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INTERNATIONAL NEWS

Stronger Enforcement Is Key to US Textile and Apparel Industry's Long-Term Survival

A troubling decline in U.S. government enforcement activities against predatory trade practices from China and others has pushed the U.S. textile and apparel industry to its tipping point.

This industry that I represent is a vital manufacturing sector producing a broad range of components for consumer goods, critical items such as personal protective equipment, and military products, but it is facing a severe crisis—one that needs an immediate multi-agency government solution.

In fact, the dire situation for this critical domestic manufacturing sector recently prompted a bipartisan group of senators, led by Senator Thom Tillis (R-N.C.) and Senator Sherrod Brown (D-Ohio) to call on President Biden to immediately convene an interagency meeting and develop a strategic plan to combat illegal trade practices.

In their letter, the senators outline a number of concerns regarding a plethora of unfair trade practices ranging from slave labor in supply chains to fraudulent origin claims to a gaping loophole in U.S. trade law known as "de minimis" that is facilitating illegal trade.

The senators call on the administration to take the following specific actions:

— Step up enforcement of forced labor-subsidized textiles and apparel flooding into the U.S. market from Asia as well as fraudulent origin claims under free trade agreements
— End duty-free treatment under de minimis for textiles and clothing made with forced labor
— Review all executive authorities to hold China accountable for its predatory trade practices

Without immediate increased enforcement, this essential domestic supply chain is facing imminent danger.

Decline in customs enforcement of the UFLPA

Despite the intense global scrutiny around apparel supply chains containing products made with slave labor, and the implementation of the Uyghur Forced Labor Prevention Act, or UFLPA, which bans tainted cotton products made with forced labor from entering the U.S. market, U.S. Customs and Border Protection (CBP) enforcement of these shipments is minuscule in relation to the extent of the problem and the amount of global imports of apparel, footwear and textiles.

Key Facts:

— The average number of CBP detentions of textile, apparel and footwear shipments per month is down 50 percent by value ($1.7 million vs $3.5 million) and 24 percent by shipment count (430 vs 493) in 2023 compared to 2022.

— Although UFLPA specifically identifies cotton as a high-priority sector, other sectors have seen much greater levels of scrutiny by CBP. From June 2022 through August 2023, CBP has subjected 2,412 shipments of electronics equating to $1.5 billion to UFLPA reviews. Only 923 shipments of textiles, apparel and footwear equating to $39 million were reviewed for UFLPA.

— For scale, total U.S. imports of textile, apparel and footwear totaled $184 billion in 2022, and only $39 million in shipments were detained for possible UFLPA violations over the last 15 months.

Astoundingly, the chances of a vessel in water being struck by lightning are greater (1 in 1,000) than CBP reviewing any of its textiles/apparel/footwear contents for UFLPA violations (1 in 5,000). The odds are even greater for a large cargo ship.

Given that 20 percent of the world’s cotton is grown in Xinjiang and 72 percent of cotton-based apparel in China is made of Xinjiang cotton, we should be seeing stopped shipments multiple times a day for vast quantities of cotton-containing apparel from China and elsewhere. But we aren’t seeing the enforcement expected and needed to counter this predatory trade behavior that is undermining and crippling U.S. manufacturers as a result.

Further, apparel imports from Vietnam are skyrocketing, primarily made of Chinese cotton yarn and fabrics that are being imported and made into apparel then shipped into the U.S. market, crippling our domestic industry. Additional scrutiny must be paid to shipments from secondary markets, like Vietnam, which are helping mask and facilitate illegal and subsidized trade.

Perhaps even more baffling is the fact that CBP was allocated $101 million to enforce bans on forced labor products yet their enforcement in the textile and apparel sector has weakened, not strengthened. This raises questions as to why more testing isn't being done to ensure compliance with UFLPA since the resources have already been allocated.

Free-trade agreement false origin claims

Meanwhile, customs enforcement of imports under free trade agreements has inexplicably declined substantially in recent years.

In FY 2022, CBP's illegal transshipment verifications resulted in a total of 38 visits (a combination of semi-virtual and on-site inspections) versus a total of 139 visits in FY 2018, which reflects CBP activity in a pre-pandemic year.

