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INTERNATIONAL NEWS

No	Topics
1	Global cotton prices dip, Indian spot prices show minimal decrease
2	USA: September Apparel and Textile Imports Down 4.5%
3	Tariff issue: the biggest expectation of textile industry amid Sino-US summit
4	Monthly Cotton Economic Letter: November 2023
5	APEC growth improves, trade expected to grow slightly in 2023
6	Americans for Free Trade Coalition Sounds Off on China Tariffs
7	Don’t Blame Textiles for Resurgence of Bed Bugs in France
8	Türkiye’s textile sector experiences downturn and bankruptcy
9	Vietnam garment export sees light, pinning hope on greening effort
10	Bangladesh workers' protest: 150 factories shut, cases against 11k workers

NATIONAL NEWS	
No	**Topics**
1	Shri Piyush Goyal participates in the 3rd in-person Ministerial meeting of the Indo-Pacific Economic Framework (IPEF)
2	MoU between India and USA to Enhance Innovation Ecosystems through an Innovation Handshake under the framework of India – U.S. Commercial Dialogue
3	No deadline for UK FTA but working on a timeline: Commerce Secretary
4	Goods exports see green shoots, rise 6.2% in October
5	India's accelerated manufacturing growth momentum may continue: FICCI
6	Government e-Marketplace achieves landmark Gross Merchandise Value of ₹2 Lakh Crore in less than eight months of FY 2023-24
7	Comm min expects to issue 20,000 status holder certificates to exporters this year: DGFT
8	Rupee depreciation may push up garment, handicraft exports
9	US and EU impose countervailing duty on Indian products over RODTEP scheme
10	Cross-border payments for MSMEs: Will it empower India's exports?
11	India's K.V. Srinivasan elected as ITMF President for 2023-2025
12	Garment Show of India to bring together garment manufacturers and retailers in Noida this December

INTERNATIONAL NEWS

Global cotton prices dip, Indian spot prices show minimal decrease

In the past month, global cotton benchmarks have seen a general decline, according to Cotton Incorporated. The most notable shift in open interest has moved from the NY/ICE December contract to the March contract, with the latter's prices currently at 80 cents per pound, a drop from last month's 89 cents per pound. The A Index also fell, from 97 to 89 cents per pound.

Chinese cotton prices, measured by the China Cotton Index (CC 3128B), decreased from 114 to 106 cents per pound, translating to a drop from 18,400 to 17,100 RMB per ton.

The Chinese Renminbi (RMB) remained stable against the US dollar, maintaining a rate of approximately 7.29 RMB/USD, Cotton Inc said in its Cotton Market Fundamentals & Price Outlook - November 2023.

In India, the decrease in cotton prices was less pronounced. Indian spot prices, specifically Shankar-6 quality, reduced marginally from 90 to 87 cents per pound. In domestic terms, this meant a fall from ₹59,000 to ₹56,700 per candy, with the Indian Rupee (INR) holding steady at around ₹83 per USD.

Contrasting these trends, Pakistani spot cotton prices saw an increase from 72 to 75 cents per pound. In domestic terms, this translated to a rise from 16,600 to 17,700 PKR per maund.

The Pakistani Rupee (PKR) experienced a slight depreciation against the dollar, moving from 280 to 285 PKR per USD.

Source: fibre2fashion.com– Nov 15, 2023

HOME

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USA: September Apparel and Textile Imports Down 4.5%

Apparel and textile imports to the U.S. declined 4.5 percent, or 8.4 billion square meters equivalent (SME) in September of this year versus 8.8 billion SME a year earlier, according to the Office of Textiles and Apparel of the U.S. Department of Commerce (OTEXA).

Those numbers were a marked difference from the first nine months of 2023 compared with the first nine months of 2022, where the decline was 16.5 percent, or 71.0 billion SME January-September this year, down from 85.0 billion SME for the same period last year.

China showed a single-digit year-on-year increase in September. Its shipments to the U.S. were up by just 9.5 percent, according OTEXA, which reported 3.3 billion SME in September versus 3.1 billion SME a year earlier. August numbers showed a decline of 11.4 percent.

Vietnam‘s shipments to the U.S. were down 12.4 percent, or 5.41 million SME this September versus 6.2 million SME a year earlier.

Turkey showed an increase of 9.7 percent this September over last, or the difference between 4.8 million SME versus 4.4 SME last year.

This shows a positive development for Turkey, which continues to feel the effects of the devastating earthquakes that shook the southern and western regions of the country and parts of Syria killing 50,000 people and causing widespread damage to an area that is home to a sizable slice of the country’s garment industry.

According to OTEXA, imports to the U.S. from Israel rose 914 percent. It shipped 4.95 million SME in September versus about .5 million SME a year earlier.

Egypt’s exports to the U.S. slumped by 84 percent, or 1.1 million SME in September versus 6.7 million SME a year earlier.

Malaysia‘s U.S. shipment rose 76.3 percent this September over last, compared to a year-on-year increase of 172.4 in July but a 0.9 percent year-over-year decline in August. This September, Malaysia shipped 6.1 million SME, versus 3.5 million SME September a year earlier.

Imports to the U.S. from Pakistan rose 1.1 percent. In September of this year, the country shipped 2.7 million SME versus just less than 2.7 million SME a year earlier.

Shipments to the U.S. from India were down by 11 percent. The South Asian nation shipped 7.1 million SME this September versus 8.0 million SME a year earlier.

The Czech Republic declined 46 percent, sending .9 million SME to the U.S. this September versus 1.7 million SME a year earlier. This is in contrast to a 40.5 percent year-on-year increase in August.

Imports to the U.S. from Mexico declined by 5.0 percent, or 3.8 million SME this September versus 4.0 million SME a year earlier.

Source: sourcingjournal.com– Nov 15, 2023

HOME

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Tariff issue: the biggest expectation of textile industry amid Sino-US summit

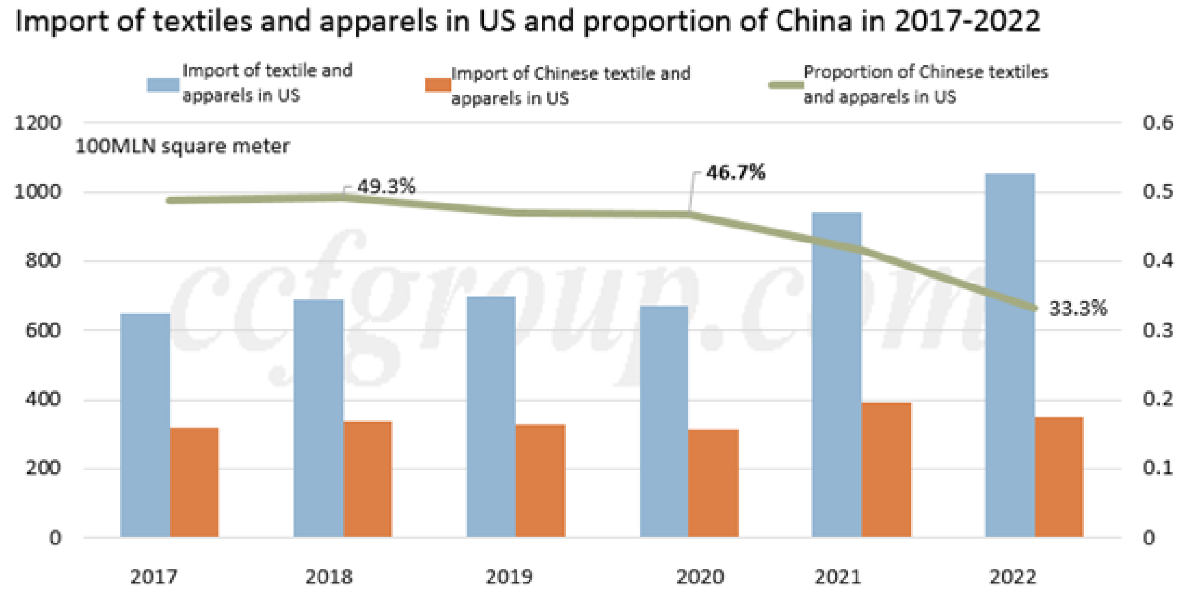
Since the start of the China-US trade conflict in 2018, the United States has imposed additional tariffs on textile and apparel products from China. Among the second round of $200 billion worth of goods imported from China to the US, it covers all types of textile yarns, fabrics, industrial-made products, and some household textile products. The third round of $300 billion worth of goods covers most of the clothing and household textile products.

