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Currency Watch			
USD	EUR	GBP	JPY
83.35	90.89	104.24	0.56

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INTERNATIONAL NEWS

Global intermediate goods exports dip 8% in Q2 2023

In a significant downturn, the global exports of intermediate goods (IGs) fell by 8 per cent year-on-year in the second quarter (Q2) of 2023, totalling $2.3 trillion. This decline, a continuation of the previous year's trend, is attributed to stagnant commodity prices and a notable decrease in consumer demand fuelled by soaring inflation and interest rates. The slump has universally impacted all regions and most IG product categories, as per the World Trade Organization (WTO).

IGs, essential for producing final products, serve as a barometer for global supply chain activities. All regions reported declines in IG exports during this period, with Asia experiencing a 13 per cent drop. Africa followed closely with a 12 per cent decrease, while North America, South and Central America each saw an 8 per cent reduction. Europe registered the least decline at 2 per cent, WTO said in a press release.

On a quarter-on-quarter basis, South and Central America recorded a 14 per cent increase in exports, primarily to China, amounting to $15.3 billion. North America witnessed the most significant quarterly decrease in IG exports, dropping by 3 per cent to $297 billion, particularly affecting its trade with Asian and European industrial partners. European industrial input exports also dipped by 2 per cent in the same quarter.

Intra-regional IG trade mirrored the global trend, with notable declines across all regions. Asia, often referred to as 'Factory Asia', suffered a 16 per cent drop in intra-regional trade. North America's intra-regional trade experienced the least impact, with a mere 2 per cent decline. Africa, Europe, and South and Central America also reported decreases in their intra-regional trade.

Despite the general contraction, European exports to Asia and the Americas showed resilience, registering year-on-year increases of 5 per cent and 1-2 per cent, respectively.

Source: fibre2fashion.com– Nov 22, 2023

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EU loses growth momentum in 2023, moderate uptick expected in 2024

The European Union (EU) economy continues to be resilient in the face of the multiple shocks endured in recent years, but has lost growth momentum in 2023 amid high inflation and tighter financing conditions, with only a moderate uptick in growth expected in 2024, according to the European Commission's Autumn 2023 economic forecast.

The EU is facing a number of important structural challenges, including low productivity growth, green and digital transitions, ageing and social inclusion that need to be tackled to stay on the path of sustainable competitiveness, the Commission, which recently launched the 2024 European Semester cycle of economic policy coordination, noted.

Disruptive geopolitical events have also demonstrated the need for the EU to remain competitive in a global market, while ensuring that no one is left behind, it said in a release.

The European Semester provides a framework for coordinating economic and employment policies of the member states. Since its introduction in 2011, it has become a well-established forum for discussing EU countries' fiscal, economic and employment policy challenges under a common annual timeline.
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This year's Annual Sustainable Growth Survey puts forward an ambitious agenda to further strengthen a coordinated EU policy response to enhance the EU's competitiveness through a green and digital transition, while ensuring social fairness and territorial cohesion.

The four priorities to be promoted under the European Semester are environmental sustainability, productivity, fairness and macroeconomic stability, to foster competitive sustainability.

Addressing structural and emerging challenges, to fully realise each Member State's competitiveness potential will be one of the focal points of this year's cycle. This includes removing bottlenecks to private and public investment, supporting a conducive business environment, and ensuring the development of the skills required for the green and digital transitions.

In this respect, the 2024 cycle of the European Semester will specifically focus on synergies and complementarities between the implementation of the recovery and resilience plans and the Cohesion Policy programmes, and on identifying areas with further investment and reform needs at national and regional level, the release said.

Euro area member states should adopt coordinated prudent fiscal policies and wind down energy support measures to enhance public finance sustainability and avoid inflation, the Commission suggested.

It advised them to ensure high and sustained levels of public investment and promote private investment through the acceleration of the implementation of the Recovery and Resilience Facility and Cohesion Policy programmes.

It also recommended the countries to support wage developments that mitigate the loss in workers' purchasing power, taking into account competitiveness dynamics, and monitor risks related to tightening financial conditions, while completing the Banking Union.

Source: fibre2fashion.com– Nov 23, 2023

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Global luxury market set to hit record €1.5 trn in 2023: Report

The global luxury market is projected to reach a historic high of €1.5 trillion in 2023, according to the latest report by Bain & Company in collaboration with Altagamma. This represents an 8-10 per cent increase over 2022, despite challenging macroeconomic conditions.

The market has shown robust growth of 11-13 per cent at constant exchange rates, mirroring last year's pace. This surge equates to an approximately €160 billion rise in luxury spending across various categories. A significant driver has been the spending on experiences, especially travel and social interactions, which have bounced back to historic highs.

