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Currency Watch			
USD	EUR	GBP	JPY
83.37	89.74	104.70	0.57

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INTERNATIONAL NEWS

EU & euro area see slight rise in industrial producer prices in Sept

October 2023 saw a marginal increase in industrial producer prices in both the euro area and the European Union (EU), with a rise of 0.2 per cent compared to September 2023, according to the latest estimates from Eurostat, the statistical office of the EU. This follows a more substantial increase of 0.5 per cent in both regions in September 2023.

However, the year-on-year comparison presents a different picture. In October 2023, industrial producer prices showed a significant decline compared to October 2022, with a 9.4 per cent decrease in the euro area and an 8.7 per cent drop in the EU.

Breaking down the October 2023 figures by sector in the euro area, there was a 1.0 per cent increase in prices in the energy sector and a slight 0.1 per cent rise for durable consumer goods. There were decreases of 0.1 per cent in prices of non-durable consumer goods and 0.3 per cent for intermediate goods. When excluding energy, total industry prices fell by 0.2 per cent, as per Eurostat.

The EU's sectoral analysis for October 2023 shows a 0.6 per cent increase in the energy sector, stable prices for durable consumer goods, and a decrease of 0.1 per cent for non-durable consumer goods and 0.3 per cent for intermediate goods. Excluding energy, the total industry prices in the EU also decreased by 0.2 per cent.

Notably, the most significant monthly increases in industrial producer prices were observed in Ireland (4.9 per cent), Italy (2.2 per cent), and the Netherlands (0.7 per cent). On the other hand, the largest decreases were in Luxembourg (minus 3.7 per cent), Latvia (minus 2.7 per cent), and Greece (minus 1.9 per cent).

When comparing October 2023 to the same month in 2022, the euro area saw a dramatic 25.0 per cent decline in the energy sector and a 5.3 per cent decrease for intermediate goods. However, there was an increase of 3.7 per cent for durable consumer goods and a 4.2 per cent rise for non-durable consumer goods. Overall, prices in total industry excluding energy decreased by 0.2 per cent.

In the EU, the annual comparison shows a 22.7 per cent decrease in the energy sector and a 5.3 per cent decrease for intermediate goods. Conversely, there was a 3.1 per cent increase for durable consumer goods and 4 per cent for non-durable consumer goods. Total industry prices excluding energy fell by 0.3 per cent.

The largest annual decreases in industrial producer prices were in Bulgaria (minus 25.9 per cent), Belgium (minus 20.5 per cent), and Greece (minus 14.7 per cent), while the most significant annual increases were in Luxembourg (18.4 per cent), Slovenia (2.5 per cent), and Slovakia (1.1 per cent).

Source: fibre2fashion.com– Dec 06, 2023

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Global cotton supply outpaces demand; prices fall in Nov

Cotton prices witnessed a decline both in Brazil and internationally during November. This decrease was primarily influenced by the anticipation of a global cotton supply exceeding demand for the current season, according to a report from the Center for Advanced Studies on Applied Economics (CEPEA).

In Brazil, sellers primarily focused on term contracts, the processing of the 2022-23 cotton crop, and preparations for the upcoming season's planting. Notably, exporters were more active in November, with the volume shipped from August to November 2023, representing half of the total volume exported during the 2021-22 season (from August 2022 to July 2023).

Meanwhile, demand from the textile industry remained subdued, primarily engaging in short-term trades, and only slightly increasing purchases towards the end of the month to prepare for the year-end period, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

Between October 31 and November 30, the CEPEA/ESALQ Index for cotton saw a decrease of 3.88 per cent, closing at BRL 3.8628 per pound on November 30.

According to data from the Secretariat of Foreign Trade (SECEX), Brazilian cotton shipments reached 253.71 thousand tons in November, marking a 12 per cent increase compared to October 2023 but a 5.5 per cent decrease compared to November 2022 (268.59 thousand tons).

From August to November 2023, Brazil exported 770.22 thousand tons, surpassing half of the volume shipped between August 2022 and July 2023 (1.449 million tons).