Round of additional tariff	Levy list	Time of levy	Tax rate
Round 1	34 billion of goods exported to the United States	2018-7-6	25%
		2019-10-15	Pause up to 30% and maintain at 25%
	16 billion of goods exported to the United States	2018-8-23	25%
		2019-10-15	Pause up to 30% and maintain at 25%
Round 2	200 billion of commodities exported to the United States	2018-9-24	10%
		2019-5-10	25%
		2019-10-15	Pause up to 30% and maintain at 25%
Round 3	300 billion of commodities exported to the United States	List A 2019-9-1	15%
		2020-2-14	Down to 7.5%
		List B 2019-12-15	US suspended adding tariff

China is the largest import market for the United States. However, after the change of Sino-US economic and trade relations, the United States began to guide the market to reduce its dependence on Chinese textiles and clothing.

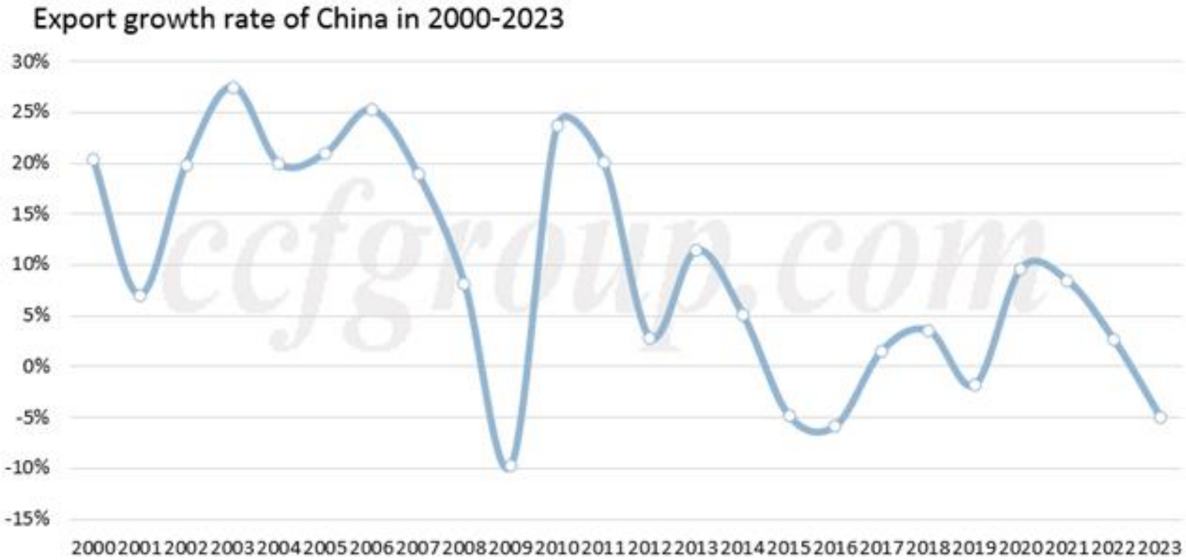
In the following years, the proportion of textiles and clothing imported from China decreased significantly.

Data showed that the proportion of imported Chinese textile and clothing in US reached 49.3% in 2018, but it fell rapidly to 33.3% by 2022 and extends lower in 2023.



The imposition of tariffs on textiles by the United States on China has led to a significant decline in China's share of the U.S. textile market.

In recent years, China's textile and apparel export orders have shifted significantly to Southeast Asian countries like India, Bangladesh and other countries, and China's export orders have decreased significantly.



Although export orders ushered in a phased outbreak from 2020 to 2021 due to China's epidemic situation control in place, since 2022, with the gradual regression of overseas epidemic situation, China's exports weakened again. Coupled with the destocking cycle of overseas market, China's textiles and apparels export value decreased by 10% in the first three quarters of 2023.

At present, China-US relations are developing in a positive and favorable direction. At the invitation of US President Joe Biden, President Xi Jinping will go to San Francisco, USA, from November 14 to 17 to hold Sino-US summit, and attend the 30th APEC Economic Leaders' Meeting on invitation. The market players have the greatest expectations for this Sino-US summit, especially the tariff negotiations.

At present, under the background of failing to solve the problem of domestic supply cost in the United States, there may be new iterations in the future of inflation in the United States.

Therefore, if considering partially canceling the tariff and restriction measures on Chinese-made goods, it can also help reduce the current high inflation risk, so there is also a certain possibility of tariff reduction. Quote market analysts' outlook for the tariff negotiations, as follows:

Looking forward to the tariff negotiations, considering that the Trump administration almost imposed tariffs on all China-US trade goods in 2018 and 2019, it is difficult to remove all tariffs in the short term. ***However, "gradient reduction" of tariffs is probably possible for China and the US in reality: Tariff exemptions on a large range of consumer goods (about $130 billion) will help alleviate pressure on US CPI; Reduce tariffs on general industrial manufacturing, chemical materials, and machinery and equipment (about $200 billion), with the aim to lower the average tax rate to below 15% or even exempt it; Maintain a 25% tariff rate or continue to ban "national security" products such as artificial intelligence and military high-tech equipment; Provide market preferential treatment for special products such as new energy, aircraft, and software services to meet the interests of the Democratic government.***

Additionally, in the past six months, China and the US have had numerous talks around structural issues such as economic systems and developmental models.

The new trade agreement may also involve China's economic system, such as the positioning of state-owned enterprises, industry subsidy policies, labor protection, and policy and market coordination.

If the tariffs on textile and apparel can be reduced or exempted, the quantity and value of textile and apparel exported from China to the United States will be increased, thus having a certain positive impact on raw materials such as polyester fiber and cotton.

In addition, overseas market is at the end of destocking, and at a certain time point in the future, it will enter the inventory replenishment channel again. If the tariff can be reduced, it will undoubtedly be of great help to the promotion of China's textile and apparel export in the later period.

Source: ccfgroup.com– Nov 14, 2023

HOME

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Monthly Cotton Economic Letter: November 2023

Most cotton benchmarks decreased over the past month.

- Open interest has shifted out of the NY/ICE December contract and into the March contract. Over the past month, the declines in the March prices initially were a little slower than the losses in December prices, but the spread closed in more recent trading. Current values for March are 80 cents/lb. One month ago, they were 89 cents/lb. Prices for the expiring December contract were 87 cents/lb one month ago.

- The A Index decreased from 97 to 89 cents/lb.

- Chinese prices (China Cotton Index or CC 3128B) fell from 114 to 106 cents/lb. In domestic terms, values dropped from 18,400 to 17,100 RMB/ton. The RMB was stable against the USD, holding near 7.29 RMB/USD.

- Indian spot prices (Shankar-6 quality) decreased by a smaller margin, from 90 to 87 cents/lb. In domestic terms, values fell from 59,000 to 56,700 INR/candy. The INR was steady near 83 INR/USD over the past month.

- Pakistani spot prices increased from 72 to 75 cents/lb. In domestic terms, values rose from 16,600 to 17,700 PKR/maund. The PKR depreciated slightly against the dollar, from 280 to 285 PKR/USD.

Supply, Demand & Trade

The latest USDA report featured a +855,000 bale increase to world cotton production (to 113.5 million bales) and a -484,000 bale decrease to world mill use (to 115.3 million bales). Beginning stocks were increased +204,000 bales (to 83.0 million bales) due to revisions to historical figures. The net effect of this month's changes was a 1.6 million bale increase to global ending stocks (to 81.5 million bales).

The largest country-level revisions to production figures included those for Afghanistan (+300,000 bales to 500,000), the U.S. (+273,000 to 13.1 million), Argentina (+225,000 to 1.5 million), and Paraguay (+175,000 to 275,000).

For mill use, the largest country-level changes included those for Vietnam (-200,000 bales to 6.7 million), Turkey (-100,000 to 7.9 million), and the U.S. (-100,000 to 2.1 million).

The estimate for global trade was revised marginally higher, increasing +75,000 bales to 43.3 million. For imports, the largest changes included those for China (+500,000 to 10.5 million), Vietnam (-200,000 to 6.7 million), and Turkey (-100,000 to 4.3 million). For exports, the largest changes included those for India (-200,000 to 1.8 million), Argentina (+100,000 bales to 800,000), Turkey (+150,000 bales to 650,000), and Afghanistan (+250,000 bales to 425,000).