Personal luxury goods form a key segment, expected to grow by 4 per cent to €362 billion by year-end. However, the report notes potential headwinds in the fourth quarter, including fragile consumer confidence and macroeconomic tensions, particularly in China and the US. Consequently, a softer performance is anticipated in 2024, with growth projected in the low-to-mid single digits, as per the report.

The luxury market's resilience is further highlighted by the near recovery of global luxury tourist purchases to pre-pandemic levels. Europe has seen a surge in tourism, contributing to growth in both long-haul resort locations and key luxury cities. Although local aspirational customers face macroeconomic instability, stable top-customer pools have maintained market growth.

The Americas, however, have experienced an 8 per cent decline from 2022, with continued uncertainty affecting spending. Despite this, top customers remain confident, often opting to spend abroad due to favourable currency exchange rates. On the other hand, Saudi Arabia and Australia have emerged as burgeoning luxury markets, attracting significant brand investments.

Mainland China initially showed strong performance post-reopening but faced a slowdown due to new macroeconomic challenges. Hainan, however, is set to become a major luxury hub by 2025. Japan is thriving, thanks to robust local consumption and a weak Yen attracting tourists.

Conversely, South Korea faces challenges due to macroeconomic factors and a strong currency.

The report reveals growth across all luxury categories, driven by continued price increases. Ready-to-wear, particularly in the ultra-high segment, shows positive growth due to rising demand for excellence and durability. In distribution, monobrand leads, buoyed by consumers' preference for physical experiences and effective clienteling. However, multi-brand environments, including department and specialty stores, are experiencing a slowdown.

The report emphasizes the rising complexity of multi-generational consumer needs. Generation X and Y, at their peak income years, represent the majority of luxury purchases, while Generation Z, at the forefront of social change, is increasingly influential. By 2030, Gen Z is expected to account for 25-30 per cent of luxury market purchases, with millennials representing 50-55 per cent.

Looking towards 2030, the luxury market's growth seems poised to continue, with Chinese customers projected to represent 35-40 per cent of the personal luxury goods market. Europeans and Americans together are expected to account for 40 per cent. Online and monobrand channels could dominate two-thirds of the market.

Source: fibre2fashion.com– Nov 22, 2023

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Russia-China Trade to Hit $300 Billion: Moscow

The volume of trade between Russia and China continues to grow and is expected to reach $300 billion by the end of this decade, Russian First Deputy Prime Minister Andrey Belousov said.

Speaking at a meeting of the Russia-China intergovernmental commission in Beijing this week, Belousov said China has long been among Russia's major trade partners and that the scope of investment opportunities for the two countries is expanding, RT reported.

"Since the beginning of 2023, bilateral trade turnover has increased by a third. There has been noticeable progress in trade in metallurgical products, chemicals, food, equipment and vehicles," he stated.

Trade between the two countries will exceed the target of $200 billion this year, which was earlier expected to be reached only in 2024, the deputy prime minister said.

According to Chinese customs data, trade turnover between Russia and China increased by 29.5% in the first three quarters of 2023, amounting to almost $176.4 billion.

Russian-Chinese trade has been booming in light of Western sanctions imposed on Russia and ongoing trade disputes between the US and China. Russia has been supplying China primarily with energy products, such as oil and gas, as well as refined products, agri-food and industrial products. China has been exporting almost all types of goods, including food, equipment, mobile phones, electronics, engineering products, cars, furniture, toys, textiles, clothing and footwear.

Source: bignewsnetwork.com– Nov 22, 2023

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Container Demand Rebound Could be 18 Months Away

Container demand is unlikely to bounce back until 12 months from now or longer, according to a recent report from container logistics platform Container XChange.

This year's cautious consumer spending is likely to extend into 2024, according to the report, which pointed to Walmart and Target executives voicing concerns that consumers are having a tough time with high interest rates.

Weak demand this year is reflected in Drewry's Port Throughput Index, which indicated that total volume at 340 global ports was down 0.1 percent in August when compared to the year prior. Container shipping giant Maersk reflected this data in its quarterly report, indicating that annual worldwide container volume performance would fall by as much as 2 percent this year.

Low container demand keeps freight rates down too.

Drewry's World Container Index, which measures spot freight rates across eight major global trade routes, fell by 2 percent to $1,469 per 40-foot container as of Thursday. On a year-over-year basis, the index has dropped by 43 percent when compared with the same week last year.

In a survey with industry stakeholders including shippers and ocean carriers, Container XChange said that 43 percent of respondents expect low-profit freight rates to continue into 2024, up from the 36 percent who think they will rise again. Another 21 percent is uncertain.

Container XChange said low demand has also led to a surge in empty container stockpiles.