In addition, the amount of commercial fraud penalties levied were just $2.5 million for FY 2022 compared to $19 million in FY 2018.

If Customs aggressively stepped-up enforcement activities targeting textile fraudulent claims—aimed at bypassing U.S. trade agreement rules and gaining duty-free access to our market—and other enforcement activities, our industry's business would rebound.

De minimis loophole is facilitating illegal trade

At the same time, nearly 3 million shipments per day are entering the U.S. market largely uninspected and duty free through a legal loophole in U.S. trade law that is not only facilitating the exportation of goods made with slave labor but also undermining the UFLPA legislation designed to curb and eliminate slave labor in our supply chains.

If the administration does not act quickly, China and others will continue taking advantage of the duty-free access afforded under our free trade deals and de minimis as a workaround to UFLPA and other safeguards the government has put in place.

With the support of an inter-agency task force, a strategic plan and increased enforcement, we can thrive for the long term as an industry that is vital to the backbone of this economy and the health and national security of this nation.

Source: sourcingjournal.com– Oct 10, 2023

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Material shortages in German industry drop by 0.4% in Sept 2023: ifo

The German manufacturing sector is witnessing a marginal improvement in the supply chain issues that have been plaguing the industry. The number of companies reporting material shortages in September dropped to 24.0 per cent from 24.4 per cent in August, as per the ifo Institute.

Industries such as leather goods manufacturing at 0 per cent are least affected by these supply chain issues. The textile industry also shows relatively lower disruptions, with only 10.3 per cent of mentions indicating shortages, the ifo Institute said in a press release.

In most other sectors, the share of companies facing such issues is below 40 per cent and, in many cases, even lower than 20 per cent. Notably, machinery and equipment manufacturers at 36.3 per cent among others are still struggling more than the industry average.

“Things are settling down,” said Klaus Wohlrabe, head of surveys at the ifo Institute, suggesting a cautiously optimistic outlook for the German manufacturing landscape.

Source: fibre2fashion.com– Oct 11, 2023

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UK's retail sales in Sept 2023 align with 3-month growth rate: BRC

UK's total retail sales increased by 2.7 per cent in September 2023, against a growth of 2.2 per cent in September 2022. This was in line with the 3-month average growth of 2.7 per cent and below the 12-month average growth of 4.2 per cent, as per the British Retail Consortium (BRC).

Non-food sales decreased 1.2 per cent on a total basis over the three-months to September. This is below the 12-month average growth of 0.6 per cent. For the month of September, non-food was in decline year on year (YoY), the BRC said in a press release.

Over the three months to September, in-store non-food sales increased 0.3 per cent on a total basis since September 2022. This is below the 12-month average growth of 3.2 per cent.

Online non-food sales decreased by 3.6 per cent in September, against a decline of 2.6 per cent in September 2022. This was shallower than the 3-month decline of 4.1 per cent and deeper than the 12-month decline of 3.2 per cent.

The proportion of non-food items bought online (penetration rate) decreased to 34.9 per cent in September from 35.1 per cent in September 2022.

Helen Dickinson, chief executive of the BRC, said: "Sales growth in September slowed as the high cost of living continues to bear down on households. The Indian summer also meant sales of autumnal clothing, knitwear, and coats, have yet to materialise.

"With sales volumes down, growth has been artificially boosted by high inflation over the last two years. As inflation eases, so too will longer-term sales growth prospects. The coming months are crucial for retailers as they enter the 'Golden Quarter' and they're investing heavily to support customers and bring prices down. However, such efforts are challenged by the £400 million increase in business rates expected next year. The chancellor should scrap the rates rise in his upcoming budget and enable retailers to deliver more value for customers at such a critical time for the economy."

Paul Martin, UK head of retail, KPMG, said: “Retail sales continued to limp along, with growth up just 2.7 per cent despite inflation falling in September. With the warmer weather delaying household heating being switched on, positive news around falling inflation and a hold on rising interest rates, consumers will hopefully be feeling a bit more confident as thoughts turn to Christmas shopping.

