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

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Currency Watch			
USD	EUR	GBP	JPY
83.26	88.23	101.15	0.55

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INTERNATIONAL NEWS

Global economy to slow to 3.1% in 2023 amid various challenges: Report

The global economy will slow to 3.1 per cent in 2023 as monetary policy tightening, the war in Ukraine, and lingering effects of the COVID-19 pandemic continue to affect growth, as per a report. The world's economy will remain weak in 2024 with global gross domestic product (GDP) expanding 3.1 per cent.

Global consumer prices will fall to 7 per cent this year, down from 9.2 per cent in 2022 and inflation will drop further to 5.8 per cent in 2024, according to the IFF Global Finance and Development Report 2023.

Looking ahead, global economy still faces strong headwinds—core inflation in many countries still stay well above central banks' targets as geopolitical issues including the war in Ukraine could further rock global energy and food markets; monetary policy tightening in an effort to rein in inflation could further dampen demand; geopolitical tensions could further trigger economic slowdown and runaway inflation; and the uncertainty of China's economic growth momentum this year could have a negative impact on global growth.

The report recommends monetary policy tightening without sacrificing global financial stability, consolidating fiscal position while protecting vulnerable groups, accelerating structural reform, deepening international cooperation, and promoting multilateralism.

US' economy is to expand 2 per cent in 2023 while the European Union's GDP is projected to grow 0.8 per cent this year and 1.5 per cent in 2023.

China's GDP is projected to grow 5.2 per cent in 2023 and slow to 5 per cent in 2024 as the country rolled out a series of stimulus packages.

Vulnerabilities in China's financial system are unlikely to escalate into systematic risks, the report added.

Source: fibre2fashion.com– Oct 30, 2023

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China's international trade in goods, services totals $591.4 bn in Sep

China's international trade in goods and services totalled 4.25 trillion yuan, or $591.4 billion, in September this year, according to official data.

Exports of goods were worth 2.05 trillion yuan and imports 1.67 trillion yuan, resulting in a surplus of 380 billion yuan, the State Administration of Foreign Exchange said.

Services exports were worth 176.9 billion yuan during the month, while such imports hit 343.2 billion yuan, leading in a deficit of 166.3 billion yuan, a state-controlled media outlet reported.

Source: fibre2fashion.com– Oct 30, 2023

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Impact and Challenges of Textile Labelling Regulation Revision

The revision of the Textile Labelling Regulation (TLR) seeks to bring about significant changes aimed at standardising practices across the EU. This includes standardising fibre composition testing methods, rules on leather, and sizing standards, as well as shifting from traditional physical labels to digital ones. The revision is also expected to refine the fibre classification process, making it more transparent and efficient.

Challenges: One anticipated challenge is the potential transition from the current GINETEX symbols to a new EU standardised code for Product Care Information. This shift could lead to misalignments with widely accepted international standards. Additionally, there is a debate on whether the revision should strictly address material composition or embrace a wider spectrum by incorporating expansive sustainability metrics.

What's next: The Commission has planned to initiate the revision in the 4th quarter of 2023. Brands will need to implement more comprehensive and standardised labelling practices to ensure that consumers have access to accurate information about the composition and origin of textile products.

Source: fashionatingworld.com– Oct 30, 2023

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Cambodia: Garment exports face global economic pressure

In the first nine months of 2023, Cambodia reported a decrease of over 17% in the export of apparel and clothing accessories – crocheted, knitted and non-knitted – compared to the same period last year.

Despite this decline, exports have shown signs of recovery in recent months, according to the General Department of Customs and Excise (GDCE).

The GDCE's International Commodity Trade Statistics show that from January to September, exports of goods under codes 61 and 62, which cover apparel and clothing accessories, reached $5.926 billion. This represents a drop of 17.35% from the $7.175 billion recorded in the same interval last year.

A breakdown indicates that exports under code 61, encompassing items made of knitted fabric, reached $4.145 billion, a decline of 18.9%. Meanwhile, exports under code 62 (woven fabric) totalled $1.784 billion, reflecting a 13.6% decrease.

Goods under these codes accounted for nearly 35% of Cambodia's total exports of $16.946 billion during the nine-month period.

GDCE data for September indicates a slight movement, with exports of $689.68 million, only 2.49% less than the $707.31 million in September 2022.

Ly Khun Thai, president of the Confederation of Cambodia Investors Association (CCIA) and the Cambodian Footwear Association (CFA), said the reduction in garment exports over the past year is not a result of Cambodia's production capabilities but rather a decline in international demand.

He attributes this to global economic challenges, notably geopolitical tensions such as the Russia-Ukraine conflict.

"The primary cause for Cambodia's reduced garment exports is reduced market demand," he told The Post.