"Regarding port pairs, we continue to observe areas with a shortage of containers. Customers are requesting extended container stays, which is affecting the number of voyages we can carry out with our equipment," said Josilene Mattos, senior global account manager, Hapag-Lloyd, in the report. "We anticipate a stable demand for 2024 and a more balanced market supply, primarily driven by evolving environmental regulations that will influence the availability of services, as most companies will be adjusting to the new policies."

Container depots are struggling with the oversupply of containers, with 63 percent of survey respondents saying they expect depots to stay congested in 2024. Twenty-seven percent expect the year to start with congestion before clearing up, while another 10 percent don't expect any congestion. On top of congestion concerns, major ocean carriers expect that new ship construction and deliveries will create an oversupply of vessels. Across 11 top carriers, 2.48 million 20-foot equivalent units (TEUs) of shipping capacity was set for completion in 2023, but that number will jump to 2.95 million TEUs in 2024, Container XChange said, reporting data from shipping research tool and database Alphaliner.

More vessels more than likely means more blank sailings, according to the survey respondents. Sixty three percent say they expect more blank sailings in 2024, with 28 percent anticipating the same amount as 2023. Only 9 percent expect a decrease, Container XChange says.

Alongside the blank sailings, container availability is likely to remain highly imbalanced in 2024, the report said.

As Europe grapples with its own ongoing economic crisis, facing declining trade and subsequently, a drop in container trade, the region is struggling with the challenge of surplus containers causing repositioning costs exceeding the cost of the containers themselves.

"We have a poisonous mix of severely imbalanced container trade with a high level of excess inventory in Europe, and at the same time unreliable shipping services, suddenly lacking the vessel capacity to reposition empties out which in turn makes the situation even more difficult," said Christian Roeloffs, co-founder and CEO, Container XChange, in the report.

The vessel surplus could also trigger intense competition among carriers, once again leading to more price reductions that may adversely impact their long-term profitability.

Major ocean carriers have felt the brunt of falling prices. Maersk's revenue tumbled nearly 47 percent to $12.1 billion while net income fell 94.5 percent to $8.8 billion. Similarly, revenue for Hapag-Lloyd declined 55 percent in the quarter to $4.5 billion, while net income nosedived 94 percent to $293 million.

When asked by Container XChange about business performance in 2023, responses were mixed among shippers and ocean carriers. While 37 percent called it an average year, nearly as many (36 percent) said it was below average. Above average came in at just 27 percent.

With that in mind, recovery next year isn't going to be easy. Fifty-seven percent of carriers expect to struggle with recovering demand in 2024, compared to 33 who expect they'll be okay. The remaining 10 percent are uncertain.

Source: sourcingjournal.com– Nov 22, 2023

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Vietnam's garment products introduced at Global Sourcing Expo Australia 2023

Vietnamese garment and textile products are being showcased at Global Sourcing Expo Australia 2023 which kicked off in Melbourne on November 21.

The three-day event saw the participation of over 900 manufacturers and suppliers from 20 countries, including Vietnam, India, South Africa, Bangladesh, Pakistan, Indonesia and Turkey.

The Vietnam Trade Office in Australia has collaborated with the Vietnam Textile and Apparel Association (VITAS) and domestic enterprises to arrange 12 booths to introduce Vietnamese garment products, helping business representatives meet and connect with international partners and expand trade connections between the two sides.

Vietnamese exhibitors are VITAS and other companies such as Thai Son SP Co. Ltd., Dong Tam Caps Co. Ltd., FADATECH Company, An Sinh Trading Co. Ltd., Viet Y - Hung Yen Garment Joint Stock Company (VYG) and Viet Thanh Garment Trading Joint Stock Company.

Nguyen Thu Huong, Trade Consular at the Vietnamese Trade Office in Australia, said the office has carried out activities to promote and introduce Vietnamese goods in the Australian market in different forms. Participating in large-scale fairs in the host country such as Global Sourcing Expo Australia 2023 is an extremely effective and practical form to bring "Made in Vietnam" goods closer to importers, buyers, traders and industry experts, and update with market trends.

Huong expressed her delight as the office's booth at the expo attracted the attention of a large number of visitors as well as importers and distributors right from the opening day.

According to the official, the prospects and potential of Vietnamese textiles and garments are huge, especially after the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was carried out, creating advantages for Vietnamese garment products to enter the Australian market and reducing competitive pressure with other countries due to preferential tariffs.

Cielo Quintero, a visitor to the expo, said she was very excited with the Vietnamese garment market and is looking for opportunities to cooperate with Vietnamese partners in the future, adding that her company has been operating in the industry for about 20 years.

