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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
83.25	88.24	101.39	0.55

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INTERNATIONAL NEWS

US Fed maintains interest rates at 5.25-5.5% amid inflation concerns

US Federal Reserve has maintained the target range for the federal funds rate between 5.25 to 5.5 per cent. Despite robust third-quarter economic expansion and a strong, yet moderating, job market, inflation continues to be a significant concern.

The US banking system remains robust, although tighter financial conditions are expected to impact economic activities, employment, and inflation levels, though the extent of these impacts is still unclear, the Federal Open Market Committee (FOMC) said in a statement.

In pursuit of long-term goals of maximum employment and a 2 per cent inflation rate, the Committee has decided to persist with its current monetary policy.

Future policy adjustments will be informed by the cumulative effects of monetary tightening, the time lag of monetary policy implications, and ongoing economic and financial developments. Moreover, the reduction of treasury securities and agency debt holdings will proceed as previously planned.

“In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals,” the Committee said.

Source: fibre2fashion.com– Nov 02, 2023

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China approves Xinjiang Pilot Free Trade Zone

China recently approved setting up the China (Xinjiang) Pilot Free Trade Zone.

A State Council circular issued on October 31 called for efforts to build the zone into a demonstration model of high-quality development for central and western regions.

The zone will serve the construction of core areas of the Belt and Road Initiative, support the golden channel between Asia and Europe, lead the opening-up of the western regions, and contribute to the China-Central Asia shared community, the circular said.

The zone will witness significant progress in business environment, convenient investment and trade, and industrial clusters with shared resources after three to five years, a state-controlled media outlet reported.

Comprising parts of Urumqi, Kashgar and Khorgos, the zone covers 179.66 sq km and will focus on emerging, labour-intensive and modern service industries.

The Xinjiang Uyghur autonomous region and the Xinjiang Production and Construction Corps will delegate dual economic and social management authorities to the zone.

Apart from deepening reforms in investment, measures will be taken to facilitate investment and enhance the level of overseas investment and cooperation, the circular said.

The zone will promote upgradation of the manufacturing industry and innovative growth of the digital economy.

With strengthened financial services, cross-border use of RMB will be expanded in the zone, with a risk control and prevention system.

Source: fibre2fashion.com– Nov 02, 2023

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Indonesia launches safeguard investigation on imported textiles

The Indonesian government has initiated an investigation into textile import products as an initial step to safeguard the domestic industry against foreign shipments.

Working under the Ministry of Trade, the Indonesian Trade Safeguard Committee (KPPI) is leading the probe after receiving a formal request from the Indonesian Textile Association (API) in September this year.

The decreasing number of workers in the domestic textile industry, in addition to the shrinking market share of domestic manufacturers, is one of the indicators that the Ministry of Trade considers when initiating the investigation.

In a press release on October 31, acting KPPI Chairman Nugraheni Prasetya Hastuti said the committee has seen preliminary signs of serious losses or threats of serious losses from the surge in textile imports.

The products under investigation include cotton woven fabric, man-made filament yarn, cotton sewing thread, cotton yarn, and fabric woven from man-made filament yarn.

The ministry said that imports of these products rose to 29,908 tonnes over the past four years from just 14,843 tonnes in 2019.

This investigation is part of the safeguard measures authorised by the World Trade Organisation (WHO) and typically conducted by its member states.

Indonesia's textile and garment industry is facing difficulties in maintaining operations as companies record plummeting export revenue due to falling demand from foreign markets amid the global economic downturn

Source: en.vietnamplus.vn – Nov 01, 2023

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Agoa Forum: Has the US trade pact benefited Africa?

The African Growth and Opportunity Act (Agoa) was signed into law by former United States President Bill Clinton in May 2000, in a bid to improve trade and investment ties with sub-Saharan Africa on the basis that the best way to raise living standards on the continent and create badly needed jobs, was through trade, not aid.

What is Agoa?

It allows eligible African countries to export some of their produce to the US without paying taxes, meaning they are cheaper for US consumers to buy, and so they should buy more.

It covers more than 1,800 products - from BMW and Mercedes cars assembled in South Africa to Kenyan flowers and even jeans.

Participating countries are required to meet a set of conditions to qualify to trade under the programme.

They include:
- removal of barriers to US trade and investment
- support for democracy
- protection of internationally recognised human rights
- not engaging in activities that undermine US national security or foreign policy interests.

Of the 54 countries in Africa, 35 are currently trading under the programme which was renewed in 2015 and is set to expire on 30 September 2025.

The US renews the eligibility of each country every year.

Who has benefitted most?

