown, Raphael Warnock, Ted Budd, J.D. Vance, Tim Scott, Lindsey Graham, and Ben Ray Luján have asked President Biden to convene an interagency meeting with key leaders from the US Trade Representative, Department of Commerce, Department of Homeland Security, Department of the Treasury, and the National Security Council.

The meeting would aim to "identify the root problems, develop robust and urgent solutions, and engage directly with US textile and apparel industry and regional allies". The senators explain the importance of the US textile and apparel industry to national security, healthcare, and the economy, highlighted US textile production supports over 500,000 jobs with $39bn in annual shipments.

The senators expressed concern over the impact of China's "aggressive and illegal practices" on US supply chains, including transhipment, undervaluation of cheap products and forced labour as well as skirting tariffs, and penalties.

NCTO president and CEO Kim Glas commends the bipartisan group of senators for their initiative. Glas thanked senators Tillis and Brown for leading the effort and highlighted the urgent need for action to address a wide range of illegal trade practices "severely impacting" the US textile and apparel industry.

Source: just-style.com– Oct 02, 2023

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Livestreaming e-com grows at rapid pace in China: Report

Evolving at a rapid pace, China's livestreaming e-commerce industry has witnessed a continued rise in user numbers and turnovers, according to a report jointly released by several institutions, including the National Institute of Metrology and the Science and Technology Research Centre of China Customs.

Livestreaming sales on China's major e-commerce platforms amounted to 1.27 trillion yuan ($176.9 billion) in the first half this year. There were over 110 million livestreaming e-commerce shows displaying more than 70 million items during this period, the report said.

Traditionally hot-selling goods such as jewellery, sports and outdoor equipment as well as apparel and underwear remain highly sought-after items on these platforms, a state-controlled media outlet reported.

E-commerce livestreamers should ensure stricter quality control of their products, improve efficiency of supply chains and offer more customised services for customers, the report recommended.

Source: fibre2fashion.com– Oct 02, 2023

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US recession fears fall, trade data strong, exports to grow: Deloitte

Recession fears in the United States are falling now, according to a Deloitte analysis, which said though the economy is slowing, gross domestic product (GDP) still appears to be growing faster than its long-run potential—the growth rate that can be sustained in the long run.

The August National Association for Business Economics Policy Survey found that two-thirds of the panelists are confident of a 'soft landing'.

Though job growth has slowed, the economy continues to add jobs at rates that are much greater than the underlying growth of the labour force, the analysis by Daniel Bachman said.

Deloitte forecast that labour force growth will fall to around 500,000 per year in the coming years. The level of job growth consistent with full employment would then be just 41,000 per month. Increased immigration and unusually high growth in labour force participation could allow faster job growth, but it would be hard to bet on either of these scenarios, it noted.

In the baseline scenario, economic growth slows to the potential rate of around 1.5-1.6 per cent, while inflation moderates to below 3 per cent by 2025. This 'soft landing' may be accompanied by a stable labour market, despite slowing job growth. Some sectors, however, may experience weakness.

In the second scenario in which Inflation comes back, the decline in inflation due to decreasing supply chain pressures proves to be temporary. Continued strength in the labour market pushes wages up, leading to higher costs and prices.

In the third scenario of a next recession, the Federal Reserve's (Fed) focus on inflation will lead it to minimise risks to the economy until it is too late. The already weak economy contracts a substantial 1.9 per cent by the end of 2024. The unemployment rate rises to 5.2 per cent in 2025. The Fed eases monetary policy and the economy starts growing in 2026.

Recent US trade data has been surprisingly strong. After contributing to growth for the last four quarters, net exports were slightly negative in the second quarter of 2023. And that's despite a relatively strong dollar coupled with high inflation.

Deloitte's forecast shows US exports growing at a good pace over the five-year horizon as the dollar falls and growth picks up abroad. Imports, however, will be restrained by the fall in demand for consumer durables, the analysis noted.

The low inflation reported in June and July this year reflects a decline in the underlying trend, with some estimates of trend inflation now below 3 per cent.

The Deloitte forecast continues to assume that the current inflation is 'transitory' in the sense that it will dissipate over time. Its baseline forecast shows consumer price index-based inflation falling to below 3 per cent by late 2024.