“After years of battling challenges, the resilience of the retail sector has been dented and we are starting to see the gap between the strongest and the weakest on the high street widen. The fight for Christmas shoppers will be fierce this year, with promotions likely to be earlier and abundant in a bid to loosen tight household purse strings. Consumers will continue to seek out good deals, with price driving purchasing decisions. This is likely to be one of the most important golden quarters that we have seen in years, as for some in the sector, it could very much determine their future.”

Source: fibre2fashion.com– Oct 11, 2023

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Australia's business conditions dip in September 2023: NAB survey

Australia's business conditions have seen a decline in September 2023, dropping 3 points to 11 index points, according to the latest National Australia Bank (NAB) Monthly Business Survey. This reverses the slight uptick witnessed in August. The sub-components contributing to this include trading conditions (down 3 points), profitability (down 5 points), and the employment index (down 1 point). Despite this decline, all these factors remain above their historical average.

Several industries witnessed substantial drops in their conditions. Transport and utilities descended 13 points, while retail also faced declining conditions, dropping 9 points. However, on a positive note, the overall conditions seem to remain stable across industries. When viewed by state, Queensland recorded a significant dip in conditions, falling 16 points. Other mainland states also experienced decreases, though not as pronounced, while Tasmania saw a slight improvement during the month. In terms of trend, conditions remain resilient across the states, with figures ranging between 10-14 index points. Tasmania stood out with an impressive 17 index points, as per the survey.

Business confidence remained unchanged at 1 index point, a figure it has maintained for multiple months. Retail showcased an improved confidence level, rising by 7 points. Notably, even with a bounce in Tasmania, the confidence there continues to be negative in trend terms. The survey also highlighted some enhancements in leading indicators. Forward orders made a comeback into the positive domain, increasing by 2 points to settle at 2 index points, after a dip into the negative territory earlier in the year. Capacity utilisation saw a slight drop but remains solid at 84.2 per cent.

Lastly, the survey touched upon price and cost growth, which witnessed a decrease during September. Labour cost growth settled at 2 per cent in quarterly equivalent terms, with purchase cost growth receding to 1.8 per cent. Overall price growth also took a step back, coming in at 1 per cent. In specific sectors, retail price growth remained stagnant at 1.8 per cent.

Source: fibre2fashion.com– Oct 10, 2023

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Major Fashion Retailers Temporarily Close Stores in Israel

Spanish fashion giant Inditex has joined the growing list of international businesses temporarily shutting down operations in Israel because of the war.

Israel declared war on Hamas Saturday, after Hamas terrorists that morning massacred approximately 1,000 people in southern areas of the country, including hundreds attending a music fair, took scores of hostages and launched massive missile bombardments.

Israel was caught by surprise and responded by dispatching 300,000 reservists, building a huge military presence along the border of the Gaza Strip for a possible incursion, and firing missiles back into the Gaza Strip, killing hundreds of people. Israel is cutting off food and fuel supplies to Gaza.

Officials at Zara could not be reached Tuesday afternoon, but the safety of workers would be of paramount concern. There are also obvious concerns over property losses, too.

Others businesses besides Zara announcing temporary shutdowns due to the war include Swedish retailers Hennes Mauritz, also known as H&M, and Ikea, the home furnishings chain, according to media reports.

Over the weekend, major airlines including Delta and United suspended flights to Israel. Reuters reported that El Al is increasing flights to bring reservists to the war zone and that Carnival Cruises is rerouting ships.

On Tuesday, Fashion Network reported that the 84 franchise stores in Israel operating under the Zara and Bershka brands owned by Inditex were closed due to the war. Inditex also operates e-commerce in Israel.

President Biden, with Vice President Kamala Harris and Secretary of State Antony Blinken by his side, gave a passionate speech Tuesday reiterating his statement over the weekend that the U.S. stands with Israel. He said the "vicious attacks" by Hamas led to 1,000 Israeli and at least 14 American deaths.

He also said that Americans are among the hostages, though it is not yet known how many were taken. He said the U.S. will help Israel in its efforts to rescue the hostages. The U.S. is also expected to provide military aid and military intelligence to Israel.

A year ago, Zara in the Middle East made news after Palestinians began boycotting Zara and were seen burning its clothes after the franchise holder for Zara's Israeli stores hosted a right-wing member of the Israeli Parliament at his home.