South Africa was the largest exporter in the agreement in 2021. It generated about \$2.7bn (£2.2bn) in revenue, mostly from the sale of vehicles, jewellery and metals.
Nigeria came second with revenue of more than \$1.4bn, mostly oil, while Kenya came third with about \$523m, according to statistics from the US International Trade Commission (ITC) and US Department of Commerce.

Other countries such as Eswatini, Ethiopia, Lesotho, Malawi and Mauritius have also massively increased their exports to the US under Agoa.

Hundreds of thousands of jobs have been created across the continent, although there are no precise figures. It also reportedly supports nearly 120,000 jobs in the US.

However, much of the initial growth in exports was in fuel, which has since declined.

And few of the African countries that qualify for Agoa benefits have used them fully.

There are a number of reasons, including a lack of infrastructure such as transport networks, energy supplies and specialist export-processing zones, as well as difficulties meeting the standards required by the US market.

Why has it been controversial?

Some say that removing access to Agoa because of human rights concerns mean that ordinary people are punished rather than the intended target - those in government.

Ethiopia, for example, lost its Agoa beneficiary status in January 2022 over what US President Joe Biden termed "gross violations of internationally recognized human rights" during the war in the northern Tigray region.

The eastern Africa nation had traded under the programme since 2000, with some 200,000 people, mostly young women, directly employed in the two most successful exporting industries under the Agoa, clothes and leather.

Ethiopia's exports to the US had grown from $28m in 2000 to about $300m in 2021, nearly half of it under the Agoa.

However, the country's withdrawal from Agoa saw about 100,000 people lose their jobs, according to Ethiopia's former chief trade negotiator Mamo Mihretu. The majority were women working in textile factories in the southern part of the country and not connected to the conflict in the north.

Ethiopia's government said that removing its access to Agoa would "reverse significant economic gains in our country and unfairly impact and harm women and children".

Others, however, say the conditions are crucial to ensuring that human rights are respected on the continent, and also gives the US leverage to help prevent conflict.

For example, just this week, US President Joe Biden announced that Uganda would lose access to Agoa over its tough new anti-homosexual law, as would Niger and Gabon following military coups and the Central African Republic (CAR), which has close ties to the Russian Wagner mercenary group.

While the US has announced that Mauritania's access to Agoa will be restored after the country made "substantial and measurable progress on worker rights and eliminating forced labour".

Some have also complained that under Agoa, African countries must remove all trade barriers to US imports, saying it is not fair that countries such as India and Brazil are not required to do likewise to enjoy duty-free access to the massive US market.

Why is used clothing controversial?

In July 2018, former US President Donald Trump suspended Rwanda's right to export clothing duty-free under Agoa, after the East African nation banned the import of second-hand clothes.

Rwanda's decision followed an agreement that had been adopted by the East African Community (EAC) in 2016, to ban imports used clothing imports by 2019 in order to boost the local clothes manufacturing businesses.

The EAC accounted for almost 13% of global used clothing imports in 2015, worth about $274m, according to a study by the US Agency for International Development (USAid).

However, a US trade organisation filed a petition with the Office of the US Trade Representative (USTR) in objection to the EAC's decision, saying that it would impose "significant economic hardship" on America's used-clothing industry.

The Secondary Materials and Recycled Textiles Association (SMRTA) said that the EAC's decision could cost about 40,000 US jobs and $124m in exports.

As a result, the US threatened to remove four East African countries - Kenya, Uganda, Tanzania, and Rwanda - from Agoa.

Rwanda went on with the ban, hoping that it would create more than 25,000 jobs in its nascent textile industry and protect it from being suffocated by cheap, second-hand clothes.

The US defended the suspension, saying that the ban on used clothing imports was a "restrictive trade measure" which went against the World Trade Organization (WTO) trade rules.

Uganda has now followed suit after President Yoweri Museveni announced a ban on used clothing imports in August.

He said that he was promoting the "Buy Uganda Build Uganda" national policy and that the second-hand clothes belonged to dead Westerners.

This may have been another factor in Mr Biden's decision to remove Uganda from Agoa.

So what happens next?

Despite the controversy, Agoa beneficiaries are expected to call for an early extension and renewal of the trade pact by 10 years.

The consensus is that an early renewal of Agoa would boost investor confidence in sub-Saharan Africa and increase trade opportunities.
In September 2023, Louisiana Senator John Kennedy introduced a new bill in the US Congress, which seeks to extend the Agoa programme by 20 years - until September 2045.

Mr Kennedy said the renewal of Agoa would help the US counter China's growing influence in the region.

The US Congress is unlikely to renew Agoa in its current form and may require some greater level of reciprocity from Agoa's beneficiaries.

For instance, South Africa's refusal to condemn Russia's invasion of Ukraine has raised questions about whether the US will include South Africa in Agoa's extension and renewal.