Source: sourcingjournal.com– Oct 02, 2023

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China's waterway cargo transport at 6.02 bn tonnes in Jan-Aug 2023

China has seen an 8 per cent year-on-year (YoY) increase in waterway cargo transport for the first eight months of 2023, according to data from the ministry of transport. The total volume for the January-August period was 6.02 billion tonnes.

In August 2023, 811.51 million tonnes of cargo were transported. The country's Heilongjiang province led in year-on-year growth, with a 35.2 per cent increase, followed by Liaoning Province and Shaanxi Province.

Source: fibre2fashion.com– Oct 03, 2023

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Global net-zero emissions by 2050 possible but with urgent action: IEA

Driving greenhouse gas emissions from the world's energy sector to net zero and limiting global warming to 1.5 degrees Celsius remains possible due to the record growth of key clean energy technologies, though momentum needs to increase rapidly in many areas, according to a new edition of the International Energy Agency's (IEA) landmark Net Zero Roadmap.

The roadmap emphasised the need for increased ambition and stronger international cooperation to achieve global climate goals, as per IEA.

Despite increased investment in fossil fuels and persistently high emissions, record growth in solar power capacity and electric vehicle sales indicate that achieving net-zero emissions by mid-century is still attainable. These technologies alone are expected to contribute one-third of the emissions reductions needed by 2030. Moreover, the role of yet-to-be-commercialised technologies in emissions reduction has fallen from nearly 50 per cent in 2021 to around 35 per cent in the 2023 update.

For bolder action, the updated roadmap calls for a tripling of global renewable power capacity and doubling the annual rate of energy efficiency improvements by 2030. Additionally, it advocates for a 75 per cent reduction in energy sector methane emissions and a sharp rise in electric vehicles and heat pumps sales. These strategies are based on proven and often cost-effective technologies, which are projected to deliver over 80 per cent of the necessary emissions reductions by the end of the decade.

The roadmap also stresses the need for an equitable transition, taking into account national circumstances. For example, advanced economies should reach net zero sooner to allow emerging and developing economies more time. The pathway also seeks to provide modern forms of energy to all by 2030, requiring an annual investment of nearly $45 billion—just over 1 per cent of energy sector investment.

However, most countries need to advance their targeted net zero dates and significantly increase investments, especially in emerging and developing economies. Global clean energy spending is expected to rise from $1.8 trillion in 2023 to $4.5 trillion annually by the early 2030s.

In the updated scenario, fossil fuel demand would fall by 25 per cent by 2030 and by 80 per cent by 2050. This eliminates the need for new long-lead-time upstream oil and gas projects, as well as new coal mines and unabated coal plants. However, investments are still needed for some existing oil and gas assets.

The report further emphasises the importance of more resilient and diverse supply chains for clean energy technologies and critical minerals. International cooperation is key, as failure to escalate efforts between now and 2030 could create additional climate risks and would make the 1.5 degrees Celsius target dependent on unproven carbon removal technologies.

The report warns that delaying action could result in nearly 5 billion tonnes of carbon dioxide needing to be removed from the atmosphere annually during the second half of this century, making it impossible to return global temperatures to 1.5 degrees Celsius if such technologies fail.

"Keeping alive the goal of limiting global warming to 1.5 degrees Celsius requires the world to come together quickly. The good news is we know what we need to do, and how to do it. Our 2023 Net Zero Roadmap, based on the latest data and analysis, shows a path forward," said IEA executive director Fatih Birol. "But we also have a very clear message: strong international cooperation is crucial to success. Governments need to separate climate from geopolitics, given the scale of the challenge at hand."

Source: fibre2fashion.com– Oct 01, 2023

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Trade Office helps Vietnamese firms grasp opportunities in Canadian market

The Vietnam Trade Office in Canada is focusing on helping Vietnamese businesses make the most of CPTPP's principles of origin in the garment and textile sector through connection activities and provision of information about the Canadian market, according to Trade Counsellor Tran Thu Quynh at the Vietnamese Embassy in Canada.