The average export price for cotton in November 2023 was \$0.9407 per pound, reflecting a 7.4 per cent monthly increase (\$0.8755 per pound) and a 5.9 per cent annual rise (\$0.8884 per pound). This represents the highest monthly average since October 2022 when it reached \$0.9506 per pound.

According to Brazilian Association of Cotton Growers (Abrapa), processing activities had reached 90 per cent of production by November 30. In Mato Grosso, activities had reached 88 per cent of the total, while in Bahia, it was as high as 97 per cent.

According to data released by International Cotton Advisory Committee (ICAC) on December 1, global cotton production for 2023-24 is estimated at 24.914 million tons, marking a 0.9 per cent decrease from the November 2023 report, yet still slightly higher compared to the previous crop (+0.28 per cent).

Worldwide cotton consumption increased by 2.54 per cent in the month and is expected to rise by 1.13 per cent compared to 2022-23, reaching 23.945 million tons. Consequently, consumption is projected to be 3.89 per cent below the available supply.

Source: fibre2fashion.com– Dec 07, 2023

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Recent rain helps Australian cotton growers after dry spell

Many cotton growers from New South Wales to Queensland have an extra spring in their step following recent rains which are expected to boost the crop yield by at least 100,000 bales with potential for up to half a million bales.

Farmers had been severely impacted by dry conditions for several months and had feared many more months of El Nino conditions, reducing the dryland crop substantially and placing extra demands on irrigators with limited allocation, Cotton Australia said in a press release.

According to the Weather Bureau, a rainband delivered widespread rainfall totals across much of the cotton growing regions in early October. The totals began to mount in early November when some regions of NSW gained in excess of 100 mm, with good rainfall figures reported every week since.

Cotton Australia GM Michael Murray said the rain came just at the right time for some dryland cotton growers who otherwise may not have planted a crop.

“We have enjoyed two excellent years due to the rain, but growers have been concerned about the last few dry months in winter and spring when decisions were being made about the best crops to plant. That has changed over the last few weeks and many of those who rely on rain have received precious millimetres just at the right time,” Murray said.

While many dryland growers have made the decision to plant cotton over the past few weeks, those with water allocation have also benefitted, with many now able to save their water because the rain has done the job for them.

“With the dry conditions we were looking at reducing the crop forecast for 2023-24 to below 4 million bales but we now expect that we may be closer to 4.1 million bales with the potential to exceed that,” Murray added.

Two years ago, good rainfall assisted growers to produce a crop of around 5.6 million bales with around 5.5 million bales produced last year.

“We may be able to achieve 4.5 million bales this season, however, much will depend on the ability of farmers to access their wet paddocks and plant over the coming weeks, and also how much more rain we get over the next few weeks and months,” he said.

According to the Weather Bureau, during the week ending November 27, widespread showers and thunderstorms impacted much of northern and eastern regions with weekly rainfall totals greater than 100 mm recorded in some parts of Queensland. The highest weekly rainfall total was 178.4 mm at Clermont Airport, near Emerald.

While the rain has been welcomed in most of the growing regions, some missed out or received very little rain, and conditions overall remain challenging.

The news comes as Cotton Outlook’s latest forecasts of global raw cotton production declined by more than half a million tonnes, reflecting falls in China, India, Turkiye, and Australia. In a positive development, the expected global cotton surplus has dropped from 787,000 tonnes last month to 188,000 tonnes.

“The combination of a drop in both overseas production and stock levels is positive for Australian cotton growers who last season produced one of the highest quality crops ever seen. Buyers of quality and sustainable cotton are looking to Australia, particularly in those areas where there is a geographic advantage for transport to the mill,” Murray concluded.

Source: fibre2fashion.com– Dec 06, 2023

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China-Europe Railway Express container transport up 19% in Jan-Nov '23

The China-Europe Railway Express has recorded a significant increase in its freight operations in the first 11 months of this year, according to recent data released by China State Railway Group Co, Ltd.