She hoped to soon deploy cooperation activities with Vietnamese businesses with a belief that Vietnam can provide high quality products and favourable business environment.

Source: en.vietnamplus.vn– Nov 22, 2023

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20% corporate tax cut may lead to 14-fold FDI hike: Bangladesh's FICCI

A 20 per cent reduction in corporate tax can attract 14 times more foreign direct investment (FDI) to Bangladesh and result in a six-fold rise in government revenues, according to a survey by the Foreign Investors' Chamber of Commerce and Industry (FICCI).

In Bangladesh, the corporate tax rates range between 20 per cent and 45 per cent now. In the last three national budgets, the non-listed companies' tax rate in the stock market has been reduced by 2.5 percentage points.

Reduced tariff rates imply lower import costs for foreign investors that want to bring in raw materials or components for production, the survey found.

The FICCI report, titled 'Catalysing Greater FDI for Vision 2041: Priorities for Building a Conducive Tax System in Bangladesh', was handed over to Prime Minister Sheikh Hasina at a recent event in Dhaka.

If the tax rate is increased by 20 per cent over the next 10 years, then GDP may only rise by less than 6 times, and revenue collection may increase by less than thrice, the report indicated.

An increase in the tax rate may lead to a higher growth in both FDI and revenue, while a reduction in the tax rate could result in an even greater increase in both, domestic media outlets cited the report as saying.

The Policy Research Institute of Bangladesh, on the other hand, feels a 30 per cent depreciation of the local currency could result in a 30 per cent rise in customs duty.

Source: fibre2fashion.com– Nov 22, 2023

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Pakistan: Two councils formed to boost exports

In a strategic move to boost the country's exports, the Ministry of Commerce has established two powerful export advisory councils to devise a strategy for the promotion of textile and non-textile products.

The councils will be tasked with developing sector-specific strategies to increase export volumes, according to two notifications issued by the commerce ministry on Wednesday.

These councils are set to formulate policy guidelines within an eight-week time frame. These guidelines will then be presented to the Special Investment Facilitation Council (SIFC) for approval.

This initiative is a key component of the overarching strategy aimed at achieving the ambitious export target of $100 billion.

The chairperson or convenor has the discretion to include any additional individuals from the public or private sector, as needed. The advisory councils are also tasked with advising the Ministry of Commerce on issues impacting textile and non-textile exports.

The ministry will offer administrative support to these councils, which will meet every month, or more frequently if necessary, under the chairmanship of the commerce minister.

The Export Advisory Council for Textile comprises distinguished members from the private sector, including Musadaq Zulqarnain from Interloop Holdings, Fawad Anwar of Alkaram Textiles, Shahid Soorty from Soorty Textiles, Mian Muhammad Ahsan of US Group, Yaqoob Ahmed from Artistic Milliners, Amir Fayyaz Sheikh of Kohinoor Mills, Shahid Abdullah from Sapphire Textile Mills, Ahmed Kamal of Kamal Textile Mills, and Ashraf Makati of TBC company.

The Export Advisory Council for Non-Textile products includes members from the private sector such as Shehzad Ali Malik from Guard Agricultural Research and Services, Waheed Ahmed from Iftikhar Ahmed & Co, Khalil Sattar from K&N's Foods (Pvt) Ltd, Zulfiqar Malik from Malik Sports, Salman Hanif from Hanif Jewelry & Watches, Adnan Hirani from Hirani Pharmaceuticals, Zubair Tufail from Tufail Chemicals, Jahangir Bajwa from Amicas Enterprises, Abdur Razzak Gauhar from Infinity

Engineering Pvt Ltd, Shoaib Sultan from Popular Marble Industries, Zulfiqar Hayat from Leather Ltd, Shabbir Dewan from Getron (Industries) Ltd, Anwar Ghani from Ghani Glass, and Fuad Garib from Garibsons (Pvt) Ltd.

These councils will also have representation from senior officials from the ministries of commerce and finance, FBR, State Bank and representatives from the provincial governments.

Source: dawn.com– Nov 23, 2023

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NATIONAL NEWS

India's Exports to Nordic Countries has increased significantly in recent years: Shri Goyal

India's exports to Nordic regions has increased significantly in recent years, said Shri Piyush Goyal, Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles while addressing 2nd CII India Nordic-Baltic Business Conclave 2023, here today.

The Union Minister pointed out that India's exports to Nordic region has grown over 39% from 2018-19 to 2022-23 and that exports to Finland & Norway-grown by over 100% & 80% respectively.

Highlighting the fact the region has come close to India in recent years, the Minister pointed out that Indian Cuisine, Bollywood, Yoga, Ayurveda and Textiles are extremely popuylar in Nordic-Baltic region.