She said after the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) took effect in December 2018, Canada immediately eliminated 42 tariff lines on Vietnamese textile and garment products, and after five years of implementation, the export value of Vietnamese textile and garment products increased by 100% compared to that in 2018.

At the Apparel and Textile Sourcing Canada 2023, held in Toronto in late August, Vietnam's Viet Vuong company received attention from the organisers and the Canadian Textile Industry Association, thanks to its efforts to shift to green production.

Nguyen Vinh Bao, Managing Director of Viet Vuong in the southern region, said that that Canada is a new market with a long winter to which the company's products are suitable. Notably, as companies and big brands in Canada are paying great attention to production in green factories, this is a trend that the company has grasped and is prepared to meet the standard requirements of brands, he said.

Executive Director of the Canadian Apparel Federation Bob Kirke said that Vietnam's garment industry has many opportunities because its factories have long invested in implementing environmental measures and using energy efficiently. Therefore, their products have high competitiveness.

The Canadian garment and textile market is worth 10 billion USD per year. In 2022, Vietnam surpassed Bangladesh to become the second largest exporter of apparel and textiles to Canada, after China, with a market share of more than 12%.

Data from the Canada Border Services Agency showed that Vietnam's garment and textile export value reached about 1.8 billion USD in 2022, up 41.2% year-on-year.

Source: vietnamplus.vn– Oct 02, 2023

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Pakistan: Exports reverse declining trend in September

Pakis-tan's merchandise exports registered year-on-year a modest growth of 1.15 per cent in September, reversing the trend after 12 consecutive months of contraction, data released by the Pakistan Bureau of Stati-stics showed on Monday.

However, on a month-on-month basis, the export proceeds increased 4.18pc to $2.465bn in September.

The export of goods in the first quarter (July to September) dipped by 3.78pc to $6.89bn this year against $7.17bn over the corresponding period of last year.

The modest recovery in export proceeds in Septem-ber indicates that the textile and clothing industries have started to receive orders from international buyers after months of slump. However, the true extent of the export recovery will be revealed in the coming months.

The commerce ministry reported that more than 1,600 textile units had closed down in the past 16 months. However, the commerce ministry has yet to announce the strategic framework to provide regional competitive ene-rgy pricing, working capital support, speedy refund payments, enhanced market access, and diversification of products.

The export proceeds were declining because of internal and external factors stoking up fears about the closure of industrial units, especially textile and clothing.

At the same time, imports also plunged by 25.30pc to $3.95bn in September from $5.29bn in the corresponding month last year. On a month-on-month basis, the imports declined by 12.68pc.

The import bill fell 25.36pc to $12.18bn in July to September FY24 from $16.32bn over the corresponding months of last year.

The imports fell 31pc to $55.29bn in FY23 from $80.13bn in FY22.

The government has projected an import target of $58.69bn for FY24 against $55.29bn in FY23, an incr-ease of $3.4bn or 8.14pc.

The trade deficit narrowed 42.25pc to $5.28bn in July-September FY24 from $9.15bn over the corresponding quarter of last year. The trade deficit fell 47.86pc to $1.48bn in September from $2.85bn over the corresponding month of last year.