Price Outlook

The fall in NY/ICE futures was preceded by losses in the Chinese futures market (Zhengzhou Commodity Exchange or ZCE). ZCE futures began losing value from the recent high set on Oct. 9. NY/ICE prices fell through support [price floor] around 84 cents/lb 10 days later. Since the decreases began, the ZCE January contract has fallen -11 percent (from 17,665 to 15,790 RMB/ton or from 109 to 98 cents/lb). Losses in the CC Index were -7 percent over the same time period (from 18,363 to 17,055 RMB/ton or from 114 to 106 cents/lb), and the decline for the March NY/ICE contract has been -10 percent (from 89 to 80 cents/lb).

In China, there have been supply concerns, with a smaller harvest long forecasted for the 2023/24 crop year. Relative to mill needs, supply-related anxiety appears to have been alleviated with the release of import quota and sales from the reserve system. In data describing the volume of cotton purchased at reserve auctions, uptake has slowed considerably.

Initially, the amount of cotton offered for sale from reserves was routinely selling out.

More recently, the proportion of cotton sold has been significantly lower, and it has become routine that less than half the cotton offered is purchased.

The decreased interest in reserve cotton may be an indication that mills do not need to secure supplies due to a slow downstream market.

There are widespread reports of a sluggish demand environment spread across most other major spinning markets. A timely representation of global mill demand comes from weekly U.S. export sales data. In those figures, U.S. export commitment is down -24 percent year-over-year, representing a decrease of -2.1 million bales. The U.S. crop is smaller, but that is not enough to explain all the weakness in sales.

It remains unknown how low prices may go with the current round of decreases. However, the establishment of a reasonable bottom may give market participants the confidence that the risk of further losses has diminished. In turn, this confidence may support an eventual recovery in demand.

Parallel statements could be made about the macroeconomy. Since the Federal Reserve and other central banks began increasing interest rates, there has been fear of recession. Certain markets, notably the Euro Zone, have already slipped into contraction, while a recession has yet to surface in the U.S. Nonetheless, fear of an impending slowdown has loomed, with forecasters persistently suggesting a downturn is just over the horizon. This distress, along with other factors, including inventory management, inflation, and higher financing costs, have all been likely contributors to cautious downstream order placement.

If a definitive economic downturn were to surface, its arrival may facilitate the perception of a bottom. A bottom implies the emergence of confidence that conditions will improve. In turn, that confidence could lift demand and push more orders through the supply chain.

The trajectory of a recovery can be expected to be affected by the severity of any decline. but the recent bout of inflation may have reduced the appetite for the release of aggressive stimulus measures, such as the lowering of interest rates back to levels near zero. This may result in a more muted recovery than was experienced after the financial crisis and the Covid-driven recession.

Source: sourcingjournal.com– Nov 15, 2023

HOME

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APEC growth improves, trade expected to grow slightly in 2023

Economic growth in the Asia-Pacific Economic Cooperation (APEC) region is showing signs of improvement, with an expected growth of 3.3 per cent this year compared to 2.6 per cent last year, according to the latest APEC Regional Trends Analysis report.

The report, released by the APEC Policy Support Unit based in San Francisco, noted that a rebound in tourism and domestic consumption is driving economic activity.

However, the legacy of the pandemic, inflation, higher debt, climate change, trade protectionism, geopolitical tensions and economic fragmentation continue to overshadow outlook.

“There are promising signs in APEC, but it is walking a tightrope amid downside risks,” said Carlos Kuriyama, director of the Policy Support Unit.

“Economic growth in the region remains uneven though we are looking at a more stable economic growth in the years ahead,” added Kuriyama.

Inflation in the region declined to 3.4 per cent in September this year compared to 6.6 per cent recorded during the same period last year.

The report noted an uptick in recent months and cautioned that inflation may aggravate the region’s economy especially as export restrictions, issues with the fertilizer supply chain and weather conditions are affecting some agricultural products.

“To fight stubborn inflation, many APEC economies have been tightening monetary policy by raising interest rates,” said Rhea C. Hernando, analyst with the Policy Support Unit and co-author of the report.

“High inflation not only causes higher living costs, but it also leads to increased interest rates and amplified uncertainty, which impact investment and consumption as well as debt sustainability. These in turn could weaken the post-pandemic economic recovery,” Hernando added.

As a result of a tighter monetary environment around the region, trade suffered a contraction in the first half of 2023, with the volume and value of exports declining to minus 3.5 per cent and minus 7.1 per cent respectively.

"Merchandise trade export and imports are expected to grow slightly by 0.1 per cent and 0.3 per cent respectively in 2023 with a more optimistic growth projection for merchandise trade in 2024 and 2025 at 4.3 to 4.4 percent," said Glacer Nino A. Vasquez, researcher with the unit and co-author of the report, in an APEC release.

The report further underlined that the future of trade in APEC is clouded by geoeconomic fragmentation and the accumulation of trade-restrictive measures, including trade remedies.

Shifting demographics will also pose a challenge to the region's economy as the population is getting older and birth rates are falling. This means that workers will have to face a greater burden in supporting a growing elderly population.

Source: fibre2fashion.com– Nov 14, 2023

HOME

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Americans for Free Trade Coalition Sounds Off on China Tariffs

The Americans for Free Trade Coalition—a group of U.S. businesses and trade groups united against tariffs—on Thursday hosted a virtual discussion on the impact of the added Section 301 tariffs on China-made goods in place since 2018. Moderated by National Retail Federation (NRF) vice president of supply chain and customs policy Jonathan Gold, the conversation centered how tariffs, which have put $196 billion into Customs and Border Protection's coffers, affect the U.S. economy.

"It's been an interesting road with tariffs," Downlite feather and down division chief financial officer and president Josh Werthaiser said. "There's been so much uncertainty, and so much work that we've been having to deal with."

Downlite manufactures bed toppers and bulk insulation for home bedding, furniture, the hospitality industry and the outerwear sector in Ohio, North Carolina and Canada. With clients ranging from L.L. Bean to Macy's, Bloomingdale's, Costco, Marriott, W Hotels, Sheraton, Patagonia, Columbia Sportswear, Ralph Lauren and Lululemon, it sources its chief raw materials—feathers and down—primarily from China, as byproducts of the poultry industry.

"China is by far and away the largest consumer of duck meat and goose meat, so we are forced to go to China to get our raw material," Werthaiser said, noting that the country is responsible for 85 percent of the global consumption of those two proteins. With "very limited options" for sourcing, Downlite has been engaged with the U.S. Trade Representative (USTR) since the China trade war started to advocate that feathers and down be excluded from the list taxed items.

The material first appeared on List 3, and Downlite argued that Chinese manufacturers of feather and down bedding products and insulation would receive an "unfair advantage" over American makers attempting to source the raw material for U.S. production. "We were successful in getting it off of List 3, but it appeared again on List 4," Werthaiser said. "We found ourselves in Washington, D.C. sitting in front of the USTR having a lot of the same conversations again."

Feathers and down remained on the list. “So that was the worst case scenario for us, because now we had a tariff on one of our key raw materials,” Werthaiser added. Notably, though, retail-ready manufactured products did not appear on the list, “So all of a sudden, there was a competitive swing over to China” for production, effectively handicapping U.S. manufacturers.

Since then, Downlite has pushed for exclusions on feathers and down, which have been granted, but the opacity surrounding the future of the tariffs and the exclusion process has come at a cost. “With the uncertainty of not knowing if the exclusion be extended…How do we price our product? What assumptions are we making, and what happens if those assumptions don’t actually come through?” he said. “That’s been the biggest challenge that we have had to face so far.”

Glen Weinstein, executive vice president and chief legal officer of iRobot, the maker of Roomba floor vacuums, said a lack of clarity about exclusions took its toll on the company. Prior to 2019, the company manufactured all of its products in China, but diversified sourcing to Malaysia one year after the Section 301 duties took effect. Relocating the supply chain during Covid travel restrictions was “enormously difficult.” While the company got an exclusion on its vacuums produced in China, the refunds were processed retroactively more than a year after the tariffs went into effect.

“That meant we fronted about $15 million of working capital before we could even start the process of seeking refunds,” Weinstein said. “It also meant that while we were in this long, long waiting period to see how the USTR would react to our exclusion application, we raised prices.”

The decision led to lost sales, and a further recalibrating of prices. “Trying to make business decisions—decisions that are often a year retroactive to what the USTR is doing—is a complete enemy of thoughtful planning,” he added.