In his address, Shri Goyal said that Nordic-Baltic nations have best of innovation, green tech, AI & blockchain-led transformation, supply chain logistics & fintech and these are the areas where there is a huge scope for collaboration with India as India has made great strides in these areas besides being an economic powerhouse with vast mineral resources and talent pool. Speaking in presence of leaders of the Nordic countries, Shri Goyal said that it's an exciting era of collaboration, innovation & shared prosperity with similar outlook towards global challenges & opportunities.

Shri Goyal also invited Nordic-Baltic companies to showcase, attend, collaborate in the upcoming trade fairs in India. He informed the gathering that BharatTex, which will start from February 26 till 29, will have over 3,500 exhibitors from nearly 40 countries. Bharat Mobility Show will begin from February 1 till 3 and will showcase Auto Fair and will also have electrical component as a key feature.

Mr Benedikt Hoskuldsson, Special Envoy for Climate, Ministry of Foreign Affairs Iceland, Ms. Mariin Ratnik, Deputy Minister for Economic and Development Affairs Republic of Estonia, Mr Jurģis Miezainis, Parliamentary Secretary at the Latvian Ministry of Economics, Republic of Latvia, Mr. Egidijus Meilūnas, Vice Minister of Foreign Affairs, Republic of Lithuania, Mr. Andreas Motzfeldt Kravik, Deputy Foreign

Minister, Kingdom of Norway, Mr Ville Tavio, Minister for Development Cooperation and Foreign Trade, Republic of Finland, Mr Niklas Wykman, Minister for Financial Markets, Kingdom of Sweden and Mr Aksel Vilhelmson Johannesen, Prime Minister, Faroe Islands also expressed their views on the relations of Nordic countries with India on the occasion.

Source: pib.gov.in– Nov 22, 2023

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FTA with EU, EFTA doable but India's concerns must be addressed: Goyal

Commerce and Industry Minister Piyush Goyal on Wednesday said the proposed free trade agreements with the European Union and four-nation EFTA group are doable, but they should keep in mind India's concerns as the level of economic development is different.

Addressing CII's India-Nordic Baltic Business Conclave here, he said the European Union (EU) and European Free Trade Association (EFTA) countries need to understand certain "very important and significant" differences between the two set of regions.

"We are in active dialogue with the EU and EFTA for a free trade agreement... I do believe that both of these are eminently doable and will significantly help us expand our engagement not only in trade in goods services, but also in investments, technology, tourism, innovation, and clean energy," Goyal said.

The Nordic Region nations include Denmark, Norway, Sweden, Finland, and Iceland, Faroe Islands, and Greenland, while Baltic states include Estonia, Latvia, and Lithuania.

India and EFTA states -- Iceland, Liechtenstein, Norway, and Switzerland -- are negotiating a Trade and Economic Partnership Agreement (TEPA) with a view to boost economic ties between the two regions.

Negotiations on the agreement were officially launched in January 2008. A total of 13 rounds of negotiations were held until autumn 2013 before the talks were put on hold.

After talks resumed in October 2016, a number of rounds have taken place. Similarly, negotiations on the trade agreement between India and the EU were officially launched in January 2008, but in 2013 talks were put on hold and again resumed in June 2022.

Goyal said Nordic and Baltic nations can act as India's ambassadors in the EU and the EFTA to help them understand certain very important and significant differences between the two set of regions engaging with each other.

"Unless this is understood by the member countries of the EU and the EFTA, it will be very difficult to look at really concluding a high quality but fair, balanced, and equitable arrangement between them," he added.

Explaining further, the minister said India has to look at 1.4 billion population, their future, jobs, work opportunities, and needs for better quality of life.

"We have a low per capita income base of about USD 2,500 compared to your countries with small population and per capita income of USD 60,000-USD 70,000," Goyal said.

Citing the example of Norway, Goyal said Norway has about 6,000 fishermen as compared to about 4 million in India, who are small and marginalised. The amount of investment in subsidising Norway's fishermen is multi-fold as compared to India.

Indian fishermen are engaged in basic fishing near the shores, as compared to developed nations where fishermen go deep into the sea for fishing, he said. "It is not an equal competition," he said, adding that free trade has to have enough opportunity to catch up "when you are staring from two different levels".

Further, he said the Nordic-Baltic region has come close to India in recent years and Indian cuisine, Bollywood, yoga, ayurveda, and textiles are popular in that region. Goyal said these nations have the best of innovation, green tech, AI, and blockchain-led transformation, supply chain logistics and fintech and these are the areas where there is a huge scope for collaboration with India.

He also invited Nordic-Baltic companies to showcase, attend, collaborate in the upcoming trade fairs in India.