Source: dawn.com – Oct 03, 2023

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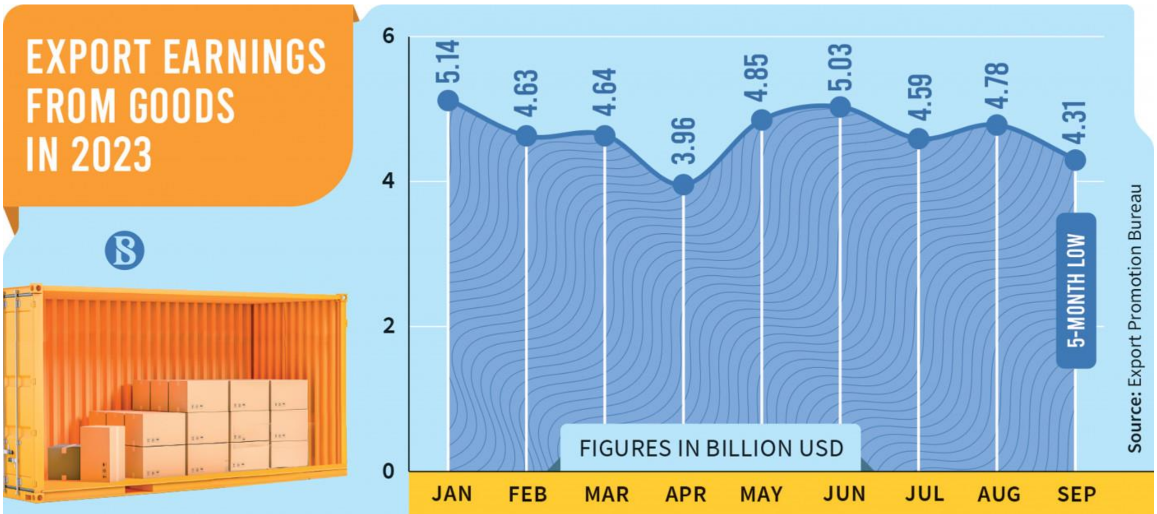
Bangladesh: Exports fetch $4.31 billion in September, lowest since April

Bangladesh earned $4.31 billion in merchandise exports in September which is the second lowest this year, according to data released by the Export Promotion Bureau (EPB) today.

Earlier in April, the export earnings fell to the lowest at $3.96 billion.



According to EPB, year-on-year (YoY), exports grew 10.37% in September, up from $3.9 billion in the same month a year ago. The export earnings also fell behind 7% of the $4.63 billion target.

Earlier in August, exports grew by around 36% YoY to $4.61 billion driven by a number of products including readymade garments, home textiles, leather and jute goods, according to the EPB.

The country's export earnings have been on the decline since last June, except in August. In June, Bangladesh raked in over $5 billion in merchandise exports, which fell to $4.59 billion in July.

An analysis of the EPB data shows that apart from the ready-made clothing sector, exports fell in the other major sectors including frozen and live fish, agricultural products, plastic goods, leather and leather products, jute and jute goods, home textile in September.

During the period, only RMG exports soared 13% last month.

About 85% of Bangladesh's exports come from the ready-made garment sector.

Meanwhile, some RMG exporters find the EPB data misleading.

"Many factories have low export orders. Not working properly. Then how is exports increasing, I do not understand," Fazlee Shamim Ehsan, vice president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) told The Business Standard.

However, experts say the exports growth data is not misleading.

"The demand side would continue in the coming months as inflation is easing in Europe and America. But it is important to consider whether our supply side will be impacted by local issues [elections and other factors]," Professor Mustafizur Rahman, distinguished fellow of Center for Policy Research (CPD), told The Business Standard.

He said, "In the last year and a half, the local currency has devalued more than by 25% against the US dollar. But it is a matter of concern that competitiveness among exporters are not growing simultaneously."

Source: tbsnews.net– Oct 01, 2023

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NATIONAL NEWS

15th Meeting of the Joint Working Group on Trade between India and Bangladesh

The 15th Meeting of the Joint Working Group on Trade (JWG) between India and Bangladesh was held on 26th and 27th September, 2023 in Dhaka, Bangladesh.

The meeting was co-chaired by Joint Secretary, Department of Commerce, Ministry of Commerce and Industry, Government of India, Shri Vipul Bansal and Additional Secretary, Ministry of Commerce, Government of the People's Republic of Bangladesh, Mr. Noor Md. Mahbubul Haq.

The 15th Meeting of JWG discussed a host of bilateral issues such as removal of port restrictions, ground work on commencement of Comprehensive Economic Partnership Agreement (CEPA), harmonization of standards, mutual recognition of standards, supply of essential commodities to Bangladesh, development of road and rail infrastructure, regional connectivity through multi-modal transportation and creation/ strengthening of infrastructure in Land Customs Stations/ Integrated Check Posts, border haats, etc.

The bilateral meeting successfully concluded with both countries reaffirming their commitment to deeper economic engagement, regional cooperation, and sustainable development. Both sides reiterated that the future holds great promise for enhanced trade relations and mutual prosperity.

