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INTERNATIONAL NEWS

OECD projects mild global slowdown in 2024, a bit better 2025 growth

Global growth is set to remain modest, with the impact of the necessary monetary policy tightening, weak trade and lower business and consumer confidence being increasingly felt, according to the Organisation for Economic Cooperation and Development's (OECD) latest Economic Outlook.

The outlook projects global GDP growth of 2.9 per cent in 2023, followed by a mild slowdown to 2.7 per cent in 2024 and a slight improvement to 3.0 per cent in 2025. Asia is expected to continue to account for the bulk of global growth in 2024-25, as it has in 2023.

Consumer price inflation is expected to continue to ease gradually back towards central bank targets in most economies by 2025, as cost pressures moderate. Consumer price inflation in OECD countries is expected to decline from 7 per cent in 2023 to 5.2 per cent in 2024 and 3.8 per cent in 2025.

GDP growth in the United States is projected at 2.4 per cent in 2023, before slowing to 1.5 per cent in 2024, and then picking up slightly to 1.7 per cent in 2025 as monetary policy is expected to ease.

In the euro area, which had been relatively hard hit by Russia's war of aggression against Ukraine and the energy price shock, GDP growth is projected at 0.6 per cent in 2023, before rising to 0.9 per cent in 2024 and 1.5 per cent in 2025.

China is expected to grow at a 5.2 per cent rate this year, before growth drops to 4.7 per cent in 2024 and 4.2 per cent in 2025 on the back of ongoing stresses in the real estate sector and continued high household saving rates.

"Over the longer term, our projections show a significant rise in government debt, in part as a result of a further slowdown in growth. Stronger efforts are needed to rebuild fiscal space, also by boosting growth. To secure stronger growth, we need to boost competition, investment and skills and improve multilateral co-operation to tackle common challenges, like reinvigorating global trade flows and delivering transformative action on climate change," OECD secretary general Mathias Cormann said in a release.

Geopolitical tensions remain a key source of uncertainty and have risen further as a result of the evolving conflict following HAMAS attacks on Israel. Amid heightened geopolitical tensions and a longer-term decline in the trade intensity of growth, the anticipated cyclical pick-up in trade growth could fail to materialise.

On the upside, stronger consumer spending could push up growth if households make greater use of the savings accumulated since the COVID-19 pandemic, though this could also increase the persistence of inflation.

Source: fibre2fashion.com– Dec 03, 2023

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Eurozone's manufacturing PMI sees slight rebound in Nov 2023

Eurozone's manufacturing PMI, compiled by S&P Global for Hamburg Commercial Bank (HCOB), remained below the 50 growth threshold for the seventeenth consecutive month in November, indicating a continued decline in the goods-producing sector. However, there was a slight improvement, with the index rising to 44.2 from October's 43.1, marking the highest reading since May and suggesting a less severe deterioration in manufacturing conditions.

Of the eight nations included in the HCOB eurozone manufacturing PMI, six recorded in contraction territory. Austria was the worst performer in November, closely followed by Germany and France. All three countries recorded softer rates of decline, however, and this was also the case in the Netherlands and Spain. By contrast, Italy's manufacturing downturn intensified. Two nations bucked the wider trend of contraction during November—Greece and Ireland—with the former seeing growth improve to a three-month high. Ireland's manufacturing economy stabilised after back-to-back months of decline.

Factory production across the euro area continued to decrease during November. That said, while the pace of decline was strong overall, it eased to its softest since May. A slower fall in output coincided with a weaker contraction in new orders, and the slump in new export sales (which has been ongoing since March 2022) also moderated, as per S&P Global.

Eurozone manufacturers were less aggressive with their destocking efforts, November survey data showed, with pre- and postproduction inventory levels falling at weaker rates. The fall in stocks of purchases was nevertheless the second-fastest seen since December 2012 amid another substantial month-on-month reduction in manufacturers' buying activity.

Backlogs of work declined in November, extending the current period of depletion in outstanding business to a year-and-a-half. Lower volumes of incomplete orders, in tandem with a continued and marked deterioration in demand, led eurozone manufacturers to reduce their staffing capacity for a sixth month in a row midway through the fourth quarter.

Furthermore, the rate of job shedding was the fastest since August 2020. That said, although employment cuts worsened, there was a pick-up in business confidence during November, with growth expectations at their strongest for three months.

Meanwhile, suppliers' delivery times shortened for the tenth month in succession during November. The extent to which vendor performance improved was solid, but considerably softer than those seen on average in the first half of the year.

Source: fibre2fashion.com– Dec 04, 2023

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German exports & imports decline in October 2023

German exports in October 2023 experienced a marginal decline of 0.2 per cent, while imports saw a more significant drop of 1.2 per cent compared with September 2023, according to the Federal Statistical Office (Destatis).

The data, adjusted for calendar and seasonal variations, also highlighted a substantial year-over-year (YoY) decrease, with exports and imports falling by 8.1 per cent and 16.3 per cent, respectively, compared to October 2022.

The total value of exported goods in October 2023 reached €126.4 billion, and imported goods amounted to €108.6 billion. This resulted in a foreign trade surplus of €17.8 billion for October, slightly up from September 2023's adjusted surplus of €16.7 billion and a significant increase from the €7.8 billion in October 2022.

Trade within the European Union (EU) showed a decline, with exports to EU member states totalling €67.9 billion and imports at €56.9 billion. Both figures represent a decrease from September 2023, with exports and imports dropping by 2.7 per cent and 2.8 per cent, respectively.

Exports to euro area countries decreased by 1.9 per cent to €47.8 billion, and imports from these countries also fell by 1.9 per cent to €38 billion. Trade with EU countries outside the euro area saw a sharper decline, with exports and imports decreasing by 4.4 per cent and 4.6 per cent, respectively, as per Destatis.

In contrast, trade with non-EU countries (third countries) indicated a positive trend. Exports to these countries rose by 2.9 per cent to €58.5 billion, while imports increased by 0.8 per cent to €51.8 billion. The US was the top destination for German exports, which surged by 5.7 per cent to €13.5 billion. Exports to China and the UK also saw increases of 1.5 per cent and 5.6 per cent, respectively.