He told the gathering that BharatTex, to be held from February 26-29, will have over 3,500 exhibitors from nearly 40 countries. Bharat Mobility Show will begin from February 1-3 and will showcase Auto Fair and also have electrical component as a key feature.

Source: business-standard.com– Nov 22, 2023

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India-Asean trade pact review to start with market access, rules of origin issues

India and the 10-nation bloc Asean are likely to start their review exercise for the existing free trade agreement (FTA), including issues related to market access and making rules of origin comprehensive, an official said. The comprehensive rules of origin framework will help remove the scope for exporters from third countries to take advantage of concessional customs duties.

The FTA was signed in 2009 and implemented in January 2010, and the current chapter on rules of origin (RoO) is not "very detailed" and was based on value addition in products only, the official said.

As it was based on only value addition, "we do not know if a third country is utilising this agreement. But, we can not rule out that possibility. So, it is very important, and because of global value chains, we need to look at RoO in a very different manner because different sectors behave differently. It is an important chapter," the official said.

The 'rules of origin' provision prescribes minimal processing that should happen in the FTA country, so that the final manufactured product may be called originating goods in that country.

Under this provision, a country that has inked an FTA with India cannot dump goods from some third country in the Indian market by just putting a label on it. It has to undertake a prescribed value addition in that product to export to India. Rules of origin norms help contain the dumping of goods.

"The existing agreement is in trade in goods, and in that, the core area is market access and rules of origin. So, we have stated that we should start talks on this first and lay out our aspirations and issues," the official added.

In manufactured products, a domestic value addition of 35 per cent of FOB (the cost at the frontier of the exporting country) value was mandated. Another condition for availing concessional tariffs was that final processing is performed within the territory of the exporting country.

"We want to make rules of origin in the agreement more granular and product specific," the official, who did not wish to be named, said, adding that in talks with Australia for expanding the existing trade pact, product-specific rules for about 6,000 tariff lines are being negotiated individually.

The value addition requirements are different for each product, and these values cannot be the same for agriculture and manufactured products.

While agricultural products are mostly grown and processed locally, manufacturing happens in global value chains.

For the review, the government has held stakeholder consultations with 7-8 sectors.

India and Asean have agreed to fast-track negotiations for the review of the existing agreement in goods between the two regions and conclude the talks in 2025.

It was agreed during the twentieth AEM (Asean Economic Ministers)-India Consultation meeting held at Semarang, Indonesia, in August.

The review of the Asean-India FTA (AITIGA) was a long-standing demand of Indian businesses, and the early commencement of the review would help in making the FTA trade facilitative and mutually beneficial, the commerce ministry has said.

Both regions have agreed to make the agreement more user-friendly, simple and trade-facilitative for businesses to increase trade and support sustainable and inclusive growth.

India is asking for a review of the agreement with an aim to eliminate barriers and misuse of the trade pact.

Members of the Asean include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

In general, such review exercises include implementation issues, rules of origin; verification process and release of consignments; customs procedures; further liberalisation of trade in goods; and sharing and exchange of trade data.

Trade experts have stated the review demand is there because India's exports to Asean have been affected due to non-reciprocity in FTA concessions, non-tariff barriers, import regulations and quotas.

Concerns have also been raised about the routing of goods from third countries in India through Asean members by taking the duty advantages of the agreement. Asean has a much deeper economic engagement with China through the Asean China Trade and Goods Agreement.

During 2010-11, India's exports to Asean increased to USD 25.7 billion from USD 18.11 billion in 2009-10. However, imports in 2010-11 rose to USD 30.6 billion from USD 25.8 billion in 2009-10.

Similarly, in 2022-23, India's exports to Asean increased to USD 44 billion from USD 42.32 billion in 2021-22. However, imports jumped to USD 87.57 billion in 2022-23 against USD 68 billion in 2021-22.

The trade deficit has widened to USD 43.57 billion in the last fiscal from USD 25.76 billion in 2021-22. It was just USD 5 billion in 2010-11.

Source: timesofindia.com– Nov 22, 2023

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IPEF trade pillar: India doubts benefits amid SE Asian scepticism

Even as the fate of the US-driven Indo-Pacific Economic Framework for Prosperity's (IPEF's) trade pillar hangs in the balance, Indian officials are now certain that the benefits of participating in the trade negotiations are insignificant, especially because Southeast Asian countries were not convinced of the trade-off.

The IPEF ministerial meeting in San Francisco last week saw a substantial conclusion of negotiations on the clean and fair economy pillars, as well as the signing of a pact on supply-chain resilience.

The discussions on the trade pillar could not be concluded as planned. Additionally, no new negotiating round has been officially scheduled by the US.