Source: sourcingjournal.com– Oct 10, 2023

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Kenya and Uganda Have Stalled Cotton Sectors with Promising Potential

A shake-up in the upper ranks of the government of Kenya may be a good thing for the country's textile sector, which various officials had been promising to revive but in which there had been few perceivable improvements since President William Ruto took office a year ago.

Ruto has named Rebecca Miano, a lawyer, as Kenya's new minister of trade and investments, replacing Moses Kuria, who is now minister of public service performance and industry.

While in his former cabinet post, Kuria had made a number of pronouncements about the textile industry which had been on the decline since its heyday in the 1980s. Both Kenya and Uganda, with which it shares a border, suffer from stalled growth in the cotton business and lagging garment production. Factories are idle yet consumer demand goes unmet. The government has appeared unfocused on textiles, despite the promise of aid and an abundance of goodwill coming from governments and NGOs.

Many promises of investment both foreign and domestic have been made over the past year, but few were realized. One of those was by the Kenyan government, claiming a renaissance in the cotton sector, which said in January and again in August that it would invest $1.6 million in new ginneries and reopening derelict garment factories.

Through Norfund, the Norwegian government announced in March that it was investing $14 million in a seven-year-old factory operated in Kenya by Hela Apparel Holdings, PLC, one of the firm's largest and responsible for 20 percent of the country's total export volume. In September, India-based Golkadas announced the purchase of Dubai-based Atraco, a producer of men's, women's and children's private label apparel which has factories in Kenya.

Ugandan president Yoweri Museveni in September banned the import of used clothing which he claims is stifling growth in the country's garment industry. There are dozens of factories in the works at the Mbale Industrial Park, including some devoted to textiles and apparel.

It will take more than platitudes to get the textile sector in either country up and running to where it should be, producing jobs and incomes for their impoverished populations.

Kenya is perhaps in the worse situation of the two. It has 52 textile spinning mills, but only 15 of them are operational. According to the Kenya Institute for Public Policy Research (KIPPR), weak labor productivity and low technology mean the mills that are operating are only doing so at 45 percent of capacity.

To meet domestic needs, Kenya imports some 93 percent of its textiles from China, Hong Kong, Taiwan, India and Pakistan. To curb that and perhaps pump some life into the sector locally, the government has proposed a 25 percent tariff on clothing imports, which Kuria said are luxuries Kenya cannot afford. Few think this will encourage consumers to buy locally, even at a steep 25 percent.

Some fear this will adversely affect the used clothing market, which thrives in Kenya as it did in Uganda before the ban, and which provides employment for some 3.4 million in the east African region.

Uganda, meanwhile, has a surfeit of cotton lint and exports 93 percent of it. Only about 10 percent of locally produced cotton is consumed within the country and a large chunk of that goes to the more than one million uniforms produced each year for school children.

Mali has the largest cotton yield of any African nation, producing some 760,000 tons annually. Uganda pales by comparison, with an annual production that hovers around 9,400 tons for 2022, a 36 percent increase from 2021 yet down from about 16,000 tons in the 1980s, a decade marked by political strife. That total had already declined by 5,000 tons in the decade previous, reports said.

According to Richard D. Mubiru, the chairman of the Uganda Manufacturers Association, part of the problem is the fact that production depends on 250,000 smallholder farmers which the government does little to support. As a result, he said, the industry has been left to ginners and cotton merchants who do little to improve it. In about 2001, Uganda had a plan to improve yield to about 185,000 tons by 2006, but it was never realized.

Last year, Kenya's cotton crop produced 7,000 tons, down from 13,000 tons since the 1980s. According to Dr. Rose Ngugi of KIPPR, there are only 40,000 smallholder farmers operating in Kenya, down from 200,000 in the mid-1980s when Kenya's textile industry was at its peak.

Despite its small size, which puts it on par with France as about equal to the U.S. state of Texas, Kenya has 170 large and medium apparel manufacturers that produce garments for export. About 70 percent of that goes to the U.S. where, like Uganda, they profit from duty free status offered by the African Growth Opportunity Act (AGOA), which expires in 2025. So far, textile exports to the U.S. from Kenya under AGOA have totaled $403 million.