The India-Bangladesh Joint Working Group on Trade (JWG) Meetings are held on an annual basis to discuss key trade related issues and explore opportunities for economic and technical collaboration, promotion, facilitation, expansion and diversification of trade between the two countries on the basis of equality and mutual benefit.

These meetings play a vital role in quick resolution of bilateral issues by removing trade barriers, simplifying customs procedures, improvement of infrastructure, logistics, and transit facilities to facilitate smoother cross-border trade.

Several trade facilitative measures have been undertaken by both India and Bangladesh for facilitating trade between the countries. India has allowed exports from Bangladesh to India by rail in closed containers, with customs clearance facility at any Inland Container Depot (ICD) vide circular dated 17th May 2022.

Bangladesh informed about successful commencement of Agreement on the use of Chattogram and Mongla Port (ACMP) and increasing the number of goods to be traded through various Land Custom Stations (LCSs).

Source: pib.gov.in– Oct 01, 2023

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Exporters seek govt intervention in providing affordable credit to MSMEs, seek ECLGS extension

Exporters have sought the central government's intervention in providing affordable and easy availability of credit to MSMEs amid global headwinds due to lack of liquidity.

In a letter to Finance Minister Nirmala Sitharaman, apex exporters' body Federation of Indian Export Organisations (FIEO) requested for the extension of Emergency Credit Linked Guarantee Scheme (ECLGS) till March 31, 2024 and restoration of interest subsidy benefit of 5 per cent to manufacturer MSMEs.

It said some of the MSME sectors are affected due to a dip in exports on account of a global demand slowdown. FIEO has urged extending the ECLGS "till March 31, 2024" as it will help micro, small and medium enterprises sail through this difficult time and bounce back when the situation improves.

"With interest rates firming up, MSMEs are getting credit at not less than 8-11 per cent. The subvention for the interest equalisation scheme was reduced as interest rates were coming down. However with complete change in situation, there is an urgent need to restore interest equalisation benefit of 5 per cent," it added.

MSMEs account for about 40 per cent in the country's total exports.

India's exports declined 6.86 per cent to USD 34.48 billion in August, for the seventh month in a row, due to a fall in shipments from key sectors like petroleum and gems and jewellery on subdued global demand.

The trade deficit (difference between imports and exports) during the month touched a 10-month high of USD 24.16 billion. Cumulatively, exports during April-August this fiscal contracted 11.9 per cent to USD 172.95 billion. India's exports contracted 15.88 per cent in July. Exports sectors, which recorded negative growth in August, include tea, coffee, rice, spices, leather, gems and jewellery, textiles, and petroleum products.

Source: financialexpress.com– Oct 02, 2023

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Chatroom: DTA units can pay EOU in foreign currency, says expert

We have an EOU. One of our DTA customers wants to pay in foreign currency for the goods supplied by us. Is that allowed?

S.No.8 in the Annexure 1 to RBI AP (DIR) Circular no.54 dated 25th November 2002 says that if the concerned authorities permit EOUs, un-its in EPZs, EHTPs and STPs to sell goods to buyers in DTA against payment in free foreign exchange, authorised dealers may sell foreign exch-ange to the buyers of such goods in DTA, without prior approval of the Reserve Bank.

We refer to the proviso to Rule 34 of the SEZ Rules, 2006, where (ii) and (iii) are separated by 'or' but both refer to sale of unutilized inputs from SEZ to EOU/EHTP/STP/BTP and state different conditions. Moreover, even under (ii), there are two conditions (a) and (b) that carry different conditions but are separated by 'and', which means both conditions must be fulfilled. We find it very confusing. Can you please clarify which Rule we should follow?

The said proviso to Rule 34 was amended through notification GSR 909(e) dated 19th September 2018 and while drafting the amendment, it appears not enough care was taken. I think the option at (ii) should be only for sale from one SEZ unit to another SEZ unit, whereas the option at (iii) should be for sale from a SEZ unit to any EOU/ EHTP/STP/BTP unit. Further, the provisions at (iii)(a) and (iii)(b) should be read as options. The option at (iii)(b) should be used where the clearance is effected under notification 52/2003-Cus dated 31st March 2003. The option at (iii)(a) can come into play when the goods are cleared without claiming the benefit of any notification exe-m-pting the IGST but since it does not talk about other dut-ies (e.g. basic customs duty), the matter is quite unclear and in fact, confusing. I suggest that you take up the matter with the Commerce Ministry for suitable amendments to the above referred provisions.