“For the remainder of 2023, as global travel picks up, we anticipate a partial recovery in garment exports.

We’re optimistic that orders might see an uptick through 2024,” he added.

Hong Vanak, an economic researcher at the Royal Academy of Cambodia, noted that the global economic downturn has broadly impacted international trade. During such times, he said expenditures are typically limited to essentials like food.

“The primary markets for Cambodian garments are developed nations and major economies. Should the global economy rebound, orders will undoubtedly surge,” he said.

Kaing Monika, deputy secretary-general of the Textile, Apparel, Footwear and Travel Goods Association in Cambodia (TAFTAC), said garment exports have seen a downturn since late 2022.

He attributes this decline to economic challenges in major countries, stemming from the Russia-Ukraine conflict.

He said the primary destinations for Cambodian apparel are the US, EU, Japan, Canada and the UK.

According to TAFTAC, as of early August, there were 1,077 factories in the sector, providing employment to approximately 760,000 citizens.

For reference, exports of apparel and clothing accessories under codes 61 and 62 in 2022 reached $9.035 billion, marking a 12.69% increase from the $8.018 billion reported in 2021, as per the GDCE.

Source: phnompenhpost.com– Oct 30, 2023

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Africa needs policy boost to lead global fashion: UNESCO

Owing to Africa's abundant raw materials, with 37 of its 54 countries producing cotton, and its significant trade in textiles, the continent is positioned to become a global fashion leader, provided there is increased support from public decision-makers, as per a United Nations Educational, Scientific, and Cultural Organization (UNESCO) report.

There is an emerging trend for Made-in-Africa fashion, especially among the youth, who constitute 50 per cent of the population, and the burgeoning middle class, making up over 35 per cent. Coupled with rapid digital sector growth, Africa has the right ingredients for fostering young talent and facilitating intra-African trade, according to a UNESCO report titled 'The Fashion Sector in Africa: Trends, Challenges and Opportunities for Growth'.

The report also points out that Africa hosts 32 Fashion Weeks annually and anticipates a 42 per cent increase in demand for African haute couture over the next decade. However, several challenges need addressing for the continent to realise its fashion potential fully.

Firstly, legal protections for designers and professionals should be strengthened, particularly concerning intellectual property rights and working conditions. Secondly, investment in small and medium-sized enterprises, which comprise 90 per cent of Africa's fashion businesses, is crucial. Thirdly, setting environmental standards is a must, especially given the fashion industry's polluting nature. Lastly, UNESCO emphasises the need for formal training and the transfer of traditional skills to younger generations.

By addressing these challenges, Africa could emerge as a fashion powerhouse, capitalising on its rich heritage and untapped potential, the report concluded.

Source: fibre2fashion.com– Oct 31, 2023

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4th meeting of Vietnam- EU Joint Committee to implement PCA held

Delegates at the recently-held 4th meeting of the Vietnam-European Union (EU) Joint Committee to implement the Partnership and Cooperation Agreement (PCA) in Brussels proposed several specific measures to strengthen bilateral cooperation in trade, investment, finance, development cooperation, climate change response, logistics and agriculture.

Vietnamese deputy minister of foreign Affairs Le Thi Thu Hang affirmed that Vietnam supports the strengthening of the ASEAN-EU strategic partnership, with priority given to stepping up trade-investment cooperation, responding to global climate challenges, the environment, natural disasters, epidemics, contributing to green and sustainable development, and sub-regional development cooperation.

The EU proposed that the two sides continue to boost cooperation in key areas, including trade and investment, while expanding cooperation in new areas like tax, biodiversity conservation, global plastic waste treatment, labour and illegal migration prevention, media outlets in Vietnam reported.

The EU highly valued Vietnam's impressive achievements in socio-economic development and international integration.

The EU side was led by acting managing director of Asia and Pacific of the European External Action Service Paola Pampaloni.

Source: fibre2fashion.com– Oct 30, 2023

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Vietnam: Clothing makers find it hard to break with China's supply chain

From Adidas to Nike, apparel and footwear makers have been shifting their supply chains out of China, pushed by geopolitical tensions and pulled by lower manufacturing costs.

But amid mounting global economic uncertainties and weakening consumer demand, many are discovering that finding alternative production hubs comes with its own challenges. Some are even upping stumps and moving back to the mainland.

"That mature ecosystem, established over decades in China, not only ensures competitive price points but also delivers stable quality at mass production that's hard to copy," Laura Magill, the global head of sustainability at footwear brand Bata Group, said. "I can't think of another place that can do the quality, the quantity and the price as well as China."

Apparel makers and factory owners that Bloomberg News spoke to echo Magill's sentiments.