The textile sector in east Africa has a great deal of promise, and might just turn the corner with the right influence behind it, said Prof. Patrick Diamond of Queen Mary University, London. He noted that the global transition from low cost 'fast fashion' to a circular production model is imperative and east Africa has the potential to take the lead.

Source: sourcingjournal.com– Oct 10, 2023

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Iran's Export of Textile Products Up 6% in 6 Months: Official

Speaking in a news conference on Monday, Mohsen Gorji put the total value of clothing, garment and textile products exported from the country between March 21 and September 22, 2023 at $368 million, showing a six percent growth compared to same period of last year.

Iran exported $345 million worth of clothing and textile products from March 21 to September 22, 2022, he noted.

Gorji pointed to the clothing and textile products imported into the country from March 21 to September 22 and said it registered a five and 15 percent hike in value and weight respectively compared to last year's corresponding period.

According to him, Iran imported 40,000 tons of cotton fibers in the first half of the current Persian calendar year, showing a 25 percent hike compared to the same period last year.

Some 30,000 tons of cotton fibers were imported into the country from March 21 to September 22, 2022, the director general added.

Source: tasnimnews.com– Oct 09, 2023

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Vietnam's foreign investments rise to $416.8 mn in Q3 2023

Vietnam's aggregate investment in foreign markets reached $416.8 million in the third quarter (Q3) this year—a 4.6 per cent rise year on year (YoY).

Eighty four projects worth over $244.8 million were approved for new investment during the quarter—a YoY decrease of 29.5 per cent. Eighteen projects saw an adjustment in investment capital—a 3.38-fold surge—totalling nearly $172 million.

Canada attracted the most Vietnamese capital, exceeding $150 million, followed by Singapore and Laos, with $115 million and $114 million respectively, according to domestic media reports.

Vietnam boasted 1,667 active overseas investment projects spanning 24 nations and territories as of September 20, with a cumulative investment capital of almost $22.1 billion, according to the Foreign Investment Agency under the ministry of planning and investment.

State-owned enterprises initiated 141 projects valued at nearly $11.7 billion, constituting 52.8 per cent of the country's total investments abroad.

Source: fibre2fashion.com– Oct 11, 2023

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Bangladesh targets $300 bn in exports by 2041: Commerce minister

Bangladesh targets $300 billion in exports by 2041, commerce minister Tipu Munshi said recently.

His ministry is formulating innovative and business-friendly policies to attract foreign buyers, brands and investors to consolidate export-oriented growth and diversify exports, Munshi told a press conference announcing the '4th Bangladesh Leather Footwear and Leather Goods International Sourcing Show-BLIS-2023', to be organised on October 12-14 in Dhaka.

The show was organised by the Leather Goods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB).

Leather products are significantly contributing to exports and the country is fast emerging globally as a reliable source of leather products, he was quoted as saying by domestic media reports.

The exhibition will also host three sessions in which more than 200 industry professionals, policymakers and foreign experts will participate.

Source: fibre2fashion.com– Oct 11, 2023

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Bangladesh's RMG export statistics for July-September 2023-24

Growth in RMG export

Bangladesh's RMG export reached US$ 11.61 billion during the July-September period of fiscal year 2023-24, up from US$ 10.27 billion in the same period of FY 2022-23, indicating 13.07% year-over-year growth. Knitwear export grew by 19.70% year-over-year, while woven garments export grew by 4.97% year-over-year. In September 2023, the country's RMG export grew by 14.46% year-over-year.

Challenges and opportunities

The global economic slowdown is a challenge for Bangladesh's RMG sector, as global import by Bangladesh's major markets is declining. The increase in raw material prices, fuel, gas-electricity, and other production costs is also a challenge for the sector, as it is causing inflated prices of goods. Despite the challenges, Bangladesh's RMG sector is showing resilience. The growth in export is being driven by the emerging diversity in product range within the industry and the appreciable progress in higher value addition.

Recommendations

Bangladesh should focus more on the future possibilities and diversification when it takes further expansion plans. The country can direct its investment towards the future by focusing on diversification, technology, and innovation.

Overall

Bangladesh's RMG sector is showing resilience despite the global economic slowdown. The country should focus on diversification, technology, and innovation to maintain its growth momentum in the long term.