In June 2023, US legislators called for the relocation of the Agoa forum in November from Johannesburg because of the controversy surrounding South Africa's alleged arms shipments to Russia. South Africa denies sending any weapons to Russia.

Source: bbc.com– Nov 02, 2023

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Bangladesh Bank relaxes regulations for encashing export proceeds

The Bangladesh Bank recently relaxed regulations related to encashment of export proceeds in taka to encourage exporters to bring receipts.

A central bank circular said it would allow encashment of export proceeds at the prevailing exchange rate of foreign currencies in due time even if there is delay in realisation of proceeds.

The flexibility will be offered till December 31 this year, domestic media outlets reported.

As Bangladesh sees falling forex reserves, the realisation of export proceeds has fallen below the export figures released by the Export Promotion Bureau.

Exporters have been demanding the prevailing market rate for dollars in case of encashment of receipts.

The central bank had said in March this year that banks could offer prevailing exchange rates for dollars and other currencies in the case of realisation of export proceeds within 120 days of the shipment of goods.

Source: fibre2fashion.com– Nov 01, 2023

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Pakistan: Merchandise exports grow over 13pc

Pakistan's merchandise exports increased for the second month in a row after a year-long downward trend, data released by the Pakistan Bureau of Statistics showed on Wednesday.

In absolute terms, the export proceeds were recorded at $2.70bn in October against $2.38bn over the corresponding month of last year, indicating a growth of 13.55pc. However, on a month-on-month basis, the export proceeds increased 9.33pc to $2.70bn. The export of goods in the first four months of FY24 increased by 0.66pc to $9.61bn against $9.55bn in the corresponding period last year.

The recovery in export proceeds in October 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.

According to a preliminary report, the increase in overall export value was mostly driven by semi-finished goods in the textile sector, while value-added garment exports remained negative. Furthermore, in the non-textile sector, the export earnings of food goods, particularly rice and beef, have posted unprecedented increases in recent months.

The commerce ministry reported that more than 1,600 textile units were closed down in the past 16 months.

However, the commerce ministry has yet to announce the strategic framework to provide regional competitive energy 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, the imports also rose by 4.91pc to $4.80bn in October from $4.58bn in the same month last year. On a month-on-month basis, the imports increased by 20.33pc. The import bill fell 18.54pc to $17.03bn in July-October FY24 from $20.91bn over the corresponding months 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 increase of $3.4bn or 8.14pc.

The trade deficit narrowed 34.70pc to $7.41bn in July-October FY24 from $11.35bn over the corresponding months of last year. The trade deficit fell 4.46pc to $2.09bn in October from $2.19bn over the corresponding month last year.

Source: dawn.com– Nov 01, 2023

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Pakistan: Cotton spot rate gains Rs200 per maund

The Spot Rate Committee of the Karachi Cotton Association (KCA) on Wednesday increased the spot rate by Rs 2,00 per maund and closed it at Rs 17,200 per maund. The local cotton market remained steady and the trading volume remained low.

Cotton Analyst Naseem Usman told Business Recorder that the rate of cotton in Sindh is in between Rs 15,200 to Rs 18000 per maund. The rate of Phutti in Sindh is in between Rs 6,000 to Rs 7,600 per 40 kg.

The rate of cotton in Punjab Rs 16,000 to Rs 18,000 per maund and the rate of Phutti in Punjab is in between Rs 6,000 to Rs 7,700 per 40 kg. The rate of cotton in Balochistan is Rs 15,500 to Rs 16,000 per maund while the rate of Phutti is in between Rs 7,200 to Rs 8,800 per 40 kg.

Approximately, 400 bales of Tando Adam were sold at Rs 15,000 per maund, 1200 bales of Saleh Pat were sold at Rs 15,500 to Rs 16,000 per maund, 200 bales of Ghotki were sold at Rs 17,900 per maund, 200 bales of Saleh Pat were sold at Rs 15,500 to Rs 16,000 per maund, 200 bales of Mir Pur Mathelo were sold at Rs 18,000 per maund, 400 bales of Layyah were sold at Rs 15,500 per maund, 800 bales of Fort Abbas were sold at Rs 15,950 to Rs 16,500 per maund, 400 bales of Yazman were sold at RS 16,200 per maund, 1200 bales of Mian Wali were sold at Rs 17,000 per maund, 400 bales of Faqeer Wali were sold at Rs 16,700 per maund, 400 bales of Dunga Bonga, 200 bales of Haroonabad were sold at Rs 17,000 per maund, 400 bales of Sadiqabad were sold at Rs 17,800 per maund, 800 bales of Rahim Yar Khan were sold at Rs 17,500 to Rs 17,900 per maund, 600 bales of Dera Ghazi Khan were sold at Rs 17,900 to Rs 18,000 per maund.