The service operated a total of 16,145 trains during this period, transporting nearly 1.75 million twenty-foot equivalent unit (TEU) containers of goods. This marks a year-on-year increase of 7 percent in the number of trains and a substantial 19 percent rise in container transport.

The volume of goods moved by the railway service in these 11 months has already surpassed the total volume transported throughout the entire year of 2022.

The China-Europe Railway Express currently extends its reach to 217 cities in 25 European countries.

Source: fibre2fashion.com– Dec 07, 2023

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No change in EU median inflation expectations for next 12 months in Oct

The European Union's (EU) median consumer inflation expectations for the next 12 months and for three years ahead remained unchanged in October this year compared with September, according to a survey by the European Central Bank (ECB).

Expectations for economic growth over the next 12 months became marginally more negative, standing at minus 1.3 per cent compared with minus 1.2 per cent in September, while the expected unemployment rate in 12 months' time remained unchanged during the month, at 11.4 per cent.

Expectations for nominal income growth over the next 12 months and expectations for nominal spending growth decreased slightly during the month.

The median rate of perceived inflation over the previous 12 months decreased to 7.8 per cent from 8 per cent in September.

Median expectations for inflation over the next 12 months remained unchanged at 4 per cent, and those for inflation three years ahead also remained unchanged, at 2.5 per cent.

Inflation expectations, particularly at the three-year horizon, remained well below the perceived past inflation rate, an ECB release said.

Uncertainty about inflation expectations over the next 12 months remained unchanged during the month.

Consumers expected their nominal income over the next 12 months to grow by 1.1 per cent, which was slightly lower than in September (1.2 per cent).

The perceived unemployment rate declined to 10.9 per cent from 11.1 per cent in September.

Source: fibre2fashion.com – Dec 06, 2023

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Thailand keen on FTA with Bangladesh

Thailand is interested in a free trade agreement (FTA) with Bangladesh at the earliest possible.

At a series of meetings held recently when a 50-member delegation from the latter visited the former, both sides emphasised the need for an FTA for more business opportunities and expressed interest in exploring new avenues of cooperation in blue economy, electronic vehicle assembly and ecosystem management, technical textiles and light engineering.

Policy support for small and medium enterprises in Bangladesh along with environmental social and governance (ESG) compliance were also discussed for collaboration.

The visit was jointly organised by the Bangladesh Thai Chamber of Commerce and Industry (BTCCI), the Thai commerce and foreign affairs ministries, and the Thai embassy in Dhaka.

Over 100 Thai businesses took part in a business-to-business matchmaking event in Bangkok, BTCCI said. More than 145 contracts were exchanged, Bangladesh media outlets reported.

The delegates from Bangladesh also visited factories of Econowatt Waste Water Management, Lighting and Equipment Public Company Limited (L&E), Kubota Farm and Penn Asia Co Ltd.

Source: fibre2fashion.com– Dec 06, 2023

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Puma Is Eyeing Circulose for Future Products

Puma is exploring the possibility of employing Renewcell’s dissolving pulp cellulose, which is derived from cotton-rich textile waste for the production of lyocell, modal, viscose, acetate and other man-made regenerated fibers that rely less on virgin forest sources as ingredients.

Speaking to an audience at the United Nations climate change summit in Dubai on Tuesday, Anne-Laure Descour, Puma’s chief sourcing officer, said that the sportswear giant is working with Hong Kong-based manufacturer Crystal International Group to “look at options” regarding the use of Circulose in a “specific set” of products that can be made available to consumers.

“It’s just a kickoff project that we have at the moment,” Descour said at a panel organized by the UN Fashion Industry Charter for Climate Action, a coalition that seeks to drive the fashion industry to net-zero greenhouse gas emissions no later than 2050. Puma and UN Climate Change debuted the platform in 2018 at the Textile Exchange Sustainability Conference in Milan and later at COP24 in Poland.

The news would be a welcome one for Renewcell, which has struggled with sales a year into its industrial-scale foray at a former paper mill in Sundsvall, Sweden.