Lin Feng, in his 50s, is a businessman who owns apparel factories in and around China's southern city of Guangzhou. His plants make clothes primarily for US and European clients.

In 2020, as Covid closed borders, he started a new production line for ladies dresses in Hanoi to "test the waters", heartened by workers who were happy with less than half the monthly wages he was paying in Guangzhou.

But he soon found himself shocked by how few orders came in from wary overseas customers. Last year, he exited Vietnam and shifted his focus back to Guangzhou.

"There's no point talking about expansion or overseas shifts now," Lin said. "With weak demand, low labour costs and tariff exemptions are meaningless."

That retreat risks undoing some of the US$1.8 billion that's been spent, according to the China National Textile & Apparel Council, by manufacturers in China on turning to their Asian neighbours such as

Vietnam and Thailand. Several of those countries have over the years seen their exports to developed nations grow at the expense of Asia's biggest economy.

Kee, the manager of a Guangdong-based apparel factory who asked only to be identified by his first name discussing issues that may be politically sensitive, has a similar story.

For more than 20 years, he operated production lines in Cambodia that made jeans. Over the past decade, however, he saw increasingly thinner profit margins as minimum wages crept up.

The amount he pays his workers in the southern Chinese manufacturing city of Zhongshan is now just 30 per cent more than in Cambodia, a gap that was much wider 10 years ago. Output rates at his Chinese factories are meanwhile about 20 per cent better, plus the workers are more skilled.

Expanding production in South-east Asia is not a "rational decision", Kee said. "I'm afraid the business slowdown will continue over the next year or two."

Indeed, so integral is China to the global apparel supply chain that even shifting countries does not really reduce reliance that much.

Vietnam's clothing industry still relies mostly on Chinese materials such as buttons, thread, labels and packaging with only about 30 per cent to 40 per cent of the materials made locally, according to Duong Thi Ngoc Dung, the vice chairwoman of Vietnam's Textile & Apparel Association.

"When you start to talk about a chemical supply chain moving, a raw material supply chain moving, do you have the knowledge in the countries for the chemical mixer? Do you have the knowledge in the countries how to do mass production?" Bata's Magill asks.

Language barriers and culture shocks are also hurdles to managing workers in South-east Asia, some of whom are less experienced than employees in China.

Michael Laskau, a Vietnam-based businessman who links local apparel manufacturers with overseas buyers, said while political tensions have motivated some of his clients to shift to South-east Asia – there's a "fear of travelling to China and getting stuck there" – that has not translated into stable orders with local factories, leaving some garment makers struggling to stay afloat.

Laskau said most clients placing orders with factories in Vietnam are shying away from longer-term contracts, worried about weak global demand. Without those lengthier commitments many garment companies are living month-to-month, he said, with some even planning on cutting back to four-day work weeks to trim costs.

Vietnam's Textile & Apparel Association's Dung said the country is still targeting apparel exports of US$40 billion this year, with some clients in developed nations hesitant to rely too much on China. Apparel exports were US$18.6 billion in the first half, she said, accounting for 11.3 per cent of Vietnam's overall exports.

Still, new orders are mostly for final production – not for manufacturing. "The cost of setting up new factories is very expensive and the government isn't keen to have foreign plants that produce more pollution," Dung said.

India has been one other beneficiary of some manufacturers' shift to diversify from China. Fast Retailing's Uniqlo has said it will scout for more manufacturing partners in the country while Apple is also scaling up production there, looking to diversify from its main hub in the mainland.

However, it remains to be seen whether any other nation – even one with about as many people as China – can compete with its vast manufacturing ecosystem.

One garment mill Laskau worked with spent US$80 million on a factory in Vietnam to produce fabric using more environmentally friendly methods. The company reflected some of the cost of the new facility in the price of the fabric – only to find itself consistently beaten by cheaper competitors in China.

"Therein lies the dilemma," Laskau said. "Customers want the fabric produced in Vietnam but they don't want to pay the price. They want everything to be as cheap as it can be."

Source: businesstimes.com.sg – Oct 30, 2023

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Bangladesh: Fashion needs to support suppliers for green transition

How much does it cost to operate a sustainable, low emissions garment factory, one that has a reduced environmental impact and meets the increasingly stringent environmental, social and governance (ESG) requirements of global apparel brands and retailers?

While factories clearly differ in terms of size, location and the type of production taking place, my own experience is that it is not uncommon for factory upgrades to cost millions if not tens of millions of dollars.

In fact, across Bangladesh, factories have collectively spent hundreds of millions of dollars on industrial upgrading, retrofitting and developing new, green factories in recent years. All of this is to meet the requirements of the global fashion industry to achieve carbon-emissions reduction targets.