The Spot Rate Committee of the Karachi Cotton Association increased the spot rate by Rs 200 per maund and closed it at Rs 17,200 per maund. Polyester Fiber was available at Rs 350 per kg.

Source: brecorder.com– Nov 02, 2023

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Bangladesh: Protests shut nearly 300 garment factories

Nearly 300 garment factories have been shut down amid protests by the workers demanding increase in salary, said Superintendent of Gazipur Industrial Police Sarwar Alam.

As of Wednesday some 300 factories located mainly in Gazipur, Konabari, Bason, Mouchak and Kashimpur areas, were shut down because of unrest, he said today.

The number is almost the same for today, he said.

The official said workers have gathered in different places in those areas and demonstrated on the roads demanding a raise in salary.

He however couldn't say how many workers took to the streets. Roughly, around 3000 workers gathered in each protest, he added.

A week ago, garment manufacturers proposed Tk 10,400 in minimum wage against the workers' proposal for Tk 20,393.

At the moment, the minimum pay in the readymade garment sector is Tk 8,000, which was set five years ago.

In some areas, demonstrations turned violent.

Faruque Hassan, president of BGMEA, said a few hundred factories were vandalised over the last week.
In response, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) decided to shut down their factories under Section 13(1) of the labour law of the country which states no work no pay.

The decision came at a meeting of the leaders of the BGMEA and factory owners held at the BGMEA office at Uttara on Wednesday.

Later, they also conveyed their decision to the Home Minister Asaduzzaman khan at his secretariat office in Dhaka Wednesday evening.

Source: thedailystar.net– Nov 02, 2023

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NATIONAL NEWS

India and Sri Lanka re-launch negotiations of the Economic and Technology Cooperation Agreement (ETCA)

India and Sri Lanka held the 12th round of negotiations on the Economic and Technology Cooperation Agreement (ETCA) in Colombo, Sri Lanka from 30th October 2023 to 1st November 2023. The two countries had 11 rounds of bilateral talks from 2016 to 2018. Thereafter the negotiations were paused. The Sri Lankan delegation was led by Mr. K J Weerasinghe, Chief Negotiator and the Indian delegation was led by Shri Anant Swarup, Joint Secretary in the Department of Commerce, Government & Chief Negotiator.

During this round, both the sides took stock of the progress made till the 11th round and engaged in discussions on various chapters including Trade in Goods, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Trade in Services, Custom Procedure & Trade Facilitation, Rules of Origin, Trade Remedies, Economic & Technology Cooperation and Dispute Settlement. Both sides identified the areas of convergence and areas where they need to find creative solutions.

During this round, both sides reviewed the progress on implementation and decided to drop 9 issues as being resolved. Issues such as the quota on apparel and pepper and the procurement of pharmaceuticals were also discussed and both sides decided to continue the discussion and explore new options for resolution of the matter.

On the proposed ETCA, both sides agreed on the need to build on progress made in past, while revisiting their positions wherever possible to reflect new developments. The conclusion of the negotiations is expected to open new opportunities for trade and economic cooperation for both countries. The India-Sri Lanka ETCA will be a pivotal move to further enhance bilateral trade between the two countries. Both sides acknowledged the huge potential in India and Sri Lanka trade partnership and the possibilities for enhanced economic relations in areas of mutual interest.

Source: pib.gov.in– Nov 01, 2023

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Government e-Marketplace (GeM) witnesses remarkable growth in Service Procurement

Government e-Marketplace (GeM) has achieved significant milestones in the procurement of services over the past few years. GeM, India's leading online platform for government procurement, witnessed an extraordinary increase in the transaction value, reinforcing its commitment to streamlining the procurement process and fostering efficiency and transparency in government purchases.

GeM's robust growth in service procurement has been nothing short of remarkable. Over the last two to three years, the transaction value has surged from approximately INR 8,505 crore in FY 20-21 to an impressive INR 65, 957 crore in FY 22-23. The services sector has exhibited a staggering increase in the overall contribution to GeM Gross Merchandise Value or the total order value transacted through the platform, having jumped from 23% in FY 21-22 to nearly 47% in the current financial year. GeM has set a forward-looking target of surpassing INR 1.50 lakh crore in the current fiscal year.

This unprecedented success can be attributed to the active involvement of top Government buyers from various sectors. Leading Central Public Sector Enterprises (CPSEs) such as Coal India Limited, NTPC Limited, Oil and Natural Gas Corporation Limited, and Bharat Petroleum Corporation Limited have actively leveraged GeM for their service procurement needs.