Despite high-profile partnerships with the likes of Ganni, Levi Strauss, Zara owner Inditex and H&M Group—the last is also its second-largest investor after Girindus Investments—the Stockholm-headquartered firm has labored to expand the use of Circulose beyond trial volumes and capsule collections because of the dearth of offtake agreements. A sales warning in early November triggered the ouster of CEO Patrik Lundström and sent shares careening, and its third-quarter earnings revealed that it was bleeding cash to the tune of 94.5 million Swedish kronor, or nearly \$9 million.

Late last month, Renewcell announced that it would be seeking new funding as part of a strategic review. It has also been urging brands to step up, much like Inditex did recently when it committed to acquiring the first 2,000 metric tons of Circulose and responsibly harvested cellulose-blended fiber from Chinese producer Tangshan Sanyou. Without these clear signals from buyers, a Boston Consulting Group, Textile Exchange

and Quantis report warned in October, the industry will face a 133 million-ton preferred fibers deficit by 2030, hampering its ability to respond to looming legislation that demands that products be made with more environmentally friendly attributes.

In November, Renewcell churned out 1,339 metric tons of Circulose with few, if any, takers. Production volumes will continue to take a hit unless this changes. “Due to the lack of sales volumes in November, the monthly production volume was lower than the production capacity, in order not to affect cash flow negatively,” it said in a statement last week. “It is expected that the production volume for December will also be below the production capacity due to expected lower sales volumes.”

Waste is on Puma’s mind, said Descour, noting that the Re:Suede sneaker maker plans to source more cotton waste from its suppliers in Bangladesh to “put it back into production.” Some of the products that Crystal International Group makes for the Nike rival, for instance, contain 20 percent of post-production cotton offcuts.

“We also have some examples in Vietnam, where we work on waste from polyester, also to be recycled into the fabric to make new T-shirts made of waste,” Descour said. “So we have multiple actions that we’re doing together.” The secret to Puma’s success with making sustainable strides, in tandem with suppliers? “Collaboration, collaboration, collaboration,” she said, adding that unless buyers and factories share the same vision with a high level of transparency, “there is no way to get there.”

Consensus is important, Descour said, particularly now that sustainability has moved from an “expert conversation” to a “business conversation.” Sourcing teams need to have a level of sustainability knowledge that allows them to engage with vendors about the pathways forward—“how we do business and where we are going together.”

This goes for other brands, as well. “We share Tier 2s with multiple other brands,” Descour said. “We need collaboration between them to also build a similar journey for the Tier 2s, so they don’t hear something different from my friends at H&M when they ask for something.”

Puma, she said, is working with an unnamed American university to provide sustainability education for suppliers, since the regulatory zeitgeist has increased the level of complexity not only for brands but also

for manufacturers when it comes to calculating and reporting their impacts.

But Catherine Chiu, vice president of global sustainability at Crystal International Group, said that suppliers must be “proactive,” too, and not wait for stable orders from brands to “stop climate change.” Those who wait risk losing their competitive edge, she said.

“There are a lot of very good and very short investments with returns of less than two to five years,” she said. “This is good not only for carbon reductions but also [has] cost savings for manufacturers.” Chiu used solar installation as an example. The return on investment, she said, is just seven years, after which, companies “don’t have to pay anything for power.” She has a message for brands, however. “I hope they will reward suppliers with better performance,” Chiu said.

Meanwhile, sustainable products that are more durable, easier to reuse, repair and recycle, and use less resources, energy and water are set to become the “norm,” the European Parliament said.

On Monday night, negotiators from the EU member states arrived at a new provision agreement on revising the bloc’s ecodesign framework for sustainable products, including a ban on the destruction of unsold clothing, clothing accessories and footwear two years after the law enters into force.

“It is time to end the model of ‘take, make, dispose’ that is so harmful to our planet, our health and our economy,” Italian politician Alessandra Moretti, the Member of the European Parliament spearheading the legislation, said in a statement. “New products will be designed in a way that benefits all, respects our planet and protects the environment.”