We refer to SION C-819 for export of stainless steel cutlery with or without handle irrespective of what material the handle may have been made of. We want to know whether the CIF value limit of 5 per cent FOB value allowed for import of miscellaneous items against this entry refers to the FOB value of imports or FOB value exports.

In my opinion, it refers to FOB value of exports but I cannot quote any specific provision to support my opinion.

We had got credit of RoDTEP benefit in our electronic duty credit ledger, immediately after exports. Now, due to some quality and service issues, our buyer may not make the full payment and therefore, there may be short realisation of export proceeds. We are required to surrender the RoDTEP credit in proportion to the shortfall in realisation of export proceeds. Is there any way to tell the Customs to reduce credit made available to me?

No. You have to pay the amount of shortfall through TR-6 challan.

Source: business-standard.com– Oct 02, 2023

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RoDTEP issues must be addressed quickly

The government has extended the existing rates for all items covered under the RoDTEP (Remission of Duties and Taxes on Exported Products) scheme for exports made till June 30, 2024. However, the remissions for the current financial year will be managed within the approved budget for the scheme, says the Commerce Ministry notification no. 33/2023 dated September 26, 2023.

The RoDTEP scheme was introduced in September 2021 for exports made with effect from January 1, 2021. The scheme intends to rebate central/state/local duties/taxes/levies that are not refunded under any other duty remission schemes. Under this scheme, rebate is granted to eligible exporters at a notified rate as a percentage of FOB (free on board) value with, for some items, a value cap per unit, or a fixed quantum of notified amount per unit, on export of the notified items. The categories of exports/exporters mentioned in para 4.55 of the FTP are not eligible for rebate under the scheme. Certain items were eligible for RoDTEP benefit only for exports till September 30, 2023. Now, the benefit is extended for all items till June 30, 2024.

The scheme is implemented through grant of rebate amount in the form of a transferable duty credit/electronic scrip (e-scrip), which is maintained in an electronic ledger by the Central Board of Indirect Taxes & Customs (CBIC). Necessary rules and procedure regarding grant of RoDTEP claim under the scheme, and implementation issues including manner of application, time period for application and other matters including export realisation, export documentation, record keeping, etc, are notified by the CBIC.

When the scheme was announced in September 2019, the finance minister said that the size of the package is Rs 50,000 crore but the budgetary allocations have been around a quarter of that figure. For 2023-24, the allocation is Rs 15,070 crore. In the 27 months till March 31, 2023, the support extended under the scheme is only Rs 27,018 crore.

The scheme is compliant with the disciplines under the agreements with the World Trade Organization. So, it is not clear why the scheme must be restricted to exports till a specific date. Also, the reasons for limiting the entitlements based on the budget allocations appear flimsy because the government keeps boasting of collecting record revenues every now and then.

Exporters are aggrieved that the rates for certain categories of items are not notified under the RoDTEP scheme. Many exporters feel that the notified rates do not fully reimburse the actual incidence of duties/taxes/levies. Besides, the exports under advance authorisations and exports by export oriented units (EOU) and by units in special economic zones (SEZ) are not covered under the scheme, although they also suffer the same levies/taxes/duties that other exporters suffer.

The committee constituted to recommend the RoDTEP rates had prescribed some forms for collecting necessary data from advance authorisation holders and EOU/SEZ units, but the forms were so complicated that many preferred not to submit the data. Now, the committee has simplified the forms and is hoping to get enough data to make suitable recommendations. There are also some operational issues regarding surrender in cash of the amount proportionate to the unrealised part of export proceeds that need the attention of the CBIC.

Overall, the government has done well to extend the existing rates but should address the issues flagged by the exporters quickly.