Ours has been a quiet revolution. When a garment supplier invests millions of dollars in new effluent-treatment technology, in smart energy-saving technology and solar power, there is no song and dance. There is no public relations noise. And there is no credit. As factory owners, we accept our place in supply chains. We also understand that it is our customers in the fashion industry who tell the "green supply chain" story to end consumers.

A question I have been pondering about more and more, however, is this: should the fashion industry support suppliers in the green transition? Should they support the industrial upgrading required to meet future emissions targets? Are brands and suppliers partners in this process or is the green transition a journey suppliers must take on their own? In looking at this issue, I'd like to relate my own experiences (which I know are echoed elsewhere) to highlight the problems we face as we look to reduce emissions in global fashion supply chains.

A couple of years ago, it became apparent that I needed to make an investment in my factory to reduce its environmental burden. This was going to cost a seven-figure sum. This was during the pandemic, and for cashflow reasons, I did not have the money in hand. So, I approached a major global fashion brand for support. They said no. I then asked the business if they would pay for the required upgrade and deduct the costs from monies owed on future orders. This idea was also rejected.

Eventually, in 2023, I managed to fund the project out of my own pocket.

This is my experience. Based on this and from talking to other suppliers, it has become apparent that fashion brands have no interest in financially supporting supply chains to be more sustainable. This is not a critique of the brands. It is simply a statement of fact. However, I believe it represents a major problem when it comes to meeting climate targets and achieving net zero.

It is no great secret that garment supply chains have been reeling ever since the pandemic. A lack of orders is placing continued downward pressure on prices in an industry where manufacturers are already operating on tight margins. Ours is not like some other industries where supply chains hold considerable power and are able to drive a hard bargain on prices with customers. Apparel makers are mainly price-takers. And fashion brands will, for the most part, squeeze suppliers on prices. As suppliers we accept this. In the case of larger garment makers, it is possible to absorb downward pressure on prices via economies of scale and improving efficiencies.

The challenge, however, comes when manufacturers are faced with making huge, ongoing investments to operate more sustainably and hit climate targets. Many factory owners simply do not have the upfront capital to make these investments. This means that such investments will be delayed or simply will not happen at all.

Is this really what the fashion industry wants? What about the urgency of the climate crisis?

It is my firm belief that sustainability teams in the fashion industry are earnest and genuine about their desire to reduce their environmental impacts. But do they truly understand the financial constraints faced by suppliers that could be thwarting progress on these issues? If brands and their suppliers were to work collaboratively on this issue, and if the former were to support the latter around financing, we could address these issues so much more quickly.

Unlike some, I don't begrudge the record profits made by world-class fashion brands or the fact they have grown cash rich on the back of their Asian supply chains. This is capitalism, and I accept its warts and all.

What I would like to see, however, is some of this money being distributed along supply chains in the form of loans, grants and other financial instruments. If it's left to suppliers, the green transition will take decades. I fear many targets will be missed along the way.

Fashion brands, with their financial might and global reach, hold the keys to change on sustainability issues. But they must start backing green rhetoric with money and support suppliers to make the changes required for a more sustainable industry.

Source: thedailystar.net– Oct 30, 2023

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Canada, Bangladesh agree to start mechanism to diversify, expand trade

At the fifth Bangladesh-Canada Foreign Office Consultations (FOC) in Ottawa recently, both the nations agreed to initiate a mechanism to explore ways to diversify and expand bilateral trade, which now stands at only about $2.5 billion.

The two sides also discussed various global and regional issues, including climate change, peace and security, economic cooperation, trade and investment, and transnational crime.

Bangladesh foreign secretary Masud Bin Momen led the Bangladesh side, while the Canadian delegation was led by Weldon Epp, assistant deputy minister for Asia Pacific at Global Affairs Canada, responsible for advancing Canada's international relations.

The two countries agreed to work on elevating the relations to the next level, Bangladesh media outlets reported.

Source: fibre2fashion.com– Oct 30, 2023

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Bangladesh: RMG minimum wage not finalised yet: state minister

State Minister for Labour and Employment Begum Monnujan Sufian today urged garment workers not to resort to any violence over rumours that the minimum wage has been fixed.

At a hastily arranged press conference at the secretariat office of the ministry in Dhaka, she said the minimum wage has not been finalised yet.

"The board is working to fix the wage and the board has until November 30 this year to finalise it."

Monnujan Sufian said rumours have been spread that the monthly wage has already been fixed at Tk 10,400.

"This is not true. The amount is just a proposal."

The owners' representative to the board has proposed Tk 10,400 as the minimum monthly salary for the apparel industry. On the other hand, the workers' representative has sought Tk 20,393 as the minimum wage.