"Over the past six or seven rounds, India has realised that overall, the agreement is progressing in a manner where there aren't too many red flags. There will be certain degrees of differences, but we have also realised that the evidence of too many benefits is not clear or tangible, though there is an indirect benefit of the integration of the supply chain and harmonisation of standards," a senior government official said.

Under IPEF, India, for the time being, is the only among the 14 nations to opt out of the trade pillar and has an 'observer' status. This has given India the flexibility to join the pillar after seeing the final text once the negotiations are over.

India did not join the trade pillar because the government didn't know what commitments New Delhi may have to make, and there was no clarity on the details.

"On Pillars II, III, and IV (supply-chain resilience, clear economy, and fair economy), there was positive intent from all member countries because supply-chain resilience and green energy transition are common endeavours," the official cited above told Business Standard.

"On the trade pillar, there are questions. Benefits are not clear, and that is probably why the trade pillar has not been closed. The 12 other member nations (apart from the US) are finding it difficult to give commitments without any clear tangible benefit. That has been the reason for the delay," the official said.

While the trade pillar doesn't entail market access opportunities through lower tariffs, the idea was to develop new and creative approaches to trade and technology policies that fuel economic activities that generate investments, benefit workers, consumers, among others.

However, some Southeast Asian nations have shown discomfort in making binding commitments with respect to labour standards and environmental norms proposed by the US.

According to a Delhi-based think tank Global Trade Research Initiative, India should avoid pressure to join the trade pillar, and its decision to stay out of the trade pillar aligns with the country's broader strategy of retaining regulatory autonomy.

"The standards under discussion, primarily aligned with the Organisation for Economic Co-operation and Development (OECD) economies, pose a challenge for India in terms of domestic rule alignment. The trade pillar is not about market access for goods or services but about changing the domestic regulatory regime for digital trade, labour, and other sectors.

Most standards under discussion are already being applied in the US and other OECD economies. India must make domestic rules/standards fast or risk being pushed in IPEF and free trade agreement negotiations with the European Union, the UK, etc," the report said.

Apart from India and the US, the 12 other members of the IPEF are Australia, Brunei, Fiji, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Vietnam.

Source: business-standard.com– Nov 22, 2023

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India-Australia trade jumps to $27.8 bn in 10 years: India Exim Bank study

Closer ties between India and Australia have revamped the global trade landscape with the trade between the two countries recording a significant growth to $27.8 billion from $15.6 million a decade ago, according to a study by India Exim Bank, released on Tuesday. The significant growth in trade is the outcome of India's trade relations with Australia that have transformed considerably over ten years. Trade volume between both the nations was just $15.6 million in 2012.

India and Australia entered into an Economic Cooperation and Trade Agreement (ECTA) last year in April and after ratification and exchange of written instruments, the agreement came into force on 29 December 2022. About 96% of India's imports from Australia are primarily raw materials and intermediate goods such as coal. India imports about 74% of coking coal from Australia. India's exports to Australia are dominated by finished products, particularly consumer goods.

The India Exim Bank's study noted that transforming the ECTA into a Comprehensive Economic Cooperation Agreement (CECA) would make ECTA capitalise on the potential for closer economic ties between the two nations.

The study mentioned that the potential areas for India-Australia cooperation under the CECA could include support to small and medium enterprises, promotion of digital trade, trading in geographical indication certified goods, settlement of trade payments in local currencies, strategic alliance for sourcing critical minerals, government procurement, agri-technology partnership and partnership in renewable energy, etc.

The study was released by India Exim Bank managing director Harsha Bangari and Export Finance Australia (EFA) CEO John Hopkins during the sidelines of the Asian Exim Bank Forum (AEBF) annual meeting held at Sydney.

The AEBF was formed by Export-Import Bank of India for Asian Export Credit Agencies (ECAs) to exchange information for fostering trade ties.

Source: livemint.com– Nov 22, 2023

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India's FDI equity inflows contract 24% in H1 FY24

In the first six months of fiscal 2023-24 (FY24), India's foreign direct investment (FDI) equity inflows were down by 24 per cent year on year (YoY) to $20.4 billion. The cumulative FDI flows, which include reinvested earnings and other capital, fell by 15.1 per cent YoY during the six-month period to $33.1 billion.

In FY23, the equity investments from overseas had declined by a fifth to $46.03 billion, the levels seen in the previous years.

However, some improvement was witnessed in September this year as investments rose to $4.08 billion compared to $2.97 billion in the same month last year.

FDI into India decreased by 7.3 per cent YoY in the second quarter (Q2, or July-September) of FY24 to $9.54 billion, government statistics showed. Such inflows were worth $10.3 billion during Q2 FY23.