Source: business-standard.com– Oct 01, 2023

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India's share in global exports in labour-intensive sectors declining in last 5 years, says FIEO report

India's labour-intensive export sectors such as apparels, marine products, plastics, and gems and jewellery are showing a "troubling pattern" as the country is experiencing a decline in global market share across these segments during the last five years, a FIEO report has said. Apex exporters body Federation of Indian Export Organisations (FIEO) also said that a note of caution is warranted regarding a distinct spike in export growth of roughly USD 40 billion as this particular surge is likely attributed to a rerouting of crude oil trade routes via India to Europe.

This phenomenon may not be sustainable in the coming years, it said.

It added that the most "pressing concern" regarding the negative export growth is the "poor" performance of labour-intensive sectors.

In a country like India, these sectors hold immense significance not only for their job creation potential but also for their substantial contribution to net high-value addition.

"Addressing this challenge requires a proactive approach that delves into the underlying factors contributing to the loss of market share. It calls for a comprehensive analysis of the dynamics at play, ranging from maintaining the competitive advantage, reducing the production costs and increasing efficiency to quality and innovation," the report said.

Elaborating on the importance of promoting traditional sectors, FIEO said that the exports of mobile phones, which amounts to USD 10 billion, has a net value addition of about USD 1-2 billion.

On the other hand, USD 10 billion worth of exports of traditional sectors would have a net value addition of over USD 9 billion, it added.

"An analysis of sector-wise export performance for the last five years reveal the troubling pattern that India is experiencing a decline in global market share across labour-intensive sectors," the organisation said, adding that apparels, knitted garments, marine products, plastics, gems and jewellery sectors have raised concerns due to their modest growth rates ranging from 1 per cent to 2 per cent.

Notably, the global trade in knitted garments expanded by 6 per cent, whereas India's growth remained at a mere 2 per cent.

In woven garments, despite a global trade growth rate of about 2 per cent, India's export growth has consistently been below 1 per cent for years, while Bangladesh and Vietnam growing at 6 per cent and 4 per cent, respectively, impacting India's share.

"In the footwear sector the global trade expanded by 5 per cent, but India's exports have contracted. Bangladesh's brilliant growth from USD 1 billion to USD 1.7 billion over three years is in contrast with India's meagre growth from about USD 2.8 billion to USD 3 billion," it said.

Similarly, India's aspiration to be a global pharmacy leader faces challenges, it said, adding, despite the ambition, India's growth has not matched demand, lagging at 9 per cent while the global market grew by 12 per cent in the past four years.

"Concerns arose due to criticism linked to cough syrup, underlining the need for an efficient trace and tracking system for quality assurance," it said.

Further, it said that an analysis of technology-driven sectors indicates a significant surge in global demand for machinery, auto components, electrical and electronics goods.

"These sectors collectively contribute to about one-third of the global trade, amounting to over USD 7 trillion. However, India's current market share in these sectors stands at a mere 1 per cent. Intriguingly, India's imports of these goods are substantial, hovering around USD 100-120 billion," it said.

The report added that a more nuanced consideration is warranted when it comes to labour-intensive sectors.

It is evident that a gradual erosion of market share has been occurring over time in these sectors and this decline raises concerns about India's competitiveness and sustained participation in these traditional jobs creating crucial segments, it said.

Further, the report said that on the basis of the export performances of the leading six competing countries (India, Bangladesh, China, Vietnam, South Korea, Malaysia and Indonesia) over the past six months (January-June 2023), it becomes evident that unfortunately both India and South Korea have consistently displayed a negative growth rate in their exports during this period.

In contrast, China, Malaysia, and Indonesia have shown positive growth rates in two out of the six months.

Source: economictimes.com– Oct 01, 2023

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Survival of Indian cotton mills depends on government initiatives

Much has been discussed in Indian media about the domestic cotton scenario spanning farming, spinning, textiles and apparel. The clear picture that emerges when one cuts through the media chatter is that the sector has become rather vulnerable due to global scenarios much beyond their control.

From climate change that lowers natural yield and increases crop diseases to economics that dampens demand for non-essential items such as apparel and home furnishing to sustainability activism that accuses cotton farming of reckless consumption of water and soil infertility. In this context, one of the biggest setbacks has been for cotton mills manufacturing yarn and textiles and the industry wants the government to take necessary actions including import duty cuts for raw cotton.