Furthermore, a multitude of states and union territories, including Gujarat, Uttar Pradesh, Delhi, Uttarakhand, and Punjab, have embraced GeM as their go-to platform for services procurement.

GeM offers a diverse range of services across multiple categories such as:

Manpower Outsourcing Services: With approximately 40,000 contracts placed for hiring manpower services in FY 22-23, the total contract value exceeded INR 14,000 crore.

Vehicle Hiring Services: A staggering 30,000 contracts were placed for hiring vehicle services in FY 22-23, with a total contract value exceeding INR 2,900 crore.

Handling, Transport & Other Mining Services: Major subsidiaries of Coal India Ltd. and NTPC Ltd. have placed numerous orders, with substantial order values. Approx. 175 Orders were placed by subsidiaries of Coal India Ltd. With total order value of INR 24, 558 Cr. for handling, transport & other Mining activities.

Insurance Services: GeM has also expanded its large portfolio of services offerings to include Insurance services. This service offering is particularly beneficial as GeM mandates all IRDA-approved Insurance Companies to directly sell insurance cover sans intermediaries like brokers and agents. Recently, Government of Gujarat placed an order for Group Mediclaim Insurance worth ₹ 2302 Crore under Pradhan Mantri Jan Arogya Yojana to provide health insurance cover to nearly 62 lakh families.

IT Services: Several key organisations and ministries have harnessed GeM for IT services for procuring complex IT services including core banking solutions and digital healthcare solutions.

Local Chemist Empanelment: Orders worth approximately INR 1038 crore have been placed by Central Government Health Schemes (CGHS) after empanelling Chemists at various medical centres across the country.

Medical Services: Contracts for hiring healthcare manpower placed for more than INR 1100 Cr. till date. Other medical services including Healthcare Sanitation Services, Ambulace services, Heathcare Kitchen and dietary services etc, are available on GeM.

GeM actively supports the implementation of various government schemes, including the Jal Jeevan Mission, Mission Karmayogi, Swachh Bharat Abhiyaan, and Saksham Anganwadi and Poshan 2.0 Scheme by creating suitable services to facilitate implementation of these schemes.

GeM has facilitated unique service orders such as:

Hiring of Chartered Aircrafts: The Ministry of Defence hired 830 Chartered Aircrafts for multiple routes, including Leh, Shrinagar, Andaman & Nicobar to & from flights, with an order value of approximately INR 142 crore.

Air International Logistics Service: Munitions India Ltd., under the Ministry of Defence, hired an agency for the international logistics of approximately 24,000 kg of IMO Class-I Dangerous Goods from Sweden Airport to India, with an order value of approximately INR 3 crore.

Drone as a Service: Survey of India and Coal India Ltd. have harnessed Drone as a Service (DaaS) for various applications, such as surveying and aerial mapping.

Many other unique service offerings have also been facilitated by GeM under the service categories like leasing of High Value Medical Equipment, Market research/Survey, Examination Service, Cyber security services, Hiring of AV/VR Services for events etc.

GeM continues to drive high-value service bids in areas such as:

Hiring, Operation And Management Of ATM: Bids have been published for the supply, installation, operation, and management of thousands of ATMs by State Bank of India, Punjab National Bank, and Bank of Baroda, with estimated bid values reaching several crores. For instance, Bid published for supply, installation, operation & Management of 13,500 ATMs for 7 years by SBI worth INR ~7000 Cr.

Energy Audit Service: The Ministry of Railways has issued an Energy Efficiency Policy for sustainable buildings, energy efficiency in equipment and appliances, power quality restoration, capacity building, and awareness. Several bids have been published for the Investment Grade Energy Audit of buildings.

GIS Survey - Drone Mapping: Survey of India, under the Ministry of Science & Technology, has published a bid for hiring an agency for GIS mapping, covering an extensive area of approx. 30000 sqkm using drone images for Haryana State.

Also, there are multiple ongoing High value bids in the service categories like Warehousing Service, IT Services, Hiring of Vessels, Handling, Transport & other Mining Services.

Source: pib.gov.in– Nov 01, 2023

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UK officials pressured to drop IP demands in India trade talk

A group of lawmakers, academics, medics and charities has urged the UK government to scrap intellectual property demands in their trade negotiations with India, which critics say could threaten imports of cheap life-saving drugs.

Leaked documents from negotiations showed the UK wants India to tighten its IP laws in the free trade agreement under negotiation. This would give patent protection to medications for longer than they currently get in the South Asian country — a position welcomed by major pharmaceuticals developers including Astrazeneca, Glaxosmithkline and Sanofi, which expect higher demand for their more expensive products.

But critics say the changes would damage India's position as a leading provider of generic drugs — essentially "copycat" versions of those which fall out of patent. That would raise costs for the UK's National Health Service and for poorer countries and healthcare charities.