Mercury Marine trade operations manager Corbin Stenz said tariff exclusions are “just one piece of the puzzle,” and being granted an exclusion on a product or input does not guarantee the future stability of a business. A producer of outboard boat engines that manufactures its products with imported components in Wisconsin, Mercury has attempted to diversify its sourcing base based on geopolitical uncertainty and the possibility that U.S. relations with China could worsen.

"Now you hear rumors that maybe the tariffs are going to increase, maybe they'll go away, maybe one list will go away and one with list will stay," he added. "And so all that planning can't be done, or it has to be done with so many different contingencies and variables that it makes it extremely challenging."

Source: sourcingjournal.com– Nov 14, 2023

HOME

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Don’t Blame Textiles for Resurgence of Bed Bugs in France

Bed bugs recently made sensational news in France.

Fortunately, textiles are not a reason for the resurgence of the pests.

Although bed bugs are prevalent all over the world and do not cause any serious medical harm, the issue got hyped up and became a topic of discussion in the French Parliament, primarily because of the 2024 Summer Olympics in Paris, which will attract about 15 million visitors bringing over $270 billion in revenue due to travelers, providing enormous business opportunities for the travel, hospitality, and hotel industries.

The textiles industry that manufactures and exports home textiles may benefit from the Olympic games. Normally, fine count cotton yarns are woven into tight weave structures to make bedspreads and other textiles for the hotel industry, states Velmurugan Shanmugam, General Manager of Jayalakshmi Textiles in Aruppukkottai, India – a manufacturer of cotton yarns that go into home textiles. That sector should see a boost as France will have to import these textiles that find applications such as bedspreads, bath towels, and tabletops, to name a few.

The sudden growth of bed bug infestations in France may send misleading information that beds and accessories like bed sheets are responsible for the recent resurgence. In reality, globalization and more travel by humans – particularly after the COVID-19 lockdowns – are some of the reasons for increased bed bug infestations.

“There has been a global resurgence of bed bug populations in the past 30 years,” says Dr. Robert Puckett, AgriLife Extension Entomologist at Texas A&M University.

“Bed bugs are world class hitchhikers and are found in places where humans rest such as beds and recliners,” adds Anthony Mobley, Regional Manager at Fox Pest Control.

According to experts, these pests can sense the carbon dioxide that humans exhale and get attracted to them when they offer less resistance.

"Bed bugs can detect carbon dioxide away from 20 feet away when humans exhale," states Puckett.

Cimex lectularius is a major species of bed bug and is found globally. These pests feed on human blood and approach humans when they get the least resistance, i.e., sleeping. As this is the case, these pests appear at night in mattresses and bedspreads, however they also rest in crevices and spaces such as electric socket holes. Therefore, textiles are not the reasons for growth in bed bug infestations, although these pests can be transported by baggage, clothing items, and more.

"Bed bugs are found in all 50 states in the United States, and no city is immune from these bugs," states Mobley. Although there are no serious medical concerns, bed bugs make people uncomfortable and lead to psychological discomfort. As these bugs suck human blood, they lead to irritations and itching on the skin.

"Neonicotinoids and pyrethroids are common classes of insecticides that can be used to manage bed bugs," notes Puckett. "But over-application of a single class of insecticides can lead to resistance." In the case of bed bug infestations, it is important to approach pest control specialists.

"Bed sheets and curtains need to be removed, washed, and dried," advises Mobley. "Clothes in a chest of drawers must be washed and dried."

Mobley says that clothes need to be dried for at least 30 minutes at a consistent temperature of 1200 F or higher. High dryer heat will kill eggs and adults, agrees Puckett.

The textiles sector, particularly those that export home textiles, need not panic as textiles are not the cause for the sudden growth of the bed bug infestations. Proper pest management, isolating textile items infested with bugs, washing them, and having high temperature drying are some useful remedial measures.

Globetrotters and sport fans alike can travel to Paris safely in the summer of 2024 to enjoy the Olympics and French cuisine.

Source: cottongrower.com– Nov 14, 2023

HOME

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Türkiye’s textile sector experiences downturn and bankruptcy

Türkiye is the second largest textile producer in the EU and fifth globally. The country is the world's largest producer of denim, fourth largest supplier of home textiles, fabrics and denim fabrics, and the fifth largest producer of yarns.

Textile is the second largest industry in Türkiye in terms of production with total production value of $82.4 billion, including the apparel sector.

However, the country’s large textile industry is struggling with multiple challenges, including weak demand from its main export markets, lower capacity usage and loss of competitiveness, with sector representatives calling for government action. Employment in the sector is declining, while capacity utilization rate across the industry has fallen to 70 per cent.

A struggling industry

Ahmet Öksüz, President of the Istanbul Textile and Raw Materials Exporters Association (İTHİB) stated the industry posted a trade deficit last year. It was the net importer in 2022. Öksüz says, contraction in the main export markets is causing serious problems for local textile companies, Öksüz says, dumped imports of textile products are eroding local competitiveness.

Turkish products are high quality and therefore, cannot compete with cheap products from countries like Uzbekistan. The government needs to provide the sector with some protective measures to prevent job losses and rendering billions of US dollars-worth of investments idle.

Big manufacturers go bust

The first time the writing appeared on the wall for the textile sector was during the global financial crash of 2008. Established manufacturers were queued up by banks for closure as surmounting debts rendered them un-payable. In recent years, important manufacturers such as Emek Kumaş, Kale İplik and Üçyıldız Tekstil have been foreclosed by banks.

One after the other, well-established companies are announcing their bankruptcies. These include those operating for many years. In 2008, during the global crisis, many textile enterprises were closed the companies were seized by banks in return for their debts. Experts explain a similar situation will not occur in the coming period but businesses that fail to overcome their problems will continue to close down. For example, Emek Global Tekstil Sanayi ve Ticaret Limited Şirketi, Emek Kumaş Dış Ticaret İnşaat ve Sanayi A.Ş. and Emekteks Dış Ticaret Limited Şirketi under Emek Group, whose foundation dates back to 1957, have requested concordat. Tekirdağ Commercial Court of First Instance granted three-month temporary respite for the companies and appointed a commissioner for the supervision of company activities.

Türkiye textile industry, which is among the world's largest textile exporters, experienced a 13.6 per cent decrease in the first half of the year. In the January-June period of 2023, Turkish textile and raw materials sector exports, which were valued at $5.9 billion, decreased 22.1 per cent to $ 953 million in June 2023 and declined 6.9 per cent compared to the previous month and by 22.1 per cent compared to June 2022.

EU countries maintained their first place in the exports of textile and raw materials in the January-June period of 2023. In this period, exports to 27 EU countries decreased by 22.5 per cent compared to the same period in 2022 and amounted to $2.4 billion.

The second country group with the highest exports of textile and raw materials was African countries. Exports to African countries declined by 18.9 per cent in this period and were recorded at $ 622 million.

Source: fashionatingworld.com– Nov 13, 2023

HOME

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Vietnam garment export sees light, pinning hope on greening effort

There are positive signals for the recovery of garment export in 2024 but cautions remained over ongoing global uncertainties, experts said, urging the industry to accelerate the green transition to take opportunities from the sustainability trend taking shape worldwide.

Exports have slumped from the beginning of this year as soaring inflation and economic recession took their toll on consumption demand in major export markets of Việt Nam. However, the drops slowed down in recent months.

Statistics of the General Department of Customs showed that the export of garments fell by 12.9 per cent to US$27.7 billion in the first ten months of this year, and of textiles by 10.8 per cent to $3.65 billion.

In October, however, textile export rose 4 per cent over September to $389 million and garment saw a drop of only 0.1 per cent.

The difficulty was not unique to the garment and textile industry of Việt Nam but common for the global export due to a decrease in global aggregate demand driven by geopolitical tensions, global economic recession, rising inflation in major markets such as the US and the EU, and tightened monetary policies forcing consumers to cut spending, Dương Thuỳ Linh, deputy general secretary of the Việt Nam Cotton and Spinning Association (VCOSA), said.

Meanwhile, markets' requirements for sustainability standards were becoming more and more stringent, together with stronger competition from other exporters such as Bangladesh and Myanmar, resulting in fewer and smaller orders.

Linh said that many textile companies were forced to narrow the production scale to 50-80 per cent from the end of last year to the second quarter of this year. However, slight recovery started from July with most producers resuming their full capacity.