However, imports from China, the largest source of German imports, decreased by 2.4 per cent to €12.7 billion. Imports from the US and the UK showed mixed results, with a rise in imports from the US by 2.2 per cent and a substantial decline from the UK by 15.1 per cent.

Trade with Russia continued to decline, with exports decreasing by 5.0 per cent to €0.6 billion and imports increasing by 6.6 per cent to €0.2 billion. YoY, exports to Russia plummeted by 40.5 per cent, and imports were down by 88.5 per cent.

On a non-adjusted basis, Germany's exports in October 2023 were valued at €130.8 billion and imports at €112.7 billion, marking a decrease of 5.0 per cent in exports and 14.4 per cent in imports compared with October 2022. The unadjusted foreign trade balance showed a surplus of €18.1 billion, up from €6.1 billion in the same month last year.

Source: fibre2fashion.com– Dec 05, 2023

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More rapid expansion seen in China's logistics sector in Nov 2023

November witnessed China's logistics sector registering more rapid expansion, according to industry data.

The China Federation of Logistics and Purchasing (CFLP) said the index tracking the country's logistics market performance stood at 53.3 per cent last month—up by 0.4 percentage points from the October figure.

A reading above 50 indicates expansion, while a reading below denotes contraction.

The sector reported improving vitality in November as new demand maintained an upward trend and businesses held stable expectations for future growth.

The sub-indices measuring total business volume and new orders of logistics companies went up to 53.3 per cent and 53.4 per cent respectively, and that of business expectations remained well above 55 per cent.

Driven by robust rises in railway and multimodal transport and the postal industry, the index for fixed-asset investment in the logistics sector went up by 0.5 percentage points, indicating stable growth.

Major companies also witnessed rising labour demand as the employment sub-index gained 1.3 percentage points, a state-controlled media outlet reported.

Source: fibre2fashion.com– Dec 04, 2023

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Texworld NYC to expand 'Local Sourcing Zone in upcoming January edition

Texworld NYC, a leading textile and apparel industry show, is set to expand its 'Local Sourcing' zone in January to meet the increasing demand for innovative and reliable sourcing options across the US. In collaboration with SEAMS, the premier association for US sewn products over the last 50 years, Texworld NYC aims to strengthen the American supply chain. SEAMS, representing 200 of America's top fashion brands, retailers, manufacturers, and textile providers, plays a pivotal role in driving the 'Made in America' label.

The Local Sourcing segment, a crucial area for Texworld NYC attendees, offers domestic resources to visitors. Its expansion, coupled with the partnership with SEAMS, creates a platform for exhibitors and attendees alike.

Ron Roach, President of SEAMS, emphasizes that the collaboration presents a united front for the industry, providing opportunities for exploration in the education sector and engaging in vital discussions with SEAMS industry leaders.

The synergy between Texworld NYC and SEAMS will not only showcase the best of American production but also facilitate meaningful dialogue, notes Jennifer Bacon, Vice President of Fashion and Apparel at Messe Frankfurt Inc.

Source: fashionatingworld.com– Dec 04, 2023

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ICAC's 81st meeting covers key drivers of global cotton economy

The second open session of the 81st Plenary Meeting is one of the most anticipated and information-packed sessions of the entire event: the International Cotton Advisory Committee (ICAC) Secretariat Reports. These presentations draw on the deep expertise of ICAC staff to cover many of the most important drivers of the global cotton economy.

The 81st Plenary Meeting of the ICAC has the theme, 'Cotton Value Chain: Local Innovations for Global Prosperity'. Scheduled for December 2-5, 2023, at the Jio World Convention Centre in Mumbai, the conference will be followed by a technical tour of India's cotton and textile industries from December 6 to December 8.

The first speaker was the head of textiles, Kanwar Usman, whose presentation was on 'Forecasting Global Textiles Demand and Supply: Trends and Insights'. He analysed global GDP trends, key economic developments, the international textiles trade, and gave a detailed readout of major textile product trade, offering a comprehensive snapshot of the current and future textiles landscape.

The second report, entitled 'Global Economics of Cotton Production', was delivered by chief scientist Keshav Kranthi. He discussed cotton's economic contribution that includes employment for 23.9 million farmers, 2.63 billion man-days of work, and 125 million people throughout the value chain. He also covered critical sustainability issues including pesticide usage, water consumption, fertiliser applications, and cotton's environmental impact compared to other fibres, ICAC said in a press release.

The third speaker was commodity trade analyst Parkhi Vats, who discussed the World Cotton Market Outlook. She provided a recap of the 2022-23 season, trends on production and consumption, global yields and price trends, and the influence of prices on plantings. Vats also spoke about world cotton trade and specialty cotton, providing data on the slowing cotton lint trade, identifying the world's cotton lint exporters, the world's top long staple and extra-long staple producers and consumers, and total cotton production under identity programmes.

Economist Lorena Ruiz closed the session with a presentation on production and trade subsidies affecting the cotton industry. An unbiased analysis of government support provided to cotton farmers globally, her data was drawn primarily from government agencies, and supplemented by open-source information.

The session chair was Lalit K Gupta, chairman-cum-managing director, Cotton Corporation of India, and the co-chair was Sourabh Kulkarni, director, Office of the Textile Commissioner.

Source: fibre2fashion.com– Dec 04, 2023

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S Asia most economically exposed; 12% of GDP at risk to global warming

If global warming does not stay well below 2 degrees Celsius by 2050, up to 4.4 per cent of the world's gross domestic product (GDP) could be lost annually, absent adaptation, according to S&P Global Ratings. This is at least one-third greater than in the Paris Agreement's scenario.

South Asia is the most economically exposed region with 12 per cent of its GDP at risk.

This will test countries' adaptation plans, particularly those of lower-income nations that are disproportionately exposed and less able to prevent permanent losses, the rating agency said in a research note.