Source: thedailystar.net– Oct 30, 2023

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NATIONAL NEWS

India, UK see free-trade deal possibly in December after poll results

India and the UK don't expect a free trade agreement to be announced until after state elections in the South Asian nation are completed in December, according to people with knowledge of the matter.

There are still some differences around whether taxation will be included in a proposed investment protection pact, as well as the UK's demand that tariffs be cut on electric vehicle exports to India, one of the people said, asking not to be identified as the deliberations are private.

There isn't any firm deadline but an announcement could be made after the vote concludes and results are out December 3, another person said.

The deal, when concluded, would be a major milestone for two of the world's largest economies that share a long history. British Prime Minister Rishi Sunak would likely showcase the deal as a benefit of Brexit, while it would help his Indian counterpart Narendra Modi tout more local manufacturing and job creation when he seeks a third term next year.

India's trade ministry didn't reply to an email seeking comment.

A spokesperson for the UK Department for Business and Trade said both administrations "continue to work towards an ambitious trade deal that works for both countries."

Source: business-standard.com– Oct 30, 2023

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Third party trade can push Re settlement system

In a bid to move away from the dollar and other foreign currency denominated trade, the Reserve Bank of India rolled out International Trade Settlement (ITS) in Indian Rupee on July 11, 2022. This was also the first step towards internationalisation of the rupee.

The move was timely as a number of countries in Africa and South Asia were facing acute shortage of foreign exchange in view of a slowdown of their exports and tourism earnings, compelling some of them to restrict trade only through Letter of Credit, and by using limited foreign exchange for essential imports. Increasing OFAC (Office of Foreign Assets Control in the US) sanctions on countries also indirectly supported rupee-based settlement.

In less than a year, almost two dozen countries' banks have opened Special Vostro accounts in India. However, in such a mechanism, overseas entities face exchange risk since their currencies have to be converted into rupee mostly through cross currency rate, since most of the countries under the mechanism do not have a direct currency rate with Rupee. Banks have agreed to provide a direct exchange rate though using US$.

The double conversion, first in dollar and then in rupee, generally eats away 3-4 per cent of the transaction value. This dissuades overseas entities from availing rupee settlement. Someone has to absorb this cost for this mechanism to be exploited fully.

Local currency

To address this and to enhance bilateral trade relations between India and the UAE, the governments announced local currency trading between the two nations. In local currency trading, entities are permitted to use either of the currencies for exports or imports.

If both sides are dealing in their own local currency, exchange risk is eliminated. Our MSMEs will be a major beneficiary as they are not familiar with the nuances of hedging.

One of the challenges in such settlements, however, is with regard to imports required for such exports. In the usual course, exporters take pre-shipment credit in dollars or euros for imports of raw materials required for exports and liquidate such credit through exports. Natural hedging is available as the value of imports is liquidated by exports. In local currency settlement, however, exporters are susceptible to some exchange risk. Fifty per cent of pre-shipment credits are denominated in foreign currencies.

SEZ units are required to transact in foreign currency as settlement in the rupee is still not recognised by the SEZ policy though Foreign Trade Policy allows it. Early amendment in the SEZ policy will hasten such settlements. The balance lying in ITS Rupee Accounts is meant for trade or investment. But many entities are purely in the exim business and thus not keen on investment.

Liquidating the rupee

There is another possible situation. For example, company "A" in Russia has exported goods worth ₹50 crore and has a credit of ₹50 crore in its rupee account, which it is unable to use either for imports from or investment in India. However, it should be possible for, say, a UK-based branch of this company to import a product from India worth ₹50 crore and sell to a third country.

The transaction will facilitate exports from India while simultaneously providing an opportunity to Russian entity to liquidate the rupee. Some of the bankers opine that such transactions are permitted while many say 'no'.

If we consider rupee in the Special Vostro account as free foreign exchange, there should not be any problem as third country payment is allowed, if declared at the time of exports. However, clarity is required to avoid hassles in future.

Source: thehindubusinessline.com– Oct 30, 2023

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Transforming India's Trade Facilitation: Achieving efficiency and fairness in customs processes

With the signing of the WTO Trade Facilitation Agreement (TFA) in 2017, trade facilitation in the context of customs and border procedures has been moving at a fast clip. India's National Committee on Trade Facilitation (NCTF) recognised early that TFA would not ensure significant gains unless the border ecosystem - including physical infrastructure at ports, airports and land customs stations - is reviewed and revamped. The aim of the National Trade Facilitation Action Plan (NTFAP) is two-fold:

Make trade faster, easier and cheaper with technology.

Provide clarity, efficiency and transparency to importers and exporters to minimise bureaucracy and corruption.