In a letter published today, addressed to officials including UK Prime Minister Rishi Sunak and Trade Secretary Kemi Badenoch, the UK Missing Medicines Coalition pulled together various groups expressing concerns about IP provisions. It's being released as people close to the negotiations say a deal is in its final stages. Both sides are eager to reach a deal by the end of the year ahead of national elections due next year, but IP and separate rules dealing with the origin of products remain sticking points.

The criticism is uncomfortable for Sunak, who is trailing the opposition Labour party in polls ahead of a general election expected next year. While pushing India to impose stricter IP rules would be popular with pharmaceuticals firms, it would add to pressures on the NHS which already swallows about a fifth of the government's total managed expenditure.

The letter has more than 50 signatories, including members of Parliament such as Labour's Richard Burgon and Kim Johnson, charities including Oxfam and Medecins Sans Frontieres, and academics at institutions from the UCL Institute for Global Health to the University of Strathclyde. They said they were “deeply concerned” by the impact which the FTA might have on the price of medications.

“There are critical safeguards included in Indian patent laws which protect public health whilst complying with international IP rules,” the letter said. “Health systems around the world, including in low- and middle-income countries, rely on the availability of quality-assured, affordable generic medicines from India.”

A quarter of medicines purchased by the UK’s NHS are from Indian generic companies, the letter added. Currently the NHS only buys generic medicines when UK patents have expired. But because India’s patent rules are looser, by the time UK patents are up there is usually a ready supply of generic drugs that has already been made in India.

Forcing India to impose more stringent IP-protection rules would mean the NHS and other healthcare systems would have to buy more expensive products for longer.

When pressed on their IP demands, UK officials “repeat the mantra that ‘Nothing we do is going to damage the NHS,’” said Nick Dearden, director of campaign group Global Justice Now which is a signatory to the letter. “But they clearly don’t actually understand how the generic industry works. The reason we’re buying these drugs from India is precisely because it has looser rules on intellectual property, and therefore can be in a position to have drugs up and ready and running by the time the patent expires in the UK.”

A government spokesperson said officials would “never agree provisions that would increase the cost of medicines for our NHS.”

“The NHS, its services and the cost of medicines are not and have never been on the table for any trade deal,” the spokesperson said in an emailed statement. “The UK’s approach to IP is to strike a balance between encouraging innovation and ensuring access to affordable medicines – this has not changed.”

Transparency Concerns

The letter also raises wider concerns around the UK government’s lack of transparency during trade negotiations. Charities and healthcare providers were only made aware of the contentious IP demands being made by the UK through a leak last year.

Yet a Freedom of Information request submitted by Medecins Sans Frontieres to the Department of Business and Trade showed that the UK is “regularly and consistently meeting with members of the multinational pharmaceutical industry to consult them on the FTA negotiations,” according to Roz Scourse, a policy adviser with MSF. The quantity of emails being sent between government officials and pharmaceuticals firms, at almost 4,000, was too large to be released in response to an FOI, DBAT said.

Dearden said he would be “astonished” if the UK’s trade department had come up with the measures it was asking from India “on its own.” He described the leaked demands from the UK as a “bog-standard extreme wish-list from the biggest players in the pharmaceutical industry.”

Global Justice Now is currently challenging the government on its lack of transparency in trade negotiations, with the latest hearing due to take place on Friday at the Royal Courts of Justice. The organization is hoping to force the government to publish at least basic details such as the minutes from negotiations, and its mandate in trade talks.

Source: economictimes.indiatimes.com– Nov 01, 2023

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Brazil negotiates for tariff-free quota to export cotton to India

Brazil is negotiating with India a request for tariff-free quota of 100,000 metric tons for exports of Brazilian cotton to the Asian nation, according to a statement from the Brazilian cotton farmers association (Abrapa) on Wednesday.

The association said in the note that a team of government officials and Brazilian cotton farmers is visiting India this week, seeking to seal a deal to have that quota implemented.

Currently, any cotton exports to India pay an import tax of 11%, the association said.

A deal would be a boost to an expanding cotton industry in the South American country, which is expected to surpass the U.S. this year as the world's No. 1 cotton exporter, according to the U.S. Department of Agriculture.

"We believe that a larger amount of Brazilian cotton in India would be complementary to their production, particularly this year when their crop is expected to fall from 7% to 10%," said Abrapa head Celestino Zanella.

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

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Indian home textile exports face double-digit decline in FY23

Indian home textile exports have witnessed a slump, reporting an 18 per cent decline in financial year 2023 (FY23) and 12 per cent dip in the first four months of FY24, according to a recent report by ICRA. This downturn comes after a promising 25 per cent growth in FY22 and has been attributed to increased costs of raw materials and energy inflation, along with subdued demand in key export markets.