The GDP at risk measure is based on a static view of the economy, assuming no adaptation and that all hazards occur in one year in all exposed places.

The rising likelihood of compound climate events adds to the challenges of climate analytics. Understanding these non-linear dynamics appears crucial to assessing specific risks each country faces and may help policymakers pursue more-targeted policies, it said.

The adaptation gap is widening, given slow progress on preparedness, and financing conditions are tightening.

Financing rising adaptation costs as the impacts of climate hazards worsen may become more difficult in an environment of higher interest rates, adding another hurdle to developing countries' adaptation implementation, the research note observed.

Water stress and extreme heat are climate hazards responsible for the majority of potential economic losses. Lower-income countries are 4.4 times more exposed to climate risks than their wealthier peers.

The Sub-Saharan Africa region is the least prepared to face those losses with the lowest readiness assessment.

Source: fibre2fashion.com– Dec 04, 2023

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Shipping CEOs Call to Accelerate Decarbonization Via Regulation at COP28

The CEOs of five global shipping lines issued a joint declaration at COP28 in Dubai Friday. They want a firm cutoff date when the industry must stop building new ships powered only by fossil fuels and urged stronger climate action by the International Maritime Organization (IMO).

The executives also want the United Nations-established agency to set new regulatory conditions to accelerate the shipping industry's transition to green fuels.

The execs include A.P. Moller-Maersk CEO Vincent Clerc, CMA CGM Group chairman and CEO Rodolphe Saadé, Hapag-Lloyd CEO Rolf Habben Jansen, Mediterranean Shipping Company (MSC) CEO Soren Toft and Wallenius Wilhelmsen president and CEO Lasse Kristoffersen.

Their joint declaration seeks the establishment of four regulatory cornerstones that they call "indispensable" elements of a globally viable legal framework for greenhouse gas (GHG) reduction.

First, the companies would work with the IMO to create an end date for when they'd have to finish building vessels that run on fossil fuels and develop a clear "GHG Intensity Standard" timeline to encourage investment confidence, both for new ships and the fuel supply infrastructure needed to accelerate the energy transition.

The co-signatories also support the adoption of a new GHG pricing mechanism to make green fuels like methanol or ammonia competitive with traditional fuel during the transition phase when both are used. The pricing mechanism must also feature an increasing regulatory incentive to achieve deeper emissions reductions, the CEOs said. Any revenue generated by the mechanism should go to an R&D fund and to investments in developing countries to "ensure a just transition that leaves no one behind."

Additionally, the shipping firms aim to accelerate the transition to green fuels through "vessel pooling." This means monitoring and assessing the emissions performance of a group of vessels instead of just individual ships. This will help funnel investments to efforts that make the biggest GHG emissions-reducing impact.

Lastly, the co-signatories want to incorporate a "well-to-wake" lifecycle methodology within any established regulatory framework. This approach assesses GHG emissions from the fuel production process to the end-use by a ship.

"A.P. Moller-Maersk wants to accelerate the green transition in shipping and logistics and a crucial next step is to introduce regulatory conditions which ensure that we create the most greenhouse gas emission reductions per invested dollar," said Clerc. "This includes an efficient pricing mechanism to close the gap between fossil and green fuels and ensuring that the green choice is easier to make for our customers and consumers globally.

Saadé said the new commitment is fully in line with CMA CGM's ambition to be net zero by 2050, with the company already investing close to $15 billion in decarbonization work. The company expects to have almost 120 vessels capable of being powered by decarbonized fuels by 2028.

"Our Group has also launched several large industrial partnerships to diversify our sourcing with even more decarbonized fuels," Saadé said. "In 2023, the CMA CGM Group will reduce its CO2 emissions by around 1 million tons."

Hapag-Lloyd's Habben Jansen also said the commitments aligned with the container shipping company's goal of achieving a net-zero carbon fleet by 2045.

"Our collective responsibility for a sustainable future and clean practices is paramount," said Habben Jansen. "We believe that a regulatory framework and clear targets are crucial to accelerating the introduction of alternative fuels and reducing our carbon footprint."

MSC's fleet renewal strategy to assist in the decarbonization effort includes 100 dual-fuel vessels, according to Toft. Like CMA CGM, MSC is targeting net zero by 2050.

"The support of governments across the world will be an essential element to reach our common goal and among those efforts we want to see an end to delivery of ships that can only run on fossil fuels," said Toft. "Without the full support from other stakeholders, particularly energy providers, it will be extremely difficult to meet those objectives—no one can do this alone. Today it feels like we are one step closer in this regard, but concrete supply of alternative fuels and globally recognized GHG pricing are essential to achieve our goals.”

Wallenius Wilhelmsen, the lone roll-on/roll-off (RoRo) shipping and vehicle logistics company of the five firms represented, recently ordered four methanol-capable, dual-fuel vessels to be delivered in 2026.

Kristoffersen shared the same sentiment as Habben Jansen, calling on the IMO to develop a global regulatory framework to reach net-zero goals well before the current timeframe.

Source: sourcingjournal.com– Dec 04, 2023

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Kenya targets $2 billion apparel exports to the US, EU by 2030

Richard Cheruiyot, Chairman, Export Processing Zone (EPZA), says, Kenya plans to increase the value of its apparel exports to the US and European Union to $2 billion by 2030. By 2025, the country will increase the value of these exports to $1billion. It currently exports $544 million worth of apparel to the two markets.

To achieve this target, Kenya plans to revive its textile factors to benefit cotton farmers, grow local industries and create jobs for the youth. The US is also providing $55 million for the expansion of the EPZA

The sector also benefits from the use of advanced technologies and development of the Green Energy Park in Olkaria Naivash. The Green Energy Park will provide a stable and renewable energy source for industries within the park, including those involved in apparel production.

EPZA also plans to increase its land under cotton cultivation from the current 40,000 acres 100,000 acres next year, with a target of 300,000 acres in the next 3 years. It is negotiating with a South Korean company to produce synthetic fibers.