Of these two objectives, there has been a remarkable improvement in efficiency and clearance time due to:

Process reforms by customs and other border agencies.

Deeper penetration of technology, especially the adoption of the Single Window Interface for Facilitation of Trade (SWIFT) and scanning of containers, the use of state-of-the-art analytics for risk management and infrastructure augmentation at ports.

A clear indicator is a steady decline in the average release time (ART) of cargo as measured in the yearly National Time Release Study (NTRS). It shows that NTFAP targets - 24 hours for airports, and 48 hours for marine and land ports - have been achieved for risk-free consignments. For others, the NTFAP target is within reach.

As far as process improvements go, two broad areas impact ART:

Risk management: A robust system determines the percentage of cases selected for interdiction, either for documentary verification or more intrusive examination/inspection of cargo. With the deployment of AI, ML and Big Data, there is sharper targeting.

Faceless assessment scheme: Introduced in 2020, this covers all customs assessments. The objectives were to impart greater objectivity in assessments and uniformity of treatment across locations. However, NTRS 2023 findings suggest that there is a need to enforce greater accountability of national assessment coordinators for taking up cases where they notice divergences in evaluation for the same commodity for deeper scrutiny to harmonise positions.

The other concern remains the lack of a breakthrough in the ART of export cargo. NTRS 2023 revealed some hurdles.

The post-regulatory approval stage takes significant time.

Delays regarding the rearrangement of 'less than container load' cargo is more pronounced.

Exporters in the hinterland do not have easy access to real-time information about the arrival or departure schedules of vessels, port traffic and congestion status. A multidisciplinary expert committee should recommend steps to solve the problem.

The next generation of trade facilitation reforms must focus on the quality of outcomes or decisions taken by regulatory agencies, particularly customs. This would mean effective grievance redressal and fairer dispute resolution. There are mechanisms to ensure timely redressal, where necessary, through escalation to higher authorities, but the quality of disposal may still be an issue.

Embargo on reopening assessments owing purely to differences in interpretation of the law (say, classification under the tariff) beyond the normal period of limitation of two years, for instance, must be effectively enforced. Unless, that is, the importer/exporter's interpretation stems from misdeclaration or suppression.

The department must set an example by reviewing orders found to be unreasonable and reskill officers who pass such orders. There needs to be much more extensive sensitisation and capacity-building in the exercise of reasonableness across levels and processes, such as investigations, audits, issuance of show-cause notices, conducting adjudications and deciding appeals.

If first-gen reforms rightly concentrated on achieving quantitative targets of ART of cargo, the next one must focus on the quality of outcomes and fairness in decision-making, the benefits of which would be far more significant.

The writer is former chairman, Central Board of Indirect Taxes and Customs

Source: economictimes.com– Oct 30, 2023

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UK, US and EU markets continue to underperform in Wazir Report's October version

Wazir Advisors' monthly report that covers latest apparel consumption and import data of the US, EU, UK, and Japan along with exports data of India has just released its October 2023 edition. Highlighting global market scenario in August and September, the report shows US import market is not too strong with online sales of clothing and accessories registering only a nominal 1 per cent growth in Q2 of 2023 over Q2 2022. Lower figures have also been recorded month-wise, with US apparel imports at $7.8 billion in August 2023, which is 25 per cent lower than August 2022.

The UK markets have also seen lower figures as on year-to-date (YTD), with imports 14 per cent lower than 2022. Apparel import in August 2023 was around $1.8 billion, 10 per cent lower than last year. China's share decreased 6 per cent in UK apparel market while Bangladesh has seen 2 per cent increase since 2021. EU's apparel imports this year was $8.2 billion which is 23 per cent lower than August 2022, on YTD basis, imports were 10 per cent lower than 2022.

Japan's imports from Vietnam increase

Japan's apparel import, an important segment of the Wazir report revealed in August 2023, imports were $2.4 billion, 14 per cent lower than the same month last year on YTD basis. Imports were 2 per cent lower than in 2022. Moreover, China's share decreased 7 per cent while Vietnam saw an increase of 2 per cent since 2021. Post-pandemic, other South East Asian countries like Vietnam and Bangladesh are trying to takeover some of the business from China in global import-export of apparels.

Apparel store sales higher in key global markets

However, in spite of lower imports, the monthly apparel store sales were slightly higher in the UK and US, both in online as well as offline markets over the last couple of months. The US monthly apparel store sales were around $18.2 billion in September 2023, clocking in 10 per cent rise from September2022.

Home furnishing store segment is under-performing with sales at around $4.7 billion in September 2023 which is 13 per cent lower than in September last year. On YTD basis, sales are around 4 per cent lower than last year. Online sales of clothing and accessories registered a nominal growth of 1 per cent in Q2 this year over Q2 2022.