VCOSA forecast that challenges would remain for the garment and textile industry of Việt Nam because the low consumption demand would persist in 2024.

The association projected that the export value would be around $40 billion this year, a drop of 10 per cent.

"The worst moment is passing by," Linh stressed, however, adding that the macroeconomy remains stable with GDP growth projected at 5 per cent, inflation is under control at 3.2 – 3.6 per cent and lending rates are being reduced to support enterprises.

She pointed out that Việt Nam's garment industry still had the competitive advantage in labour cost. The industry also benefited from new-generation free trade agreements (FTAs) Việt Nam signed with major markets.

The market demand is improving, Phạm Văn Việt, chairman of the Việt Thắng Jean Company, said. "Although the purchasing power has not returned to the previous level, orders are gradually recovering to around 80 per cent for the last quarter of this year," Việt said.

Push for sustainability

Nguyễn Thị Tuyết Mai, deputy general secretary of the Việt Nam Textile and Apparel Association, said the sustainability trend was taking shape rapidly in the global market with strict requirements on environment protection and labour, requiring enterprises to speed up green transition. Although local producers still face difficulties in meeting sustainability standards, there were good signals as several fibre producers met international standards such as Global Recycle Standard, Oeko-Tex and BCI, and were switching to using organic cotton, natural fibres and renewable energy in production, Linh said.

Expert Huỳnh Thanh Điền said that recent forecasts were better for global economic growth, providing the base for optimism about the recovery of consumption demand in major markets.

"New trends are emerging in a new economic cycle. For the garment industry, it is the trend for green and sustainable development," Điền said, urging enterprises to take action to be able to grasp these opportunities.

Major markets such as the EU are strengthening the implementation of high requirements and standards on greening and sustainable development. “There are challenges but also opportunities for enterprises to make breakthrough developments.”

Lê Tiến Trường, chairman of the Việt Nam National Textile and Garment Group, said that the demand would improve overall in 2024 but the improvement would not be very significant.

Trường said that the 2024 demand would still be 5-7 per cent lower than 2022.

He urged enterprises to be prepared for extended producer responsibility (EPR), the EU’s carbon border adjustment mechanism (CBAM) and the Uyghur Forced Labour Prevention Act (UFLPA) which would have significant impacts on exports.

Source: vietnamnet.vn– Nov 16, 2023

HOME

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Bangladesh workers' protest: 150 factories shut, cases against 11k workers

Garment worker's protest in Bangladesh has taken a violent turn as protestors have been on the streets for the last two weeks demanding better wages for the country's four million workers in the garment industry. The protests have seen violent clashes between the protestors and security personnel which has resulted in the death of three workers, a CNN report said.

Worker unions have alleged that the police used tear gas and rubber bullets to dislodge the protest. As things stand, 150 factories in the country have been shut down "indefinitely" as the police registered charges against 11,000 workers for indulging in violent protests, a Moneycontrol (MC) report said.

Issues raised by the protestors

While the garment industry contributes a lion's share to the Bangladeshi economy, the working conditions for employees in the sector are abysmal. The four million workers, the majority of which are women, in the industry work for $95 a month, the CNN report said. Workers are demanding $208 monthly in wages.

The protests have resulted in many factories closing in the country. Dozens of protestors have been injured.

What are the global brands saying about these protests?

Eighteen global brands have come forward and sent a letter to the Prime Minister of Bangladesh urging peaceful negotiations and calling for the new minimum wage to cover the basic needs of the workers, the CNN report said. These brands included H&M, Levi's, Gap, and Puma, among others.

While these brands do not have a say in setting up the minimum wage in the country, they are a key stakeholder in the matter.

Elizabeth Cline, a teacher of Fashion Policy at Columbia University told CNN, "A lot of the pressure on factories, it does start with brands and retailers, and I think that it's just a conversation that the fashion industry keeps trying to resist. But if we want to fix wages, we really have to fix the pricing problem."

Significance of the garment industry in Bangladesh

The garment industry is one of the most prominent economic drivers in Bangladesh. The country has around 3,500 garment factories which account for around 85 per cent of Bangladesh's $55 billion in annual exports, Moneycontrol (MC) reported. These factories have ties with top global brands such as Levi's, Zara, and H&M, among others.

Source: business-standard.com– Nov 13, 2023

HOME

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NATIONAL NEWS

Shri Piyush Goyal participates in the 3rd in-person Ministerial meeting of the Indo-Pacific Economic Framework (IPEF)

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal, participated in the third in-person IPEF Ministerial meeting on 14th November, 2023.

During this Ministerial meeting, the first-of-its-kind IPEF Supply Chain Resilience Agreement was signed by the Minister along with the Ministers from other IPEF partner countries.

The Agreement is expected to make IPEF supply chains more resilient, robust, and well-integrated, and contribute towards economic development and progress of the region as a whole.

Speaking at the event, the Shri Goyal emphasized enhanced collaboration to realize collective aims of the IPEF, particularly on the need for mobilizing affordable financing for clean economy transition and for enhancing technology cooperation.

He also urged early implementation of the envisaged cooperative work under IPEF, including on bio-fuels alliance suggested by India.

Further, the Ministers from IPEF partner countries also had productive discussions on the substantial progress made by the IPEF partners on Pillar-III (Clean Economy) and Pillar-IV (Fair Economy). Speaking at the Ministerial meeting, the Minister suggestedenhanced collaboration among IPEF partners.

Also, on the sidelines of the IPEF Ministerial, the Minister held bilateral meetings with Her Excellency Ms. Gina Raimondo, United States Secretary of Commerce, His Excellency Mr. Tengku Zafrul Aziz, Minister of International Trade & Industry, Ministry of International Trade & Industry, Malaysia, and His Excellency Dr. (HC) IR. Airlangga Hartarto, Coordinating Minister for Economic Affairs Republic of Indonesia.

During these Ministerial meetings, the Minister, inter-alia, discussed bilateral collaboration on trade, commerce and investment, enhanced business engagements, WTO matters, and other issues of mutual interest. During the interaction with his counterparts from ASEAN countries, the Minister suggested expedited conclusion of the AITIGA review.

The Minister and the US Secretary of Commerce co-chaireda kick-off industry roundtable titled, “Decoding the “Innovation Handshake”: U.S. – India Entrepreneurship Partnership”, which was co-hosted by the U.S.-India Business Council (USIBC) and the Confederation of Indian Industry (CII) and supported by National Association of Software and Service Companies (NASSCOM) and Startup India, CEOs from major ICT companies, executives from venture capital firms, and founders of startups in the critical and emerging technology space.

Capping off the day’s engagements, the Minister held an interaction with Indian entrepreneurs in the Western United States. The interaction was organized by the Consulate General of India in San Francisco in collaboration with IIT Alumni & TIE Global.

Addressing the gathering, the Minister spoke about the immense potential that exists in India and the role that Indian diaspora, particularly the entrepreneurs, could play in accelerating India’s economic growth and development. He also exhorted them to support Hon’ble Prime Minister’s call for being vocal for local, and then turning local into global.

Source: pib.gov.in– Nov 15, 2023

HOME

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MoU between India and USA to Enhance Innovation Ecosystems through an Innovation Handshake under the framework of India – U.S. Commercial Dialogue

A Memorandum of Understanding (MoU) on "Enhancing Innovation Ecosystems through an Innovation Handshake" under the framework of India – U.S. Commercial Dialogue was signed between the two countries on the 14th of November 2023 in San Francisco. The leaders' Joint Statement during the historic official State Visit of Prime Minister in June 2023 announced the establishment of the "Innovation Handshake".

The MoU was signed at the kick-off industry roundtable titled, "Decoding the "Innovation Handshake": U.S. – India Entrepreneurship Partnership" in San Francisco. At the event, co-hosted by the U.S.-India Business Council (USIBC) and the Confederation of Indian Industry (CII) and supported by National Association of Software and Service Companies (NASSCOM) and Startup India, CEOs from major ICT companies, executives from venture capital firms, and founders of startups in the critical and emerging technology space discussed how to enhance U.S.-India technology collaboration.

The MoU is signed with the objective to connect the two sides' dynamic startup ecosystems, address specific regulatory hurdles to cooperation, share information and best practices for startup fundraising and promote innovation and job growth, particularly in critical and emerging technologies (CET) as identified under India -U.S. initiative for Critical and Emerging Technology (iCET).