Source: fashionatingworld.com– Oct 11, 2023

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NATIONAL NEWS

India-Tanzania to work for the collective good of Africa and India: Shri Piyush Goyal at India Tanzania Investment Forum

Welcoming the President of Tanzania Her Excellency Samia Suluhu Hassan at the India Tanzania Investment Forum in New Delhi today, Shri Piyush Goyal, Union Minister of Commerce & Industry, Consumer Affairs, Food & Public Distribution and Textiles said that the friendship between the two countries has been elevated to the level of strategic partnership and the wonderful people-to-people and business relationship that exists between the two countries will only get stronger in the years to come.

Shri Goyal noted that the Prime Minister Narendra Modi is a big advocate of bringing the Global South on one platform. The India Africa partnership has flourished under his leadership and the effort that Prime Minister Modi put in to create convergence on making the African Union a full member of the G20 has finally happened, he added.

Shri Goyal said that Prime Minister Narendra Modi looks at this partnership between two modern, vibrant nations as a very defining and substantial relationship that will work for the good of two billion people of Africa and India for inclusive and sustainable growth.

Shri Goyal pointed out that the two countries share a rich history and our ties go back decades and noting that Mahatma Gandi learnt his first lesson in Africa, Shri Goyal said that there is a lot of similarity in our freedom struggle, we have worked together as non-aligned nations and that we have successfully decolonized our economies.

He said that we now have important engagements with each other and are working from investments to startups, from the healthcare sector to business and trade.

He added that there is huge potential and our business persons will truly make both countries proud with their commitment to make this relationship grow, expand and really provide opportunities for jobs and for entrepreneurs in both countries.

India will partner with Tanzania in different sectors like education, skill development, capacity building, culture, energy, climate action, trade settlement in local currencies and in technology, Shri Goyal said. He noted that India has offered lines of credit to ensure infrastructure development and ensure creation of utilities in Tanzania.

Tanzania is the biggest export destination of India in Africa and we look forward to making this another fast growing story, Shri Goyal said adding that we can work together to ensure mutual food security, and in pharma sector and the new and emerging space sector.

Source: pib.gov.in– Oct 10, 2023

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IMF raises India's growth forecast to 6.3%

Notwithstanding uncertainty triggered by Israel-Hamas conflict, International Monetary Fund (IMF) has upped India's economic growth forecast by 20 basis points to 6.3 per cent for the current fiscal (FY24) on account of better consumption demand. However, there is no change in the projection for FY25 which has been pegged at 6.3 per cent.

Indian economy grew by 7.2 per cent in FY23.

"Growth in India is projected to remain strong, at 6.3 percent in both 2023 and 2024, with an upward revision of 0.2 percentage point for 2023, reflecting stronger-than-expected consumption during April-June," IMF said in its annual publication, World Economic Outlook (WEO), released on Tuesday on the eve of Fund-Bank (IMF and World Bank) meeting taking place at Marrakech, Morocco.

In its projection made in April this year, IMF pegged the growth rate at 5.9 per cent which it upped in July to 6.1 per cent on the back of a strong growth of 7.8 per cent during the April-June quarter.

Earlier this month, World Bank maintained growth projection for current fiscal at 6.3 per cent on account of good investment and consumption.

The projections of IMF and World Bank are still lower than the estimates of the Centre and the Reserve Bank of India which pegged India's GDP growth at 6.5 per cent.

While the projections of the Organization for Economic Cooperation and Development (OECD), Fitch Ratings and ADB are similar to the government's projections, it is higher than S&P Global Ratings' estimate of 6 per cent.

India has a share of 7.3 per cent in the World Economy and 12.5 per cent in emerging markets and developing economies.

World Outlook

On world economy, WEO lowered the growth projections for 2023 and 2024.

"According to our latest projections, world economic growth will slow from 3.5 percent in 2022 to 3 percent this year and 2.9 percent next year, a 0.1 percentage point downgrade for 2024 from July. This remains well below the historical average," Pierre-Olivier Gourinchas, Economic Counselor and Director of the Research Department, said in a blog post.

He further said that the global economy continues to recover from the pandemic, Russia's invasion of Ukraine and the cost-of-living crisis.