Renewcell has said that while Circulose is considered to be “more sustainable” because it is made from recycled materials and the production process requires minimal water and chemicals compared with traditional viscose, it’s also in the process of conducting a life cycle assessment using “real production data” from its plant in Sundsvall. The results are set to be published in the first quarter next year.

Source: sourcingjournal.com– Dec 06, 2023

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Vietnamese firms advised to be cautious to avoid fraud in international trade

Vietnamese firms should use additional caution to avoid increasingly sophisticated scams in international trade, Deputy Director of the Vietnam Trade Promotion Agency (Vietrade) Hoang Minh Chien said.

The Ministry of Industry and Trade cited statistics that scams in the global market cost enterprises an estimated 5% of revenue per year, with damages averaging 1.7 million USD per case.

As most are small or medium size, Vietnamese enterprises face high risk of scams and disputes, while their experiences in avoiding and dealing with such cases are limited, he said. Many are not familiar with commercial dispute resolution forms such as arbitration and mediation.

Tran Thu Quynh, Trade Counsellor of Vietnam in Canada, said that from the beginning of 2023, the Canadian market saw a rapid increase in the number of fraud cases, averaging 10 a month, mostly relating to requirements about non-existing certificates.

The global market is currently in difficulty, orders are dropping, forcing enterprises to increase search for orders. When getting an order, enterprises tended to be subjective and did not pay adequate attention to drafting contracts, Quynh said.

Fraudsters approached Vietnamese businesses by sending messages and emails for inquiries of large orders. When Vietnamese businesses asked for deposits, fraudsters require some certificates which do not exist and ask Vietnamese firms to pay a small sum for consultancy services to gain these certificates.

Vu Chien Thang, Trade Counsellor of Vietnam in Spain, said that the trade office provided support for domestic exporters in handling seven cases of fraud during the past three years, including cases related to cashew nuts, black pepper, and iron.

The psychology of wanting to sell immediately leads to unfavourable negotiations and terms in contract, he said.

Thang urged exporting firms to work with trade offices to verify their partners before signing contracts.

Careful negotiations for contract terms are important, especially deposit and payment methods, he said.

According to Duong Phuong Thao, Vietnam's Trade Counsellor in Italy, frauds are diverse in forms and firms must be very cautious. Enterprises should consider using legal consulting services throughout the entire process rather than just approaching them when a dispute occurs.

Hoang Thi Lien, Chairwoman of the Vietnam Pepper Association, said that notices and warnings of trade counsellors should be updated regularly on a unified, specific channel.

A set of reference rules on deposit levels and payment methods should be developed for enterprises to refer to when negotiating contracts.

Besides, commercial banks should provide support to domestic firms to ensure safety in international trade transactions, she said.

Chien said the ministry would continue to provide market updates and early warnings to industry associations and enterprises about emerging forms of fraud in international trade.

Source: en.vietnamplus.vn– Dec 06, 2023

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Bangladesh: New LC clause by US apparel buyer raises concern

Garment factory owners are concerned as a US clothing retailer recently said it will not "process transactions involving any country, region, party" sanctioned by the UN, US, EU, or the UK.

It mentioned it in a Letter of Credit (LC) issued last month for an apparel exporter in Bangladesh.

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Garment factory owners association BGMEA yesterday urged its members to "take the matter with utmost importance".

Those receiving LCs with such a clause should ask the retailer if they are mentioning this for Bangladeshi suppliers only, reads a statement issued by BGMEA President Faruque Hassan.

"If the clause appears only in the LCs issued in favour of Bangladeshi suppliers, then this violates ethics."

BGMEA members should reconsider doing business with such buyers, adds the statement.

However, the clause mentioned in the LC from one particular retailer should not be interpreted as a sanction of any form against Bangladesh, because this is not a statutory order or notice by a country, it says.

"Moreover, the BGMEA did not receive any information from our diplomatic missions or from any official source to support any sanction or trade measure."