The MoU signals a joint commitment to strengthen the startup ecosystem in deep tech sectors and promote cooperation in Critical and Emerging Technologies (CET). It is poised to positively impact economic activity, attract investment, and generate employment, especially in start-ups working in CET areas. The scope of cooperation would include a series of India- U.S. Innovation Handshake events, including hackathon and "Open Innovation" programs, information sharing and other activities.

The announcement laid the groundwork for two future Innovation Handshake events scheduled to take place in India and the United States in early 2024, which include an investment forum aimed toward helping U.S. and Indian startup companies take their innovative ideas and products to market and a "hackathon" in Silicon Valley where U.S. and

Indian startups will pitch ideas and technologies to help address global economic challenges.

This momentous step signifies the commitment of both nations towards fostering innovation, creating opportunities, and promoting mutual growth in the dynamic field of emerging technologies. The "Innovation Handshake" sets the stage for a new era of collaboration between the United States and India.

The Commercial Dialogue (CD) is a cooperative undertaking at Ministerial level between India and the U.S. to facilitate regular discussion to deepen ties between business communities, encompassing regular government-to-government meetings to be held in conjunction with private sector meetings, with an aim to facilitate trade, and maximize investment opportunities across a broad range of economic sectors.

The 5th India-U.S. Commercial Dialogue was held on 10th March 2023 during the visit of U.S. Secretary of Commerce Gina Raimondo between 8-10 March. At the meeting the Commercial Dialogue was re-launched with strategic focus on supply chain resiliency, climate and clean technology cooperation, advancing inclusive digital economy, and facilitating post-pandemic economic recovery especially for SMEs and startups.

It included launch of a new Working Group on Talent, Innovation and Inclusive Growth (TIIG) under the Commercial Dialogue. It was noted that this Working Group would also support efforts of Startups working towards goals of iCET, particularly in identifying specific regulatory hurdles to cooperation and fostering greater connectivity between our innovation ecosystems with focus on start-ups through specific ideas for joint activities.

Source: pib.gov.in– Nov 15, 2023

HOME

****

No deadline for UK FTA but working on a timeline: Commerce Secretary

India and the UK are not working under any deadlines on the conclusion of negotiations on the free-trade agreement (FTA) as there are issues which are slightly complex in nature and of economic significance to both countries, Commerce Secretary Sunil Barthwal said on Wednesday.

Responding to a query at a press briefing here on any tentative deadline to sign the pact between the two countries, he said that issues are being examined carefully in a roundwise manner and they are expected to finish soon.

"We are not working under any deadlines. Though, there are internal timelines as such and round wise discussions happen there," the commerce secretary said.

Till now, 13 rounds of negotiations have concluded on the issue and chief negotiators of India and the UK are expected to soon hold the next round of talks to iron out differences on issues such as automobiles, medical devices, and the movement of professionals.

The officials from the UK are expected to visit New Delhi for the negotiations.

Launched in January last year, the agreement was originally scheduled to conclude by Diwali (October 24, 2022), but the deadline was missed due to several adverse developments.

Barthwal, in response to a question on India joining the trade pillar, also said that the finalisation of the trade pillar by the 14-member Indo-Pacific Economic Framework (IPEF) is expected to take some more time, which gives New Delhi more time to track these negotiations.

"The finalisation of the trade pillar by the IPEF countries, where we have observer status, is expected to take some more time. The three pillars that we have already joined are getting finalised first. So, we have more elbow room to look at these negotiations and respond," he added.

Out of four pillars, India has joined three pillars - supply chains, clean economy, and fair economy (issues like tax and anti-corruption), and is an observer under the trade pillar.

The secretary also clarified that the labour component under the IPEF and said that harmonisation of regulations is expected under the supply chain pillar.

“We have agreed that the regulations will only be applicable as per the domestic labour laws. It is not beyond the domestic labour laws and it is a cooperative mechanism. There is no dispute resolution mechanism, where if an investor country feels there is some inconsistency, then it will be bilaterally resolved under a cooperation mechanism,” Bhartwal said.

Source: business-standard.com– Nov 15, 2023

HOME

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Goods exports see green shoots, rise 6.2% in October

New Delhi: India's merchandise exports rose 6.21% year-on-year to $33.57 billion in October, while the trade deficit swelled to a record as imports surged, buoyed by strong consumer spending ahead of the festival season. Gold imports almost doubled.

The gap between exports and imports widened to $31.46 billion on the back of a jump in gold imports, official data released Wednesday showed. It was at $19.37 billion in September and $26.3 billion in October last year. Gold imports rose 95% to $7.23 billion last month.

Strong festive demand ahead of Diwali drove up overall imports by 12.3% to $65.03 billion with an increase in the inbound shipments of electronic items and crude oil, apart from gold.

The trade figures back up the government's optimism on exports. "This shows that the green shoots are stabilising," said commerce secretary Sunil Barthwal. "We hope to cross last year's high (export) figures."

Moderation in Commodity Prices

In October, exports grew in 22 of the 30 key sectors. Electronic goods exports rose 28.23% to $2.38 billion from $1.85 billion a year ago.

"The gap in exports from the previous year is narrowing down and we hope the growth will sustain," Barthwal said. The full year's export growth projection depends on several factors such as interest rates and commodity prices, he said.

To be sure, for the April-October period, exports contracted 7% to $244.89 billion while imports fell 8.95% to $391.96 billion.

Federation of Indian Export Organisations president A Sakthivel said the exports sector is on the road to recovery despite weak demand. There's been a moderation in commodity prices, which spiked last year after the Russia-Ukraine war began, he said.

"Demand is still an issue in many markets due to high inventory and growth reflects that we may be eating into the share of some other countries," he said.

The tension in West Asia has also made businesses and markets sceptical and nervous but the conflict will have a limited impact unless it escalates and spreads to more countries. Besides exploring new markets, the government is looking at non-tariff barriers in sectors such as marine products. The government is also examining sectors that face barriers imposed by importing countries. "We are waiting and watching as many things are happening around the world," Barthwal said.

Electronics goods imports rose 26.25% in October while oil imports were up 8.09% on year in October.

Non-oil, non-gems and jewellery imports, a measure of domestic demand, rose 36.87% in October from 35.12% a year ago.

The high gold imports were driven by high consumption demand, officials said.

"A satiation of demand post the festive season may moderate imports in November 2023, helping to curtail the merchandise trade deficit from its record high in October 2023. Nevertheless, the trade deficit would remain elevated at $22-25 billion in the ongoing month," said Aditi Nayar, chief economist at ICRA.

Source: business-standard.com– Nov 16, 2023

HOME

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India's accelerated manufacturing growth momentum may continue: FICCI

India's manufacturing growth momentum has accelerated in the second quarter (Q2) of fiscal 2023-24 (FY24) and is likely to continue for the next two quarters as well, notwithstanding slowdown in developed nations, according to the latest quarterly survey on manufacturing released by the Federation of Indian Chambers of Commerce and Industry (FICCI).

In Q1 FY24, 57 per cent of the respondents reported higher production levels. Further, over 79 per cent of them shared higher level of production in Q2.

This assessment also reflected in order books as 80 per cent of the respondents in Q2 have had higher number of orders and demand conditions continue to be optimistic in Q2 as well.

Manufacturing growth expectation is moderate for textiles, apparels and technical textiles.

The existing average capacity utilisation in manufacturing is around 74 per cent, which reflects a sustained economic activity in the sector. This is slightly higher than 73 per cent capacity utilisation reported for previous quarters.

The future investment outlook has also improved as compared to the previous quarter as over 57 per cent of respondents reported plans for investments and expansions in the coming six months. This is also a slight improvement over the previous survey.

Demand is the major constraint to realise the true potential of the manufacturing sector, with over 40 per cent respondents highlighting inadequate demand as a significant bottleneck.

Whether it is domestic demand or exports, this remains a major limiting factor. Some other constraints are high raw material prices, increased cost of finance, logistics and supply chain disruptions, and these affecting expansion plans of the respondents.

Eighty-five per cent of the respondents had either more or the same level of inventory in Q2 FY24—almost equivalent to that of the previous quarter.

On the export front, performance seems to be better than previous quarters as over 48 per cent of the respondents reported higher exports in Q2 compared to 33 per cent in Q1 FY24. However, further improvement in export demand is required in the light of country's growth aspiration.

The hiring outlook looks stable with around 38 per cent of the respondents looking at hiring additional workforce in the next three months.