Source: fashionatingworld.com– Dec 02, 2023

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E-com to hit $20.5 bn in 2023 in Vietnam

E-commerce in Vietnam is projected to hit $20.5 billion this year, a recent conference in Hanoi organised by the Vietnam E-commerce and Digital Economy Agency under the ministry of industry and trade (MoIT) was told.

The domestic e-commerce market has seen the evolution of a secondary service supply system, which includes services related to technology platform, marketing, online marketing communications and delivery, deputy minister Do Thang Hai told the conference.

Hindrances include ensuring traceability of goods, safety and security of personal information and logistics infrastructure, he was cited a saying by a domestic news agency.

He suggested that Online Friday, a big annual online shopping programme, be promoted to achieve the targets of developing the e-commerce market sustainably.

He urged the government and businesses to cultivate digital technology solutions to boost e-commerce.

Source: fibre2fashion.com– Dec 03, 2023

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Vietnam's industrial production rises in Jan-Nov 2023

The index of industrial production (IIP) in Vietnam rose by 1 per cent between January and November this year, with the November IIP alone rising by 5.8 per cent year on year (YoY), according to the General Statistics Office (GSO).

The manufacturing and processing sector rose by 1.1 per cent YoY during the 11-month period, GSO said.

Fifty cities and provinces reported YoY growth in their IIP during the period, while 13 witnessed declines, a domestic news agency reported.

Some localities, including Dak Lak (33.6 per cent), Bac Giang (20.5 per cent), Phu Tho (17.6 per cent), Nam Dinh (15.5 per cent) and Hai Phong (13.5 per cent), witnessed a fairly high IIP rise due to a sharp increase in the processing and manufacturing industry, electricity production and distribution industry.

The number of workers working in industrial enterprises as of November 1, 2023, increased by 1 per cent MoM and fell by 0.2 per cent YoY.

Source: fibre2fashion.com– Dec 04, 2023

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Bangladesh: Give workers what they are due, regardless of EU concerns

After the recent US memorandum on workers' rights and international labour standards raised concerns that Bangladesh could face potential trade penalties, the country's continued access to duty preferences to the European Union has now also come under scrutiny. In a recent report, the EU reiterated that GSP preferences can be removed from countries that don't uphold labour rights, and expressed concerns relating to anti-union discrimination and the current state of trade unions in Bangladesh.

Given that the EU is the largest destination for our RMG exports, and it has, in the past, removed tariff preferences granted to countries like Cambodia due to rights violations, the administration cannot take these concerns lightly. What is more pertinent is the fact that Bangladeshi workers and labour leaders have been expressing these concerns and protesting for workers' rights for a long time—only for their demands to fall on deaf ears.

In the most recent fiscal year, RMG export earnings increased by more than 10 percent to fetch almost $47 billion. Yet, it cannot be said that the fruits of this success are trickling down to RMG workers, who are still protesting for a fair minimum wage.

Unfortunately, the government has almost always chosen to side with factory owners on this. Instead of listening to workers' legitimate demands, these movements have been regularly suppressed by the police using brute force. In the most recent protests, four workers were killed, three of them due to police shootings.

These are clear human rights violations, as has been pointed out by the media, rights organisations and experts from within the country long before the EU came into the mix.

Instead of having a knee-jerk reaction to "unwelcome" comments from external actors, the authorities should now consider the merit of these concerns on the basis of our labour standards and the constitutional rights given to our workers. We should also not forget that the EU has been a long-standing trading partner of Bangladesh, whose support has contributed to the development of our RMG industry.

At the end of the day, the government has a responsibility to protect workers' rights, regardless of whether there is pressure from our trading partners to do so.

It's high time the administration revisited the country's labour law to protect the rights of workers to fair wages, to union representation, and to protest without facing harassment, dismissal, violence and even death. There can be no alternative to giving our workers what they are due.

Source: thedailystar.net– Dec 03, 2023

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Pakistan: Third monthly rise in goods exports

In absolute terms, the export proceeds were recorded at $2.57 billion in November against $2.38bn over the corresponding month last year, indicating a growth of 7.66 per cent. However, on a month-on-month basis, the export proceeds decreased 4.39pc. The export of goods in the first five months of FY24 increased by 1.93pc to $12.17bn against $11.94bn in the corresponding period last year.

The uptick in export proceeds in November suggests that the textile and clothing sectors are beginning to secure orders from global clients following a year of downturn. However, the full scale of the export resurgence will become apparent in the forthcoming months.

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

The commerce ministry reported that over 1,600 textile units had clo-sed down in the PDM government. However, the mi-nistry has yet to an--no-u-nce the strategic fra-mework to provide regi-o-nal competitive ene-rgy pricing, working capital support, speedy ref-u--nd payments, enhanced market access, and diversification of products.

However, the imports de---clined by 13.47pc to $4.46bn in November from $5.15bn in the same mon-th last year. On a month-on-month basis, the imp-o-rts increased by 8.31pc. The import bill fell 17.32pc to $21.55bn in July-November FY24 from $26.06bn over the corres-ponding months last year. The imports fell 31pc to $55.29bn in FY23 from $80.13bn in FY22. The government has projected an import target of $58.69bn for FY24 against $55.29bn in FY23, an inc-rease of $3.4bn or 8.14pc.

The trade deficit narrowed 33.59pc to $9.37bn in July-November FY24 from $14.12bn over the corresponding months of last year. The trade deficit contracted 31.72pc to $1.88n in November from $2.76bn over the corres-p-onding month last year.

Source: dawn.com– Dec 02, 2023

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NATIONAL NEWS

'India will be the largest cotton producer'

India will strive to become the largest cotton producer globally, Minister for Textiles, Commerce and Industry, Piyush Goyal, said in Mumbai on Saturday, inaugurating an annual global meeting of a UN recognised body of cotton producing and consuming nations.

At the 81st plenary session of the International Cotton Advisory Committee (ICAC), the Minister said India has the largest area under cotton cultivation and is the second largest producer.

"We need to become the world's largest producer," Mr. Goyal stressed, adding that the textile advisory group on cotton will work towards improving productivity similar to the level in countries like Australia.