The decline was unevenly distributed across product categories. Blankets and curtains saw a relatively lower reduction at approximately 12 per cent, compared to 18-19 per cent in other categories during FY23. The bed, table, toilet, and kitchen linen segments reported a sharper decline of around 16 per cent in the initial four months of FY24, as compared to 7-13 per cent in other categories, as per ICRA.

The US remains the key market for Indian home textiles, holding a 56 per cent market share in FY23 and rising slightly to 58 per cent in the first four months of FY24. ICRA predicts that the future growth catalyst could be the pending free trade agreement (FTA) discussions with the UK and the EU. Agreements already in place with Australia and the UAE are also expected to positively impact exports.

ICRA's sample set of four listed home textile companies, which account for around 35-40 per cent of India's total home textile exports, reported a meagre 3 per cent year-on-year (YoY) growth in Q1 FY24. However, ICRA is optimistic about a recovery, expecting a 10-12 per cent YoY growth in Q2 FY24, spurred by festive orders for Thanksgiving and Christmas, as well as improved demand conditions in key export markets.

An improvement in profit margins was noted starting from Q4 FY23, following a correction in cotton prices. The margins for ICRA's sample set are estimated to have remained stable at around 15-16 per cent in Q2 FY24.

ICRA expects its sample set to report a 7-8 per cent increase in turnover for FY24, recovering from a 10 per cent decline in FY23. This outlook is supported by a rebound in demand conditions and restocking activities by large retailers, primarily in the US.

Inventory levels in US retail stores across furniture, home furnishing, electronics, and appliance sectors have fallen from calendar year 2022 (CY22). ICRA anticipates that the destocking phase is nearing completion for big retailers. This is expected to result in renewed purchasing in the upcoming months, thereby improving the overall order books for Indian home textile exporters.

Source: fibre2fashion.com– Nov 01, 2023

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GST collections surge to ₹1.72 lakh cr in Oct, second-highest ever

Riding on festive season demand and improved compliance, the government has collected more than Rs 1.72 lakh crore in October through GST, Finance Ministry said on Wednesday. This is the second highest monthly collection after the Rs 1.87 lakh crore netted in April 2023.

Collection in October is related to goods and services consumed in September.

The statement said the gross GST revenue for October is 13 per cent higher compared to the same month last year. “During the month, revenue from domestic transactions (including import of services) is also 13 per cent higher than the revenue from these sources during the same month last year,” it said. Further, it said the average gross monthly GST collection in FY 2023-24 now stands at Rs 1.66 lakh crore, which is 11 per cent higher compared to the previous financial year.

Experts cited various reasons for the rise in collection. MS Mani, Partner with Deloitte India, said strong economic factors, as also the efforts of the tax authorities in deploying tools to compare data sets to determine short payment and evasion have helped in collection. “The growing emphasis on audits led by specific information available on various databases, not only on the GST portal, has led to a significant increase in compliance across sectors and states. This is also reflected in the upsurge in GST collections across key manufacturing and consuming states,” he said.

Parag Mehta, Partner with A Shah Associates, said one of the reasons for this rise is the time-barring period for FY 2017-18. A spate of notices, anti-evasion drive, DGGST investigations, and so on have led to substantial collections, he said. Further, September to December is a festive period that sees substantial consumer spending on high-value items like real estate, vehicles, gold and travel.

Echoing the sentiment, Saurabh Agarwal, Tax Partner with EY, said that data analytics, artificial intelligence, and stricter norms, combined with drives by GST authorities across India have contributed to the increased collection. “With stable collection, the Government can now consider rate rationalisation as the next task.,” he said.

Experts expect collections to rise further. "The collections are bound to increase substantially again with the annual returns etc for FY 2022-23 being filed, and any GST missed out for the previous year will be paid along with interest. We will see a rise in collections," Shah said.

However, Vivek Jalan, Partner with Tax Connect Advisory, has some apprehensions. While the GST figures for October 2023 show a growth of 13 per cent over last year, the cumulative growth of GST revenue for the April-October 2023 period, vis-a-vis a year ago, is 11 per cent as against the budgeted 12 per cent growth of CGST+SGST+compensation cess revenue. "It is important to note that even a 1 per cent deficit in GST revenue from budget can have a 0.03 per cent or so impact on the fiscal deficit target for FY 23-24," he said.

Source: thehindubusinessline.com– Nov 01, 2023

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Bargaining hard at FTA talks

After India's disenchantment with free trade agreements (FTAs) signed in and around 2009-2011, there was a long hiatus in fresh FTA negotiations. Agreements entered into during this period didn't yield the desired results leading to severe criticism from various quarters. Nothing seemed to go right — the increasing trade deficit with these FTA partners, being one.