Even in the UK, a nominal 2 per cent increase in September 2023 was noticed as compared to last September. On a YTD basis, sales were 8 per cent higher in 2023 as compared to 2022, with online segment doing rather well in Q2 2023 with a growth of 10 per cent as compared to Q2 2022.

India scenario

In the Indian apparel export market, Middle East countries share have decreased 5 per cent since 2021, while that of the US has increased 1 per cent. India's apparel exports were estimated to be around $1 billion in September 2023, although on a YTD basis, exports are 14 per cent lower than 2022. Playing the role of a torchbearer for the textile and apparel Industry, the Wazir Advisors monthly report is much-awaited by analysts for its comprehensive global market overview.

Source: fashionatingworld.com– Oct 30, 2023

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Draft Kerala Export Promotion Policy 2023 published

The State government has drawn up a draft Kerala Export Promotion Policy, designed to unlock "the full potential of the state's exports" by empowering exporters, opening new avenues for trade and positioning Kerala as a preferred destination for international business partnerships through targeted strategies.

Drawn up by the Kerala State Industrial Development Corporation (KSIDC) for the Industries and Commerce department, the draft policy, among other things, seeks to "establish a robust and supportive ecosystem for export-oriented businesses."

The policy will be applicable to manufacturing/producing/service-oriented exporters as well as merchant exporters with or without warehousing.

Incentives and backups

It proposes frameworks for financial incentives and institutional backups for exporters. Fiscal incentives suggested in the policy include an Export-based Capital Investment Subsidy (a subsidy of 35% of the capital investment cost, limited to ₹2 crore per entity), Export Infrastructure Support (a one-time subsidy of 25% of the infrastructure investment, limited ₹50 lakhs per entity), and Export Turnover-based Incentive (incentive of 1% of Free Onboard Value (FOB) value, limited to ₹1 crore per annum for three years).

The policy aims to provide export-oriented skill development programmes and export promotion agencies to support businesses at various stages of the export cycle. The government will establish an "effective, proactive, and supportive institutional mechanism, through the existing entities, for the rapid growth of exports," it said.

State desk

'Supportive institutional mechanisms' proposed include a State Desk for Export for speedy grievance redressal, operationalising Export Promotion Committees (EPCs) at State and district levels to prepare district-wise export profiles, and facilitating the formation of export consortiums or clusters where exporters within specific industries collaborate and share resources and knowledge.

The draft policy lists 12 ‘high-growth potential areas’: Spices, horticulture and agriculture produce; shrimp and other marine products, processed food products, engineering goods, petrochemical products, organic and inorganic chemicals, textiles and garments, defence and aerospace, electronics and allied manufacturing, ancillary engineering and technology, Ayurveda and pharmaceuticals, and services, including IT and healthcare.

The absence of a ‘suitable State export policy’ and district export plans, and heavy reliance on a few commodities and countries for exports have been cited as the reasons for Kerala being ranked low among coastal states. The State was ranked 16th among all states in the value of merchandise exports during 2022-23. The Export Preparedness Index-2021 released by NITI Aayog had ranked the State 16th among all States, according to the draft.

The KISDC has invited views and suggestions from stakeholders and the public on the draft which can be accessed at https://www.ksidc.org/initiatives/draft-kerala-export-promotion-policy-2023. The policy is expected to be finalised and approved by January 2024. According to the draft, it would come into force by April 1, 2024.

Source: thehindu.com– Oct 30, 2023

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Most apparel makers expect up to 25% less demand this festive season: CMAI

New Delhi: A majority of apparel retailers and manufacturers expect demand for clothing to shrink by up to 25% this festive season from last year, the Clothing Manufacturing Association of India (CMAI), an industry body, said on Monday. CMAI surveyed 166 apparel manufactures and brands to gauge consumer demand. “While around 22% of respondents expect the market to pick up over the upcoming festive season, around 78% expect sales in this festive season to dip up to 25% as compared to last year’s sales," it said in a note on Monday.

CMAI said high inflation and a general slowdown have led to sluggish consumer demand. “Around 30% of respondents cited an overall economic slowdown as the main cause behind sales expectations staying lower than last year. Meanwhile, around 16% of respondents feel that lower pricing might aid sales," it said. Retailers typically spruce up offerings and increase advertising spends between October and December as India celebrates various festivals. The association’s observations come as companies are pin their hopes on demand improving in the remainder of the festive season.

“Nearly 49% of respondents feel that kid’s wear will lead the way in sales. This was followed by 36% who cited women’s wear and 12% who cited men’s wear as the clothing category that would perform best. Also, tier-2 and tier-3 cities are expected to outshine metros in clothing sales, with around 80% of respondents voting in their favour," the survey found.