India will provide leadership in cotton textiles and technical textiles. It has two advisory groups - for cotton and manmade fibre. These groups have representation from the entire textile value chain and take policy decisions with inputs from sector representatives. India has also launched PM MITRA - a Central government scheme to set up mega textile parks and promote the entire value chain.

Mr. Goyal said the National Technical Textiles Mission promotes research and development in technical textiles. These are manmade fabric meant for a specific function and are not generally used for apparel or aesthetic appeal

The Indian textile industry is working towards achieving $250 billion by 2030, including $ 100 billion exports, he said.

In a fortnight, the Textile Ministry and the Department of Consumer Affairs would open state-of-the-art testing laboratories nationwide to ensure high quality textile products are manufactured and exported from India, Mr. Goyal said, introducing the "Kasturi Cotton Bharat" brand, which he claimed could be traceable using blockchain technology, and that it would be "carbon positive".

The first set of textile products made using Kasturi cotton were also introduced at the event. Indian cotton farmers will benefit from drone-based pesticide spraying launched by Prime Minister Modi recently, the Minister said, adding that the use of innovation and Internet of Things will benefit Indian cotton farmers.

The four-day event on "Cotton Value Chain: Local Innovations for Global prosperity" is expected to be attended by delegates from 35 countries.

Source: thehindu.com– Dec 02, 2023

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Commerce Ministry collating industry inputs for India-ASEAN FTA review

The Commerce Ministry is collating inputs from exporters across sectors on non-tariff barriers, including unjust quality and technical standards and complex rules of origin, faced by them in ASEAN nations for an "effective" review of the ASEAN-India Free Trade Agreement.

The review, which is taking place at the behest of India in order to address the gaping trade deficit it has with the ten-member ASEAN, is to be concluded by 2025.

"The Commerce Ministry collected inputs from various export sectors in November to frame demands for the review. The idea is to seek changes that will result in greater market access on the ground," an official tracking the matter told businessline.

Growing trade deficit

When the India-ASEAN FTA in goods, officially known as the ASEAN India Trade in Goods Agreement (AITIGA), was implemented in January 2010, India's trade deficit with the region was around $7.5 billion per annum.

However, the deficit widened significantly to $43.57 billion in 2022-23 with India's exports to the region valued at $44 billion while its imports were at $87.57 billion.

"There is a growing trade deficit between India and the ASEAN after the FTA was implemented as exporters from the region have been able to take advantage of lowered tariffs but not vice versa. Non-tariff barriers in the ASEAN could be one important reason for this. In the review, India will point out the NTBs and seek a resolution," the official said.

The ASEAN, which includes Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar and Cambodia, accounted for 11.3 per cent of India's global trade in 2022-23.

India experienced a worsening of the trade balance (deficit increased or surplus reduced) for 13 out of 21 sectors of product grouping, per an EXIM bank study of 2019. These include value-added sectors such as chemicals and alloys, plastics and rubber, minerals, leather, textiles, gems and jewellery. Sectors where trade deficit worsened accounted for approximately 75 per cent of India's exports to ASEAN.

Trade barriers

In earlier interactions with the ASEAN, Commerce & Industry Minister Piyush Goyal referred to the restrictive barriers on Indian exports to the ASEAN region, particularly in the agriculture and automobile sectors. He had pointed out that Indian exports had been impeded by non-reciprocity in FTA concessions, NTBs, import regulations and quotas & export taxes from ASEAN countries.

Complexity in rules of origin (which determine the level of value addition needed in a partner country for availing FTA duty concessions) has proved to be a considerable setback.

"The rules of origin for the India-ASEAN FTA are strict. This makes it difficult for Indian exporters to export products to ASEAN countries and benefit from the tariff reductions under the FTA. On the other hand, there are a number of alleged instances where merchandise is being re-routed from China, via ASEAN countries with minimum value addition, thereby misusing the India-ASEAN FTA," according to a review by the Trade Promotion Council of India.

Source: thehindubusinessline.com– Dec 03, 2023

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India concerned that EU's Deforestation-Free Regulation could be "disguised" trade restriction

The WTO's Committee on Agriculture witnessed India's inquiries seeking clarity on this regulation's discriminatory potential against countries deforesting land post-2020. While the EU defends its rules as non-discriminatory, India presses for assurance that the measures won't unfairly affect trade.

India has raised concerns about the EU's Deforestation-Free Products Regulation (EU-DR), which will be implemented in December 2024, possibly leading to discrimination against some countries and acting as a disguised restriction on international trade. However, the bloc has said the proposed rules were based on objective, scientific, non-discriminatory and proportionate criteria.

At a recent meeting of the WTO's Committee on Agriculture, India sought clarification on the EU-DR regulation to restrict exports of certain identified items to the bloc produced in land deforested after 2020. The proposed regulation can potentially affect Indian exports to the EU worth $1.3 billion annually, per estimates made by the Global Trade Research Initiative.

"..the EU has stated that the rules are designed to ensure that products sold in the EU from any country, including the EU member states, comply with the same requirements in terms of preventing deforestation. However, the benchmarking system established by the regulation imposes different due diligence obligations on operators from high-risk and low-risk countries," according to the query placed by India.

New Delhi further asked the EU to explain how the measures would satisfy the multilateral body's requirements that these should not be applied in a manner that would constitute "a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail", and is not a "disguised restriction on international trade".

The EU-DR covers seven primary commodities and a variety of products derived from these. While the main commodities are cattle, cocoa, coffee, oil palm, rubber, soya, and wood, the derived commodities are several such as meat products, leather, chocolate, coffee, palm nuts, palm oil derivatives, glycerol, natural rubber products, soybeans, soy-bean flour and oil, fuel wood, wood products, pulp and paper and printed books.

In its reply to India's queries, the EU said that no commodities or countries will be subject to discrimination, and the regulation will apply equally to commodities and products produced inside and outside the EU. "There is no ban against products coming from any country. The benchmarking classification will be based on a set of objective criteria – detailed in the regulation - such as deforestation rates and the expansion of agricultural land associated with the commodities in scope. Criteria will apply equally to all countries. It will be developed by the Commission based on scientific data," the EU said.