In retrospect, the resilience has been remarkable. Despite war-disrupted energy and food markets and unprecedented monetary tightening to combat decades-high inflation, economic activity has slowed but not stalled. Even so, growth remains slow and uneven, with widening divergences, he added.

"The global economy is limping along, not sprinting," he noted.

Inflation issue

On overall price situation, the blog mentioned that the headline inflation continues to decelerate, from 9.2 percent in 2022 on a year-over-year basis, to 5.9 percent this year and 4.8 percent in 2024.

Core inflation, which excludes food and energy prices, is also projected to decline, albeit more gradually, to 4.5 percent next year. Most countries aren't likely to return to inflation target until 2025.

The blog noted that while some of the extreme risks—such as severe banking instability—have moderated since April, the balance remains tilted to the downside.

"China's real-estate crisis could intensify, posing a complex policy challenge. Restoring confidence requires promptly restructuring struggling property developers, preserving financial stability, and addressing the strains in local public finance. If China's real estate prices decline too rapidly, the balance sheets of banks and households will worsen, with the potential for serious financial amplification," the blog observed.

Source: thehindubusinessline.com– Oct 10, 2023

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India, UK may ink FTA by the end of this month

India and the UK are likely to sign a proposed free trade agreement (FTA) in the last week of this month. It will be New Delhi's first such comprehensive deal with an industrialised nation, seeking to spur bilateral annual business beyond the current $20 billion.

India has extended an invitation to UK Prime Minister Rishi Sunak to visit India on October 28 and ink the ambitious pact, people aware of details told ET.

Senior commerce and industry ministry officials on Monday made a presentation to the Prime Minister's Office on the agreement, the people cited said.

UK sees Customs as bureaucratic

Trade negotiators met in the UK last week to finalise the contours of the pact, they said. The two contentious issues of rules of origin and intellectual property rights are still being discussed.

"India has invited the UK Prime Minister to sign the pact on October 28. Both sides are keen to ink it," said one of the persons cited above.

The UK will be the first developed country with which India is seeking to sign a comprehensive FTA.

The pact will have 26 chapters. Product-specific rules, value addition, change in the chapter heading, and certification are being discussed in the rules of origin chapter, where an in-principle agreement has been reached.

Work in progress

India has sought assurance that the UK will not be used to route goods from other countries, as New Delhi is keen to check its overall burgeoning trade deficit that hit $263 billion in FY23, up from $191 billion the year earlier.

On the UK side, there is a perception that the Indian Customs apparatus is too bureaucratic, requiring elaborate paperwork.

Also, the UK's life sciences and biotech sectors had suggested 37 changes to India's intellectual property rights laws.

Separately, the UK and the European Union (EU) have sought amendments in India's Patents Act to allow the 'evergreening' of patents, especially in pharma. Section 3(d) of the Patents Act prohibits the grant of 'evergreening' patents, which are additional patents for a drug with no therapeutic benefit, and are seen to increase the term of a patent monopoly - a red line for India.

Experts also said that as elections are due in both countries next year, a difference of views on some points couldn't be entirely ruled out.

Source: economictimes.com– Oct 11, 2023

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India, Tanzania agree to work on increasing trade in local currencies

India and Tanzania have agreed to work on increasing trade in local currencies and expand defence co-operation through a five-year roadmap with New Delhi also offering collaboration in areas of space technologies and digital public infrastructure.

Tanzanian President Samia Suluhu, who is on a four-day official visit to India, had a bilateral meeting with Prime Minister Narendra Modi on Monday, where the two leaders announced the elevation of Indo-Tanzania relationship to the level of 'strategic partnership'.

Six pacts signed

The two sides signed six agreements for cooperation in sectors including digital transformation, culture, sports, maritime industries and white shipping information sharing.

"Tanzania is the biggest and the closest partner of India in the entire Africa," Modi said.

"Both sides noted that the strategic partnership will help the two countries jointly work on issues like maritime security, defence co-operation, development partnership, trade and investment among others," per the joint statement issued after the bilateral meeting.

Bilateral trade

The two leaders agreed to expand bilateral trade using local currencies. "They noted that Reserve Bank of India has cleared the way for trade using local currencies i.e. Indian rupee & Tanzanian Shilling by allowing the authorised banks in India to open Special Rupee Vostro Accounts of correspondent banks of Tanzania and that transactions using this mechanism have already materialised. The two sides agreed to continue with the consultations in order to address any concerns so as to ensure sustainability of this arrangement," the statement noted.