The Indian industry demanded review of some of these FTAs, particularly Indo-ASEAN, Indo-Korea and Indo-Japan FTAs.

After almost a decade or so, there is renewed faith and enthusiasm in the government about FTAs. The possibility of getting priced out due to India's non-participation in mega agreements like Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has led to a rethink by policymakers. Not joining FTAs definitely invites the risk of getting isolated and losing tariff and other advantages that our competitor countries enjoy. FTAs with developed economies can also help facilitate India's entry into MNC supply chains.

There is now a growing realisation that not joining the FTA game will not only deprive India of some obvious advantages but also put it at serious disadvantage vis-à-vis competitor countries. Prudence thus demands that India enters into deeper bilateral agreements with at least major trading partners. Viewed in that context, the government's recent move to proactively engage with all advanced economies — Australia, the EU and UK — is more than a welcome move.

However, India's approach in such FTAs should be to seek concessions in other areas in lieu of the substantial tariff cuts that India will be asked to offer on most of the products since MFN (Most Favoured Nation) tariff in these advanced economies is way too less compared to India's and no substantial gain can be expected in terms of tariff cut.

The chances of growth of exports post-FTA, however, depends largely on the MFN duty rates prevailing in the trading partner countries. Higher the MFN duty of trading partner country, greater the chances of increase in exports to the partner country after duty elimination post-FTA. Let's examine the relevance of FTAs on India's apparel exports.

Exports of ready-made garments (RMG) in last few years have plateaued. India's share in the global trade of knitted garments has declined by 19.5 per cent in last seven years from a share of 3.85 per cent in 2015 to 3.10 per cent in 2022 and in woven garments by 19.6 per cent from a share of 4.60 per cent in 2015 to 3.70 per cent in 2022.

India's competitors

The countries doing well in apparel exports have the obvious tariff advantage in market access. Bangladesh on account of being least developed country (LDC) enjoys duty-free access to EU due to EU GSP scheme. Vietnam has a free trade pact with EU.

Turkey being part of European custom union is also not liable to payment of customs duty in EU market. All this puts Indian apparel exports at a distinct disadvantage.

Average duty for Indian exports in EU & UK for Indian RMG is 9.6 per cent. The EU accounts for 28.1 per cent of India's apparel exports and UK 8.8 per cent. Hence, tariff elimination through FTA with these countries is likely to hugely benefit Indian apparel exports to these destinations.

However, there is a word of caution. While we focus primarily on tariff negotiation, the trickier issue of non-tariff barrier negotiation does not get the kind of attention it actually deserves. Therefore, duty elimination alone may not help unless these non-tariff barriers are negotiated during FTA negotiations.

The fact that tariff elimination is not the panacea has been amply demonstrated by our Japanese experience. China, despite not enjoying duty concession with the EU, UK, UAE, Japan, Korea and Canada, continues to be the top exporter of textiles and apparels.

So, it is equally important that the product profile of Indian apparel exports is strengthened and aligned to the global demand pattern, product diversification be taken up with all earnestness and cotton-centric bias be removed by restoring balance in favour of MMF (manmade fibre) based apparel.

So, while apparel exporters are quite gung-ho about FTA with the UK and EU, the spoilers could be product mismatch, low share of MMF garments in the export basket, growing protectionism among major countries, non-tariff barriers, sustainability requirements, labour issues, etc.

The report 'UK-India FTA: UK's strategic approach', published by the Department of International Trade, UK, has stated that the Indian garment industry is one of the main drivers of water stress and water pollution.

This report suggests a preparatory exercise for justifying imposition of sustainability related restrictions. Barring a few sectors like textiles and apparels, there won't be any significant gain to India in terms of tariff concession as majority of Indian goods already have duty-free access to the UK market, and most of other items attract a low tariff of 5 per cent.

In comparison, only 3 per cent of product lines on UK exports to India can enter tariff free and UK's exports to India on the other hand face a simple average tariff of 14.6 per cent.

The UK, given its strong manufacturing base, will skew the trade talks towards products. India should however, besides putting services negotiation on the top of its priorities, also seek relaxation/ concession in sustainability compliances.

While tariff elimination is almost certain to provide a real window of opportunity for the Indian apparel sector by offering a level-playing field in major markets, Indian negotiators should bargain hard to minimise burdensome compliance requirements. India must follow a cautious approach in negotiating a less travelled path of new and novel issues of sustainability.

A good beginning has been made in negotiation with the UK, which is preparing to roll out carbon levy for goods entering the country. India is negotiating hard to include provisions that may offer relief to its exporters.

Source: thehindubusinessline.com– Nov 01, 2023

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