Despite some positive sentiment over the past three or four days, there remains a widespread sense of pessimism among CMAI members, said Rahul Mehta, chief mentor, CMAI.

“This aligns with the broader slowdown experienced in the domestic garment sector during the last four to five months. Nevertheless, we anticipate a market upswing after Diwali, considering the extended wedding season that lies ahead. As many as 60% of respondents felt offline stores would do better during the festive season while 40% felt online portals would perform better," Mehta added.

Source: livemint.com– Oct 30, 2023

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CCI to set up 23 cotton purchase centres in Warangal

Warangal: The officials of the Cotton Corporation of India (CCI) are gearing up to set up 23 cotton purchase centres in the district, and the operations are slated to commence in the first week of November. These centres are located within cotton ginning mills and market yards including the Enumamula agriculture market yard.

The government is offering a minimum support price (MSP) of Rs.7,020 per quintal for long staple cotton and Rs.6,620 for medium staple cotton. To ensure quality standards, the farmers were asked to ensure that the humidity of the cotton should not exceed 8 per cent.

The Marketing Department has proposed the establishment of 23 cotton buying centres within the district. Of these, 18 will be located in the Warangal Enumamula agricultural market, while two will be situated in the Nekkonda and Wardhannapet agricultural markets. Additionally, one centre will be established in the Narsampet market. The government has given its approval for the operation of centres on the premises of cotton ginning mills.

To ensure the comfort and convenience of farmers, ginning mill owners have been advised to offer basic amenities such as tents, chairs, and drinking water at every cotton buying center. Furthermore, information boards will be set up to inform farmers about support prices and moisture content.

A significant change this season is the implementation of a new payment system for farmers who sell their cotton at these purchase centers. Farmers are advised to link their bank accounts with their Aadhaar card, as purchases will only be made from those who have successfully linked their accounts. The CCI will directly deposit the funds through the Aadhaar Enabled Payment System (ABPS) and the Public Financial Management System (PFMS) into the bank accounts connected to the Aadhaar card.

With all preparations in place, cotton purchases will commence from the first week of November. In addition, the introduction of help desks at these purchase centres aims to provide support to farmers navigating the new payment system. It is crucial for farmers to link their bank accounts with Aadhaar and carry their Aadhaar cards when visiting the centres to ensure a smooth transaction process.

Prasada Rao, the District Officer of the Marketing Department in Warangal, emphasized the importance of adhering to quality standards to receive the government's support price at these purchase centres. It is said that the cotton was cultivated in 1.22 lakh acres and the expected yield is 7.34 lakh quintals. Meanwhile, the cotton fetched a maximum of Rs 7005 per quintal on Monday at the Enumamula agriculture market yard where the traders purchased the cotton. Farmers hope that they will get at least the MSP once the CCI centres are operational.

Source: telanganatoday.com– Oct 30, 2023

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Ginners in India's Punjab go on strike; cotton arrival to get affected

Cotton ginning mills in the north Indian state of Punjab have gone on indefinite strike from today. They have decided not to run their ginning mills until the state government accepts their demand regarding notices issued for recovery of pending tax liability. The state's ginning mills have gone on strike at a time cotton arrival for the current season is set to rise. The state's arrival reduced to negligible on Monday due to the trade disruption. Members of the Punjab Cotton Factories and Pressing Association are protesting against the tax notices issued by the state government. They have decided not to purchase seed cotton (Narma) from farmers until the state government withdraws tax notices.

The state government had levied Punjab Infrastructure Development Fund (PIDF) cess of 1 per cent on sale price of agriculture produce from the first buyer. The cess was levied in 2010, but it was withdrawn in 2014. But the state's department of excise and taxation did not collect properly which caused for poor recovery. Government agencies deposited the cess on time, but private traders and millers did not deposit the tax from 2010 to 2014. Recently, the state's taxation department has issued notices to recover cess amounting to crores of rupees.

Last week, daily cotton arrival of 3,000 bales of 170 kg was reported in the state. But it reduced to just 400-500 bales on Monday because of strike. Normally, cotton arrival in the state is at its peak in November. So, if the strike continues, it may force farmers to sell their seed cotton in neighbouring states like Haryana and Rajasthan.

Suresh Bansal, president of the Association, had said that the strike will not be called off until the state government withdraws tax notices. He argued that it was around 10 year old tax liability which was not payable by ginners and other traders as they did not collect the tax from buyers. However, the department has said that the tax was imposed in 2010 and was withdrawn in 2014, and ginners were bound to collect and deposit the tax during that period.

Source: fibre2fashion.com– Oct 30, 2023

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