Most of the FDI in April-September—around $5.2 billion—was routed through Singapore. Mauritius was the second biggest source of FDI during the period with inflows of $2.9 billion, followed by Japan at $2.09 billion and the United States at $2.05 billion.

Source: fibre2fashion.com– Nov 22, 2023

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Amazon India inks pact with Bengal government to promote e-commerce exports

Amazon India has signed a memorandum of understanding with the Bengal government to promote e-commerce exports.

The initiative, announced on the second day of the Bengal Global Business Summit in Calcutta, is in line with the state's ambitious target to double exports by the next decade. Total exports from Bengal stood at $13 billion, or Rs 1 lakh crore, growing at a CAGR of 6.1 per cent.

The tie-up with Amazon stands out as it takes a leaf out of India's newly launched foreign trade policy which calls for $200 billion of e-commerce export by 2030. The central policy aims at setting up dedicated e-commerce export hubs solely focusing on e-commerce.

While the national plan is still in the works, the Bengal government is taking the initiative to set up e-commerce export hubs. While the details of the state project will be worked out, the central plan envisaged that hubs would be equipped with warehousing facilities to help aggregators in easy stocking, customs clearance and returns processing.

Sources suggest that Amazon would lend its expertise to the state as and when the latter develops such hubs.

The announcement of a tie-up with Amazon comes a day after the state formally placed a logistics policy which aims to facilitate exports.

Earlier this year, the state had also formulated a new export policy. Sanjay Budhia, who is the chairman of CII national committee on Exim and international trade and logistic committee of BGBS, said Bengal is a sourcing destination for 197 countries.

Speaking at a session on international trade and logistics at BGBS, Budhia said Bengal has set an objective to boost export by new market penetration, product development and creating enabling infrastructure to boost exports.

ITC app

Sanjiv Puri, chairman of ITC, formally launched ITC's metamarket for advanced agriculture and rural services (MAARS), a super app and phygital ecosystem, in Bengal.

The company aspires to reach 5 lakh farmers with 100 farmer producer organisations. The app provides advisory service, market access, and financial services to farmers. ITC mainly works with potato farmers in Bengal.

Source: telegraphindia.com– Nov 22, 2023

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Textile stocks in demand; Nitin Spinners, Vardhman, RSWM rally up to 14%

Shares of textiles including garments & apparels were in demand and trading higher by up to 13 per cent on the BSE in Wednesday's intra-day trade on the back of heavy volumes as the industry is on the path to recovery and the management is optimistic about the future.

Among individual stocks, Nitin Spinners hit a new high of Rs 358, on surging 13 per cent in intra-day trade on the back of four-fold jump in its average trading volume.

RSMW soared 14 per cent to Rs 198.45, followed by Vardhman Textiles (10 per cent at Rs 422), Nahar Spinning Mills (9 per cent at Rs 296.75), Donear Industries (7 per cent at Rs 103.80), Ambika Cotton Mills (7 per cent at Rs 1,675) and Indo Count Industries (7 per cent at Rs 291.40). In comparison, the S&P BSE Sensex was down 0.11 per cent at 65,858 at 12:02 PM.

The government initiatives like signing of free trade agreements (FTAs) with multiple countries, stability in export incentive policy provides an opportunity for Indian exporters across the textile value chain to gain market share in global textile trade.

Textile industry, especially the cotton yarn, has faced challenges during the last several months. Cotton prices have remained relatively stable throughout the year and the gap between international prices has significantly narrowed in the last 6 months.

The cotton prices for the new season have been adjusted and now hovering around Rs 56,000 per candy. This stabilization process allows us to plan more confidently for the future. Furthermore, utilization in the spinning industry is approaching normal levels and there are signs of improvement in demand.

Reasonable cotton prices, increased retail consumption and reduced downstream inventory have contributed to this positive trend, the management of Nitin Spinners said in a Q2 conference call on November 10.

India's yarn utilisation levels improved steadily from 60 per cent in Q3FY23 to ~85-90 per cent currently. Recovery could also be gauged from the fact that India's yarn exports which had fallen to nearly 30 million kgs in the month of July 2022 has reverted to back to its long-term average run-rate of 90 million kgs in June 2023. With most of the negatives behind us, analysts at ICICI Securities expect Nitin Spinners could witness gradual improvement from H2FY24 onwards. The stock however, trading around brokerage target price of Rs 360 per share.

There are four major segments in the textile industry which are home textile, knitting, denim and weaving. Home textile in terms of consumption has been doing reasonably well for the last couple of months and they are practically running the full capacity for the last six months or so, which means their demand has started improving and this is one segment, the management of Vardhman Textiles said.

Source: business-standard.com– Nov 22, 2023

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