Duty removal tops sector agenda

India's domestic textile industry has urged the government to exempt cotton from 11 per cent import duty. When the government introduced the tax three years ago, Indian cotton was cheaper than imported cotton and therefore, the levy would make manufacturers source locally and decrease the carbon footprint of importing.

Now, with the domestic cotton prices having shot up, being more expensive than imported varieties by 18 to 19 per cent, importing cheaper cotton is the only viable way forward, say textile manufacturers. However, the government has not obliged yet.

The Southern India Mills Association (SIMA) has been relentlessly petitioning the government to consider a temporary halt on the 11 per cent import duty during the off-season between April and September each year.

The battle may remain ongoing as the government is aware that the trend during off-season has not seen a significant jump in prices. Thanks to the levy, Indian textile manufacturers are unable to put forth competitive pricing at international level despite sourcing cheaper foreign cotton.

Last year the government had given import duty exemption until October 2022 as local cotton prices touched Rs 1,00,000 per candy. The import target for this year is 15 lakh bales, which might be difficult to meet with high import duties. With September 2023 marking the end of off-peak season, a candy of cotton costs Rs 75,000 nowadays. The upcoming season may not hold much promise either as the agricultural prediction for India's cotton farming has not been too positive.

Indian cotton yarn slides down the export ladder

The sector is in dire need of changes to bolster its survival and success. To add to its bag of woes, Indian cotton yarn has been underperforming in terms of exports as per the Indian Ministry of Commerce and Industry's recent stats. The demand trend is mostly on a downward slide as shipments to Bangladesh, Egypt, Portugal and Peru dropped by 62.4 per cent, 26.4 per cent, 3.4 per cent and 25.4 per cent respectively, on a year-on-year.

Nevertheless, China threw in a huge boost for this beleaguered commodity as its import of Indian cotton yarn leaped to nearly $229.7 million, a remarkable increase of 175 per cent. In this context it could be said that since May 2023, India cotton yarn exporters can only hope. As now Indian cotton yarn exports hit a decadal low of 664,000 tonnes in FY23, compared with the highest exports of 1.38 million tonnes in FY22.

Demand for cotton yarn in FY22 was strong, driven by downstream demand for home-textile products and the advantage of lower domestic cotton prices compared to international prices. As it stands, Indian cotton yarn exports have dwindled by a significant 32 per cent.

Source: fashionatingworld.com– Oct 02, 2023

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Local demand, lower cotton prices to sustain Indian RMG growth: Crisil

Revenue of Indian readymade garment (RMG) manufacturers is set to grow by 8-10 per cent this fiscal on healthy domestic demand, revival in exports driven by lower cotton prices and easing supply-chain disruptions, according to Crisil Ratings.

Volume growth will be higher at 6-8 per cent this fiscal compared with 3-5 per cent in the last. Despite this, revenue will grow slower than last fiscal's 14 per cent as realisations are moderate due to easing raw material prices.

Prices of cotton and man-made fibres are expected to fall by 15-17 per cent and 8-10 per cent year on year (YoY) this fiscal respectively. Consequently, growth in realisations will be a meagre 1-3 per cent this fiscal compared with 10 per cent in the last, the rating agency said in a note.

The credit outlook for RMG manufacturers remains stable, driven by steady operating performance and healthier balance sheets amid low capital expenditure (capex) intensity and stable working capital requirement.

"Volume of [RMG] exports (nearly 25 per cent of RMG demand) will grow [by] 4-6 per cent this fiscal on-year on a low base, led by re-stocking by global retailers, softer prices of cotton (the key raw material for RMG) and a slow but gradual pick-up in consumption in overseas markets," said Gautam Shahi, director, CRISIL Ratings.

Volume of exports fell 7 per cent YoY in the last fiscal following a sharp rise in domestic cotton prices and moderation in demand from the United States and the European Union, which account for nearly 60 per cent of it.

This fiscal, higher domestic and export volume and lower cotton prices will help expand operating margin by 50 basis points (bps) YoY to 9.5 per cent.

Source: fibre2fashion.com– Oct 03, 2023

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