The FICCI survey elicited responses from over 380 manufacturing units from large, small and medium segments with a combined annual turnover of over ₹4.88 lakh crore.

Source: fibre2fashion.com– Nov 14, 2023

HOME

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Government e-Marketplace achieves landmark Gross Merchandise Value of ₹2 Lakh Crore in less than eight months of FY 2023-24

In a remarkable achievement, Government e-Marketplace (GeM) has reached a significant milestone by surpassing ₹2 Lakh Crore in Gross Merchandise Value (GMV) within less than eight months of the current fiscal year, surpassing the total GMV inscribed at the end of last fiscal year (2022-23). The average GMV per day has also witnessed significant growth and reached more than ₹850 crore per day in the current Financial Year.

Within the constellation of noteworthy contributors to this momentous GMV achievement in the current financial year, the substantial role played by Central entities, including Central Public Sector Enterprises (CPSEs), has been truly outstanding, constituting an overwhelming 83% of the total.

Also, the enthusiastic participation of State Governments, comprising the remaining 17%, further underscores the nationwide embrace of GeM's transformative impact on public procurement. States like Uttar Pradesh, Gujarat, Maharashtra, Delhi, Madhya Pradesh, Jammu & Kashmir, Odisha, Bihar, Assam, Uttarakhand have placed significant amounts of procurement orders in the current financial year. This unparalleled collaboration between the Central and State entities exemplifies a harmonious synergy, propelling GeM to unprecedented heights of success.

GeM's expansion into the services sector has played a pivotal role in driving its accelerated adoption. The increase in order value in the services segment has been the brightest chapter in GeM’s success story with exponential growth over the last 3 years. Services sector has exhibited a staggering increase in the overall contribution to the total order value transacted through the platform, having jumped from 23% in FY 21-22 to nearly 46% in the current financial year.

This outstanding accomplishment not only reflects the platform's rapid growth but also its pivotal role in transforming public procurement across India. GeM's unprecedented growth can be attributed to its commitment to fostering efficiency and transparency in public procurement processes, enabling government agencies to access a wide range of products and services in a streamlined and cost-effective manner.

The portal displays a diverse catalogue of nearly 312 service categories and more than 11,800 product categories, well-equipping it to adequately match the dynamic requirements of government buyers at all levels. Cumulatively, GeM has surpassed the ₹5.93 lakh crore GMV since inception, with the overwhelming support of its stakeholders. The total number of transactions on GeM has also crossed 1.8 crore.

Additionally, GeM's unwavering dedication to inclusivity and accessibility stands as a testament to its visionary approach. The platform's seamless integration with e-Gram Swaraj, aimed at streamlining Panchayat-level procurement, not only underscores its commitment but also showcases its unparalleled prowess in connecting with last-mile sellers while meticulously optimizing costs at the grassroots level of administration. This remarkable endeavour elevates GeM's impact, demonstrating its far-reaching influence on India's procurement landscape.

GeM’s multifaceted approach to instilling inclusivity and diversity within the marketplace has also added to its triumphant success. The platform caters particularly to the unique contexts and limitations of marginalised seller segments like small and medium enterprises, women entrepreneurs, startups, and artisans. Its policies have been formulated with the intent to provide right business opportunities to all firms, irrespective of their size and popularity. Subsequently, nearly 49% of the total order value transacted through the platform has been awarded to MSEs. In just 7 months, more than 45000 MSEs have registered as sellers/service providers registered on GeM.

A hallmark of GeM's success lies in its dedication to cost savings, having enabled the government to save over ₹45,000 crore since 2016. According to the Economic Survey 2021-22, GeM's prices were 9.5% lower than other online platforms for 10 out of 22 commodities. GeM's transformative journey is a testament to transparency, efficiency, and inclusivity driven by cutting-edge technology and innovation.

As GeM continues to evolve, it remains a cornerstone of the Indian government's digital transformation and the "Make in India" initiative, promoting the use of domestically manufactured products and services.

Source: pib.gov.in– Nov 13, 2023

HOME

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Comm min expects to issue 20,000 status holder certificates to exporters this year: DGFT

The Commerce Ministry, which automated the process for issuance of exporter status certificates, is expected to issue about 20,000 such documents by the end of this year, a senior official said on Wednesday. Director General of Foreign Trade (DGFT) Santosh Kumar Sarangi said this would be a big jump in the issuance of these certificates, and so far, they have issued over 40,200 status-holder certificates.

"There are another 2,000 applications, which are under scrutiny because of their prior history. But ultimately, those will also get issued, and by the end of this year, we expect about 20,000 status holders to be recognised through this automated process," he told reporters here.

Last month, DGFT said that an exporter status certificate will now be issued based on the available electronic data, and traders will not have to apply to get the recognition.

These certificates provide certain privileges, including simplified procedures under foreign trade policy (FTP), priority custom clearances on a self-declaration basis, and exemption from compulsory negotiation of documents through banks and filing bank guarantees for FTP schemes.

Upon achieving prescribed export performance, status recognition as one, two, three, four and five-star export houses is accorded to the eligible applicants as per their export performance.

Sarangi said applications of exporters in the 'risk' category will be subjected to larger scrutiny.

Exporters who default in fulfilling their export obligations are categorised as "risky".

Now, the exporters are not required to apply to the office of the Directorate General of Foreign Trade (DGFT) for a Status Certificate, and the export recognition will be provided by the IT system based on available Directorate General of Commercial Intelligence and Statistics (DGCIS) merchandise export electronic data and other risk parameters.

Earlier, the exporters had to file an online application along with an export certificate from a chartered accountant for a grant of status.

The DGFT Regional Offices are supposed to issue the certificate in three days.

Under the new arrangement, no applications are invited from exporters, and the certification is granted every year in August based on annual export figures available with the partner government agency - DGCIS.

Exporters, who are eligible for a higher status based on additional export data relating to services export, deemed exports or double weightage to some entities like MSME, which is not getting captured in disaggregated form presently, can apply online for a status modification also at a later date.

The biggest increase in status certification is seen in the 1 Star category, which is the lowest category and requires an export performance of at least USD 3 million in the last three preceding financial years plus the three months of the current financial year.

Source: economictimes.indiatimes.com– Nov 16, 2023

HOME

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Rupee depreciation may push up garment, handicraft exports

New Delhi: India's labour-intensive export sectors could gain from the latest depreciation in the rupee, according to experts. Outbound shipments of readymade garments, carpets and handicrafts can increase 2-10% increase, whereas in the case of handicrafts, where the imported content is low, the benefit can be as high as 100%, they said.

If the rupee depreciates about 10% and the import content in the product being exported is 20%, the net gain to exports would be 8%, said industry experts. "One can also get the benefit while negotiating contracts. If an exporter hasn't hedged, then they would get windfall gains during the period of depreciation, but most of the time, inflation nullifies the benefit given by deprecation," said Ajay Sahai, director general, Federation of Indian Export Organisations.

Labour-intensive sectors have been hammered by the global slowdown, with production lower than it was last year. In the first half of 2023-24, apparel manufacturing was down 21.9% year-on-year, while growth in the leather industry was flat. An ET analysis found that in the case of wearing apparel, production was 34% lower than in the corresponding period of pre-Covid-19 2019-20, whereas leather exports were 22% below their pre-pandemic levels.

This reflected in exports as well.

Ready-made garment exports fell 14.58% year-on-year in the April-October period to $7.82 billion. Handicrafts exports were down 11.37%, and leather product exports were 11.74% lower.

In the gems and jewellery sector, where the import content is almost 90%, the net gain is around 1%, but the benefit varies from company to company. The gems and jewellery segment is among the industries where exports have contracted the highest.

Engineering goods exporters expect a 4-5% rupee depreciation to translate into a 10% export growth if raw material prices don't increase further.

During April-October, India's merchandise exports contracted 7% to $244.89 billion while imports fell 8.95% to $391.96 billion.

However, too much depreciation can make imports costlier and lead to higher inflation, according to experts.

"If we let the rupee depreciate more, then other imports get impacted and inflation results. Hence, the central bank approach is to balance trade with inflation all the time as the latter affects monetary policy," said Madan Sabnavis, chief economist, Bank of Baroda. Another factor is how the rupee has performed against other currencies, said experts.

"Rupee depreciation versus the dollar is only one aspect. How the rupee performs versus competing export currencies will have an impact, particularly given weak global demand," said Aditi Nayar, chief economist, ICRA.