While the assessment will result in categorising countries into low, standard and high risk, with the high-risk countries subject to enhanced scrutiny, the EU noted that the due diligence obligations will be the same. "Competent authorities in the member states will be required to inspect 9 per cent of operators sourcing from high-risk areas, 3 per cent from standard risk and 1 per cent from low risk.

Due diligence obligations are the same, whether the source of a product is high or standard risk. Operators sourcing commodities entirely from areas classified as low risk will also be subject to due diligence obligations, albeit simplified, and will have to provide the geolocation, i.e. ensure full traceability," the EU explained.

However, suppose there is a risk that the relevant products do not comply with the regulation or that the regulation is circumvented. In that case, the operator shall perform all due diligence and immediately communicate any relevant information to the competent authority.

According to officials, New Delhi is hopeful of continuing discussions with the EU on the EU-DR, both at the WTO and bilaterally, to sort out its concerns before the measure is implemented.

Source: thehindubusinessline.com– Dec 04, 2023

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India, UK seek to wrap up trade negotiations before busy election year

India and the UK have begun crunch-time talks to secure a landmark free-trade deal, as leaders on both sides seek to resolve outstanding issues before they face election battles next year.

A UK team — including Amanda Brooks, director general for trade negotiations, and Douglas McNeill, chief economic adviser to the prime minister — is in New Delhi this week for further talks, according to people familiar with the matter, who asked not to be identified because the discussions are private. It's the 13th round of negotiations on a deal intended to expand a trading relationship that was worth more than $24 billion last year.

The UK Department for Business and Trade declined to comment on Monday. A spokesperson for India's trade ministry didn't respond to an email seeking further information.

Indian Prime Minister Narendra Modi has a small window to clinch the deal between his big victory in state elections confirmed on Sunday and a nationwide vote next year.

The trade deal, which has been under discussion for more than two years, would be India's most ambitious, underscoring the country's growing clout as the world's most populous nation and fastest-growing major economy.

The British premier, Rishi Sunak, is also looking for deeper ties to India to make good on the UK's 2016 decision to leave the European Union. The ruling Conservatives are currently trailing the opposition Labour Party by some 20 percentage points in public opinion polls and Sunak has so far struggled to get the UK's stagnant economy growing.

Officials on both sides have for weeks pointed to December as the best time to wrap up negotiations. While the parties have softened their stance on issues such as scotch whisky and visas for professionals, a handful of topics — ranging from tariffs on electric vehicles to post-study visas for students — continue to hold up a deal.

Here are some of the outstanding issues:

Financial and Legal Services Indian officials see three sticking points in financial and legal services:

The UK wants India to allow its portfolio managers and non-life insurance consultants to be able to operate in the South Asian country without having a permanent office there, people familiar with the discussions said. India wants them to have a commercial presence in the country to operate there.

The UK wants the Modi government to remove a cap on the number of branches its banks can open in India. India restricts market access for foreign banks to 12 branches a year, in line with its commitments under the World Trade Organization.

The UK also wants greater access for its law firms and legal professionals. Under current laws, foreign law firms in India can advise on international laws and work on corporate transactions such as mergers, but aren't allowed to appear before Indian courts and tribunals.

There are some disagreements over rules of origin, which relate to the criteria that determine where a product is made. The UK is seeking lenient rules of origin for its medical devices and a few other items, according to people familiar with the discussions. India wants tighter rules to ensure that the benefits of the FTA are not exploited by other trading partners.

Investment Treaty

India and the UK are discussing a bilateral investment protection and promotion agreement to ensure investors get equitable and predictable treatment and have a mechanism for dispute resolution. The UK wants to include the issue of tax disputes in a proposed pact, although the details weren't immediate clear. Britain's request is shaped by bitter tax disputes faced by some of its firms that invested in India.

Farm Goods

The UK has sought easier market access for its farm goods such as apples and cheese — both of which are politically sensitive subjects in India, where farmers are a crucial voting bloc. For British rice millers, worries are also growing about India's push to have tariffs on white rice reduced.

The UK also wants protection for geographical indication tag products, according to reports in local media. GI products are distinctly identified based on their specific geographical origin. After receiving GI status, others can't sell a similar item under the same name. Britain wants GI tags for its cheese, a proposal that India has resisted. The UK is also seeking a GI tag for its whisky, something that India doesn't currently have.

Electric Vehicles

The UK wants a reduction in duties on electric vehicles exported to India. India has proposed a concessional tariff of 30% on 2,500 electric vehicles imported annually from the UK priced above $80,000. Britain has yet to agree to the proposal.

Mobility and Social Security Pact

India wants liberalized rules for post-study visas for young people studying in the UK, a politically difficult request for Sunak as he faces criticism for failing to curb surging migration. Post-study work visas allow students to look for work for up to three years after graduation. New Delhi also wants to reclaim around £8 million ($10 million) in payments made annually by Indian workers toward the UK's social-security system.

Source: business-standard.com– Dec 05, 2023

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Trade strategy on table to achieve exports target of $2 trillion by 2030

The government is working on a fresh foreign trade strategy to explore opportunities for growth and collaboration in an attempt to achieve an ambitious target of $2 trillion in total exports — goods and services — by 2030, and increasing India's share in global trade from 2.7 per cent to 10 per cent, people aware of the matter said.

Towards this, the department of commerce is close to finalising a strategy paper, which is aligned with the vision of what should be the share of trade as a multiplier of growth as the Indian economy grows, one of the persons cited above told Business Standard.

Over the last few months, the department of commerce held intense discussions with various stakeholders, including relevant government departments as well as export promotion councils. They include Indian Banks' Association (IBA), Export Credit Guarantee Corporation of India (ECGC), Exim Bank and trade bodies such as Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (Ficci), National Association of Software and Service Companies (Nasscom), and Services Exports Promotion Council (SEPC), among others.