The two leaders expressed satisfaction over the successful second Joint Defence Co-operation Committee meeting held in Arusha in June resulting in a five-year `roadmap for defence cooperation' between the two countries.

"Through this, new dimensions will be added in areas like military training, maritime cooperation, capacity building, and defence industry," Modi said.

India offered collaboration in areas of space technologies and digital public infrastructure under India Stack including Unified Payments Interface (UPI) and Digital Unique Identity (Aadhar), the statement pointed out.

Modi expressed his enthusiasm at Tanzania deciding to join the Global Biofuels Alliance launched by India at the G20 Summit last month.

Source: thehindubusinessline.com– Oct 09, 2023

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E-commerce players see uptick in demand, order in festival season sale

E-commerce firms such as Flipkart, Myntra, Amazon, Meesho and others are witnessing booming festival season sale events. The firms are witnessing growth in shoppers in the ongoing festival season sales during the weekend.

Amazon launched its marquee festive sale, the Great Indian Festival, on October 8, with early access for Prime members beginning October 7. While Flipkart's annual flagship sale event The Big Billion Days, from October 8 to 15, with early access for Plus customers beginning October 7.

E-commerce enablement SaaS platforms Unicommerce said that industry has witnessed over 22 per cent growth in order volumes during the first three days of the season sale in 2023 (October 7-9) as compared with the first three days of the festival season sale last year.

Flipkart witnessed a zealous response from customers across categories with a 7X spike in orders over daily transactions. The e-commerce major saw the highest demand in categories such as mobiles, appliances, lifestyle, beauty and general merchandise (BGM), electronics and home.

Smartphone sales

The company witnessed a surge in demand in smartphone segment in the ₹20,000 range from metro, and non-metro customers. Further, lifestyle, electronics and BGM played a key role in new customer acquisition. The company said it saw an increase in demand from tier-1 and tier-2 cities, during early access and day 1.

According to Flipkart, Bengaluru, Delhi and Hyderabad saw the highest number of shoppers, followed by Mumbai, Pune, Ahmedabad, Kolkata, Chennai and Gurgaon. The company noted that Hisar, Lucknow and Patna were also among the top cities that saw a surge in orders placed by shoppers.

"Over the years, this annual event has not only transformed the way Indians shop, but has also embodied our resolve to make e-commerce accessible and affordable for the entire ecosystem. This 10-year milestone reflects our relentless pursuit of innovation and our commitment to the larger economy," said Arief Mohamad, Vice President - Customer Growth and Loyalty, Flipkart.

E-retailer Myntra's Big Fashion Festival, which started on October 7, saw a stellar response across the core and emerging categories. It also saw strong demand coming from both metros and non-metros. The company saw approximately 45 per cent of orders coming from Tier-II and Tier-III cities and beyond. The most purchased items included kurta sets, lehengas, co-ord sets, shirts, jeans and t-shirts.

In addition to core fashion categories, customers are showing a high inclination towards emerging categories including jewellery, beauty and personal care, watches and wearables, luggage, home, and sports footwear.

"On the opening day, categories like beauty and personal care and jewellery recorded over 100 per cent growth in demand during the same period last year. Our much-loved Gen Z proposition, FWD, also saw an uptick in demand of 3X over business as usual (BAU) with consumers across metros and non-metros alike," said Neha Wali, head of revenue and growth, Myntra.

Myntra is expecting over 8 million customers to shop during BFF.

Meesho said it is elated by the response to its flagship Mega Blockbuster Sale. The company said that Tier-2 plus cities accounted for 80 per cent of orders."More than 30,000 sellers saw over 2X growth in orders during the onset of the sale. Top selling products included sarees, watches, bluetooth headphones and toys," said Meesho spokesperson.

E-commerce retailers are expected to garner sales worth ₹90,000 crore this festive season, 18- 20 per cent higher than last year, according to a report by Redseer Strategy Consultants. This will be driven by about 140 million shoppers who are expected to be transacting online at least once during this festive month.

Source: thehindubusinessline.com– Oct 08, 2023

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