Source: economictimes.indiatimes.com– Nov 16, 2023

HOME

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US and EU impose countervailing duty on Indian products over RODTEP scheme

India is facing countervailing duty (CVD) actions from the United States and the European Union on at least two products due to their utilization of the Remission of Duties or Taxes on Export Products (RODTEP) scheme.

RODTEP, introduced by the Indian government to replace the Merchandise Export Incentive Scheme (MEIS), aims to refund levies on exported goods. However, the US and EU contend that this scheme does not align with the rules prescribed by the World Trade Organization (WTO). Last month, the US imposed CVD on Indian file folders, rejecting arguments from the Indian government regarding the WTO compliance of RODTEP. Several months earlier, the EU similarly concluded that certain graphite electrode systems from India were subsidized through RODTEP, leading to the imposition of countervailing duties.

While the monetary impact of these levies may not be substantial, trade experts emphasize the need for India to be prepared for a more extensive battle. The government asserts that RODTEP is WTO-compliant, allowing tax-free exports. However, the US and EU have taken a firm stance against this assertion.

Mukesh Bhatnagar, a former professor at the Centre for WTO Studies, advocates for a proactive approach, telling TOI that India cannot afford to lose this battle. He suggests presenting detailed calculations of taxes embedded in exported products, such as fuel taxes, electricity duty, and mandi tax, to support the WTO compliance of RODTEP.

"We will have to take up this issue bilaterally with the US and EU... We may also have to explore our options to take up this issue as a formal WTO dispute," Bhatnagar said. As India navigates these challenges, the outcome of these countervailing duty cases could have broader implications for the acceptance and implementation of the RODTEP scheme on the global trade stage.

Source: economictimes.indiatimes.com– Nov 14, 2023

HOME

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Cross-border payments for MSMEs: Will it empower India's exports?

Facilitating seamless cross-border payments for MSMEs is a pivotal factor in propelling them towards achieving 60% of the formidable $2 trillion export target by 2030.

In the pursuit of Prime Minister Narendra Modi's vision to transform India into a $5 trillion economy, one critical pillar stands tall: reaching $2 trillion in total exports by 2030. This isn't just a significant economic milestone; it is a testament to India's emergence as a significant player in the ever-evolving global trade landscape. But to reach this ambitious goal, we must acknowledge the role of an often overlooked yet pivotal factor – the seamless facilitation of cross-border payments, especially for Micro, Small, and Medium Enterprises (MSMEs).

Traditionally, international trade was a realm dominated by corporate giants, with the resources to navigate complex capital requirements, establish global connections, and comply with regulatory demands. However, the digital revolution has democratised global trade. Today, even small businesses can leverage B2B or B2C eCommerce platforms and online service providers to engage in international trade, thanks to technological advancements and enabling policies from the government and regulatory bodies.

MSMEs can now harness their strategic location to integrate into global supply chains. By manufacturing components or providing services that fit seamlessly into these supply chains, they can access a broader customer base and secure stable, long-term partnerships. In FY 2022-23, MSME products accounted for 43.6% of India's exports.

Cross-border payment challenges for MSMEs

Traditionally, navigating cross-border low-value payments has felt like a financial maze, plagued by formidable challenges. Traditional methods for cross-border payments rely on correspondent banking relationships and SWIFT for secure communications. While international wire transfers are common, they are often slow and costly.

Payment service providers (PSPs) offer alternatives with lower fees and quicker transfers, but several challenges persist as small and medium-sized enterprises (SMEs) bear the brunt of these obstacles, as they regularly make modest payments to vendors and customers. In emerging markets like India, these issues are aggravated by the use of intermediary currencies, adding layers of complexity to transactions. Some other challenges include:

Hidden charges: Behind weak exchange rates, hidden transfer and exchange charges quietly eat away your funds.

Banking woes: International bank transfers, a trustworthy method for many, come with a twist. Limited currency options in local banks often call for intermediary involvement, each adding to the financial burden. MSMEs need cost-effective solutions, not hurdles.

Long processing time: Standard international payments move at a snail's pace, taking 2 to 5 working days or even longer for remote destinations. Imagine real-time cross-border payments for business growth and competitiveness.

Fraud risks: In the digital age, fraud lurks as a constant threat. Cybercriminals aim to exploit cross-border transactions, putting businesses at risk. Robust security measures are imperative to safeguard every payment.

The way forward for MSMEs

Navigating the complex landscape of cross-border payments is no easy feat, but innovative technologies and forward-thinking minds are determined to unravel the challenges that lie ahead. While these hurdles may not disappear overnight, the groundwork is in place for swifter and more innovative solutions, with technology and APIs leading the transformation in this evolving landscape.

In this dynamic scenario, the recently introduced Foreign Trade Policy 2023 (FTP-23) serves as a guiding compass, outlining a comprehensive roadmap for India's exports. FTP-23 sets its sights on propelling Indian exports to a remarkable $3 trillion by 2030, with eCommerce taking the lead and targeting $200-300 billion. Simultaneously, the government is actively streamlining business procedures, promoting digitisation, and implementing trade facilitation measures to cultivate a thriving export ecosystem for sustained growth.

The ultimate objective is to usher in a new era of transparency, efficiency, and visibility in cross-border payments. Imagine having a clear view of the status of your payments, the ability to direct the flow of funds, and substantial cost savings when sending and receiving payments across borders. These advantages empower businesses to expand globally, saving both time and money – a win-win situation.

To maintain a competitive edge, MSMEs must embrace cross-border payment platforms that facilitate instant payments, reduce costs, and enhance transparency, the key to mastering cross-border transactions. Payment platforms must have intuitive interfaces and easy-to-follow instructions, ensuring that MSMEs can navigate the process with confidence.

Cross-border payment platforms must also adopt the most robust security measures to cultivate trust among the MSMEs apart from making it cheaper, faster and transparent. Empowered by the right payment platforms and knowledge, coupled with unwavering determination, MSMEs can surpass the challenging $2 trillion export target by 2030. As the backbone of economic growth, fostering their potential ensures a thriving future for all.

Source: livemint.com– Nov 16, 2023

HOME

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India's K.V. Srinivasan elected as ITMF President for 2023-2025

In a landmark development at the Annual Conference 2023 of the International Textile Manufacturers Federation (ITMF) in Keqiao, China, K.V. Srinivasan from India ascended to the presidency. The Committee of Management unanimously elected Srinivasan to lead the Federation for the 2023-2025 term, signaling a significant shift in leadership.

Spain's Juan Parès retained his position, being re-elected, while Mustafa Denizer from Türkiye joined as Vice President. The newly elected Honorary Treasurer is Ernesto Maurer from Switzerland. The Non-executive Board saw several familiar faces with re-elections, including Uday Gill (Thailand), Salman Ispahani (Bangladesh), and others.

Notably, new additions to the Non-executive Board include Stefan Hutter (Singapore), Anees Khawaja (Pakistan), and others, reflecting a diverse global representation. Additionally, prominent figures like Rafael Cervone (Brazil) and John Cheh (Hong Kong, China) were co-opted to the Board.

A standout recognition went to Ruizhe Sun from China, appointed as Honorary Life Member for his exceptional contributions during his tenure as Vice President (2016-2020) and President (2020-2023). This ITMF leadership transition sets the stage for a dynamic period, with a mix of experienced hands and fresh perspectives steering the global textile industry.

Source: fashionatingworld.com– Nov 15, 2023

HOME

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Garment Show of India to bring together garment manufacturers and retailers in Noida this December

Presented by Perfect Sourcing, the Garment Show of India will feature product categories including western wear, ethnic wear, accessories, and manufacturing goods among others, the event organisers announced on Facebook. Along with exhibitor booths, the event will also feature business seminars and networking events to enable manufacturers and retailers alike to track emerging trends in the industry, see the latest technology, and discuss ways to boost the sector.

The event is supported by the Sourcing Consultants association and Uttar Pradesh's 'One District One Product' scheme. The Wool and Woolens Export Promotion Council has collaborated with the trade show as a media partner and the Noida Apparel Export Cluster is also participating in the event.

The Garment Show of India released its 'Post Show Report' for its 2022 edition on November 15. "It was a massive success for our exhibitors and visitors who made perfect match and working continuously till date with great bonding and complete transparency and nurturing their relationship to the new level everyday," the event organisers announced on Facebook, expecting to see similarly high participation levels this edition.

Source: in.fashionnetwork.com– Nov 15, 2023

HOME

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