However, the government is still contemplating the timing of release of the strategy paper, considering the geopolitical tensions and associated uncertainties.

"We have got insights from key stakeholders but the timing of its release is what we are looking at. There are global uncertainties at the moment, including the crisis in West Asia," the official said.

The strategy paper will also delve into areas such as improving logistics for trade, diversifying India's merchandise and services basket, as well as exploring new markets.

"Since separately, NITI Aayog is working on India's Vision for 2047, the department of commerce is trying to focus and capture the trade dimension on a granular basis," the official said. He added that between short-term and long-term policy, there is a need for a strategy and approach paper.

Industry recommendations

Last month, the Federation of Indian Export Organisations (FIEO), as part of its recommendation for the services sector, urged the government to introduce measures to empower small businesses.

Source: business-standard.com– Dec 05, 2023

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Govt to approve 10-11 testing labs set ups for cotton, textiles by Dec 16

The government is planning to approve setting up of 10-11 testing laboratories across the country to ensure high quality of cotton and textiles for both the domestic consumers as well as for the export markets, Union Minister Piyush Goyal said on Saturday.

"I have discussed with the Textile Ministry, the Consumer Affairs Department, who will work together with the Bureau of Indian Standards (BIS) for setting up high quality cotton and textile testing laboratories," Goyal, the Union Minister for Textiles, Commerce and Industry, Consumer Affairs and Food and Public Distribution, said.

"In the next 15 days, by December 16, we will approve a series of laboratories across the country with an investment of about USD 6-7 million," he said.

Addressing the four-day 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC) that started on Saturday, the minister said, "We want the most modern and high-quality testing laboratories to come up in different parts of the country, so that we can ensure that right from the farm till it reaches the consumers, we will make sure that very high quality textiles are available and are produced in India and are exported from India."

The government will initially roll out 10-11 laboratories in different parts of the country, seven of which will be hosted in the seven textile research associations and in another 3-4 locations that will cover the entire country wherever cotton is grown, Goyal said.

"These laboratories will be 100 per cent funded by the central government to support the private sector, particularly the farmers, so that gradually they have the recognition for producing better quality cotton and they start getting a good value for their," the minister added.

The minister also launched 'Kasturi Cotton Bharat' brand, a value-added premium quality cotton from the country with 100 per cent traceability and certification.

"The Kasturi Cotton Bharat brand is a private sector initiative with support from the government. With the launch and the efforts being done in the entire value chain, we are confident that India will take a prominent position globally in the textile value chain." "Going forward, Kasturi Cotton Bharat will be a symbol of high, assured and world class quality serving the people across the world," he said.

With collective efforts across the value chain and technology, the government is confident that the country's textile industry can become USD 250 billion by 2030, and textile exports can increase to USD 100 billion by 2030, the minister added.

Meanwhile, the Plenary, which will commence on December 5, is attended by almost 400 delegates, including 300 foreign delegates from 35 countries across continents consisting of government representatives from various cotton growing and consuming countries, industrialists, business delegates, scientists and researchers.

This is also the 5th time that the ICAC Plenary Meeting was held in India in the last 60 years, and the first one since Covid-19.

Source: business-standard.com– Dec 02, 2023

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Cotton pilot scheme a hit, govt to extend it by a year

A pilot project launched this April to boost cotton production in 10 states is likely to be extended for a year beyond March 2024, two officials aware of the development said. Cotton production in these states is projected to grow at 20-25%, a substantial increase at a time when all-India cotton production has been on a downhill slide. Adoption of best agronomy practices, quality seeds and high-density planting systems have contributed to this growth, the officials said on condition of anonymity.

“The special project on cotton to enhance production during 2023-24 was started in April 2023 till March 2024, engaging 15,000 farmers in 10 states. The final outcome of data would be analysed in January," the second official said, adding that the data will be evaluated by Indian Council of Agricultural Research (ICAR).

Queries sent to the commerce ministry remained unanswered till press time.

The 10 cotton-growing states where the pilot is ongoing are Uttar Pradesh, Haryana, Punjab, Rajasthan, Madhya Pradesh, Gujarat, Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka. The estimated rise in production from the pilots could help India strengthen its cotton exports ecosystem, and provide a boost to the country’s standing in the global cotton export markets, where it has increasingly faced challenges from other cotton-exporting countries such as Bangladesh and Vietnam.

India’s exports of cotton, fabric, yarn and handloom products rose 5.7% during April-October 2023. This period saw exports worth $6,877 million compared to $6,509.51 million in the corresponding period of last year, according to commerce ministry data released on 15 November. This September, textile production grew 3.7% year-on-year (y-o-y), as per Index of Industrial Production (IIP) data released on 10 November 2023. In August, textile production grew at 1.6%.

Foreseeing a rise in textiles exports, Kulin Lalbhai, chairman, CII National Committee on Textiles and Apparel, said that the past 12 months have been a little tough on export demand because large global brands were reducing inventories.

“I believe the demand scenario will improve as inventory positions have corrected, and brands will start normalizing their buying," said Lalbhai, who is also vice-chairman, Arvind Fashion. “Currently, the prices are remaining benign. So, we are not expecting any major rise in the next [few] quarters."

On the production front, though, India has witnessed a sharp decline in recent years. As per textile ministry data, annual production of cotton in 2017-18 was 37 million bales (170kg each), which fell to 33.3 million bales in 2018-19. After seeing growth in 2019-20 (36.5 million bales), production fell again to 35.25 million bales in 2020-21 and 31.12 million in 2021-22. In 2022-23, production of cotton was 34.75 million bales. And in the ongoing fiscal, the Cotton Association of India estimates that production may shrink to 31.6 million bales.

Cotton is one of the leading areas of economic activity for livelihood, and plays a pivotal role in the growth of the Indian economy. Around six million farmers are engaged in cotton production in India, and 35 million farmers grow cotton across the globe.

The ministry is also focusing on increasing footprints in technical textiles, which is a growing market. Currently, India is exporting technical textiles, including medical apparels, to the tune of $2.5 billion and set a growth target of $10 billion in the next five years. Technical textiles are engineered clothing products used by various industries. Some examples of their usage are sports gear, PPE kits, masks, aprons, etc.

“Indian textiles have become synonymous with unique designs, use of sustainable fibres and superior quality, making it a preferred choice for the western markets," said Anand Ramanathan, partner, consumer industry leader, consulting, Deloitte India, adding that a ‘China Plus One’ strategy adopted by global brands after the pandemic and Indian suppliers’ product strength have opened up global strategic partnership opportunities for Indian brands.

These trends have been bolstered by support schemes and tax waivers from the government, which have helped textile exporters scale up their production, Ramanathan added.

India is actively pursuing free trade agreements to step up its overall exports in order to boost domestic growth. However, high interest rates in western markets are dampening demand.

India has signed 13 regional and free trade agreements with various countries such as Japan, South Korea, countries of the Association of Southeast Asian Nations (Asean) and members of the South Asian Association for Regional Cooperation (Saarc). India's merchandise exports to all these countries have registered growth over the past decade.

Source: livemint.com– Dec 04, 2023

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Bharat Tex 2024 to focus on forging a sustainable future and robust supply chains

Scheduled from February 26-29, 2024, in New Delhi, Bharat Tex 2024 is poised to be a global textile mega event with a keen focus on sustainability and building resilient supply chains. This four-day gathering is being organised by 11 Textile Export Promotion Councils, in conjunction with Ministry of Textiles.

Bharat Tex 2024 aims to comprehensively cover the entire textile value chain, offering a diverse array of activities including exhibitions, knowledge sessions, thematic discussions, Government-to-Government (G2G) meetings, Business-to-Business (B2B) networks, Memoranda of Understanding (MoU) signings, product launches, thematic and interactive pavilions, and various other engaging events.

Expected to draw a distinguished audience, the event is looking to attract policymakers, global CEOs, and more than 3,500 exhibitors from across the globe. Additionally, it will host 3,000 overseas buyers and attract the attention of over 40,000 domestic buyers.

Bharat Tex 2024 is set to feature dedicated pavilions highlighting Sustainability and Recycling, along with thematic discussions centered on resilient global supply chains and digitization.

Attendees can explore interactive fabric testing zones, witness product demonstrations, and partake in masterclasses conducted by craftspeople boasting a rich heritage spanning three generations.

Tailored to captivate top-level policymakers, business CEOs, textile visionaries, international networks, designers, and master craftspeople, Bharat Tex 2024 promises exclusive, invitation-only discussions with policymakers and offers unique partnership opportunities with global businesses.

The event aims to facilitate meaningful engagements, enabling businesses and institutions to explore sourcing opportunities in cutting-edge areas such as sustainable supply chains and evolving global manufacturing models.

Spanning 2,00,000 sq. m area, the exhibition will showcase a diverse range of products, including apparel, home furnishings, floor coverings, fibers, yarns, threads, fabrics, carpets, silk, textiles-based handicrafts, technical textiles, and more. Bharat Tex 2024 is poised to be a dynamic platform where innovation, sustainability, and tradition converge in the global textile landscape.

Source: fashionatingworld.com– Dec 04, 2023

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Christmas holiday season in West drives India's textile exports

Driven by the approaching Christmas holiday season, India's textile exports are on the rise, buoyed by increasing demand from Western markets.

Following the successful clearance of excess inventory, the country's textile production and export activities are rebounding after a year of contraction. In September, textile exports recorded their third consecutive month of growth, with production growing 3.7 per cent year-on-year, as per data released by the Index of Industrial Production (IIP).

Sanjay Jain, Chairman of the National Expert Committee at the Indian Chamber of Commerce, envisions a robust revival, suggesting that India's textile exports may experience a surge of 8 to 10 per cent in the fiscal year 2024. Statistics from the Ministry of Commerce and Industry indicate a substantial 5.7 per cent increase in India's exports of cotton, fabric, yarn, and handloom products during the April-October period compared to the preceding April-August timeframe.

Despite these positive trends, the industry has yet to attain pre-COVID production levels, with data from the Ministry of Statistics and Program Implementation (MOSPI) revealing a 6.5 per cent shortfall compared to the 2019-20 period.

Sunil Kumar Sinha, Principal Economist at Ind-Ra, emphasizes the significance of global trade conditions for the long-term recovery of India's textile production and exports.

Source: fashionatingworld.com– Dec 04, 2023

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Nov rains bring trouble for cotton farmers, rates crash

After the November-end rains hit standing crops in parts of Vidarbha, rates of cotton — the main farm produce of the region have fallen below minimum support price (MSP). The rates were barely above the MSP since the beginning of the season in October, said sources.

Now, as it rained on the standing crops, the cotton bolls have picked up moisture which has brought down the prices.

As against an MSP of ₹7,020 a quintal, the open market rates are now in the range of ₹6,800 to ₹6,700, said sources. Traders say it's a temporary phenomenon caused due to the rains.

Sudhir Kothari, director of agriculture produce market committee (APMC) at Hinganghat, said the rates have come down because of cotton bolls picking up moisture. This is because the weight of the cotton bolls increases due to water content. To compensate for the extra weight, the ginners adjust the prices downwards. However, the prices are expected to improve in a week if it's sunny again. The farmers will get a low price only for the current picking, Kothari said.

Manish Jadhav, a Shetkari Sanghatana (Swabhimani) activist in Yavatmal, said the lower prices have only added to the farmers' woes as the rains are expected to hit the yield, he said. Activist Vijay Jawandhia said even soyabean yield has seen a major dip due to the yellow mosaic pest, but despite the low yield the rates were marginally over the MSP for the crop.

Once the market prices fall below MSP, the government swings in to support the prices. Cotton is purchased by Cotton Corporation of India (CCI) which sets up the MSP procurement centres. The CCI centres have not yet started in Vidarbha because the rates have been above MSP, said traders.

The state is carrying out a survey to assess the losses caused due to the rains.

Source: timesofindia.com– Dec 04, 2023

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