The factory owner who received the LC from the US buyer notified the matter to the BGMEA earlier this week. Sources said the owner fears that such clauses may badly affect his business.

This is the first time the particular US buyer has mentioned the clause in the LC, BGMEA President Hassan told The Daily Star yesterday. He had not disclosed the names of the local supplier or the buyer.

Last week, the Bangladeshi mission in Washington sent a letter to the commerce ministry, highlighting the possibility of Bangladesh being slapped with a trade sanction over labour rights.

Two major RMG exporters who deal with US retailers regularly said they had not seen such a clause before.

Source: thedailystar.net– Dec 07, 2023

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Bangladesh begins demo trial cultivation of Bt cotton

Bangladesh has initiated limited cultivation for “demonstration trials” of two varieties of Bt (*Bacillus thuringiensis*) cotton across 13 production zones and five cotton research centres, the US Department of Agriculture (USDA) has said.

The Dhaka post of USDA’s Foreign Agricultural Service said the cultivation began after the National Committee on Biosafety granted approval on August 20, 2023 following an application from Bangladesh’s Cotton Development Board (CDB).

The CDB sought the release of JKCH 1947 and JKCH 1050 Bt varieties for “demonstration trials”. These trials are taking place on the plots of 138 farmers (0.25 acres/plot) and 30 on farm research plots (0.11 acre/plot), collectively 37.8 acres, the Dhaka post said.

Planting delayed

Bt cotton farmers told the Dhaka Post that they planted the Bt seeds a tad late as they received them late. Besides, they experienced heavy rainfall after seed germination, leading to some damage and reduced vegetative growth.

However, the farmers pointed out visible differences in the Bt plants compared to traditional varieties. “The farmers remain hopeful that Bt cotton cultivation will reduce their costs for insecticides,” the post said.

These Bt cotton varieties can resist bollworm and Fall armyworm in the plant.

The development comes even as India has been unable to introduce any new Bt variety, particularly the herbicide tolerant Bt one, since 2006.

The Indian angle

Hyderabad-based JK Agri Genetics Ltd, an arm of the JK Organisation, collaborated with the Bangladesh government to hold field trials of these Bt cotton varieties.

However, Gyanendra Shukla, President and Director of JK Agri Genetics, better popularly known as JK Seeds, told businessline two years ago that

“We are doing nothing on our own. Nor are we engaged in any commercial activity in Bangladesh.

Bangladesh’s CDB is dedicated to the development of hybrid and short-duration, high-yielding cotton varieties which exhibit desirable fibre characteristics.

The Dhaka post said the CDB, in collaboration with a private seed company based in Bangladesh, has been actively importing hybrid cotton seeds from China. Research is also being conducted to assess the adaptability of these imported varieties to the local conditions.

Cotton output target

According to the CDB, cotton is cultivated in 39 of the 64 districts in Bangladesh. But cotton cultivation makes up only 0.55 per cent of the total 8.1 million hectares of arable land in the neighbouring country.

Locally, Bangladesh produces less than 2 per cent of its total cotton consumption with the area under the natural fibre rising only marginally since 2016.

The Bangladesh Government has set a target to meet 10 per cent of its demand for the fibre through domestic production. Most of the cotton is cultivated in Bangladesh during the rabi season. But expansion in cotton cultivation has been hampered by the fact that growers have to forego cultivating aman rice, cultivated during June-July, and winter vegetables.

Source: thehindubusinessline.com– Dec 07, 2023

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BGMEA calls for accelerating customs procedures in Bangladesh

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has called for further accelerating customs procedures, particularly quicker clearance of export-import goods, to enhance competitiveness of the readymade garment (RMG) industry.

BGMEA president Faruque Hassan recently met Mohammad Fyzur Rahman, commissioner of Custom House, Chattogram, to discuss key concerns related to customs procedures that affect the RMG industry and ways to address those.

Hassan underscored the importance of reducing lead time in the competitive global fashion market and urged the authority to take immediate measures to ensure smoother and faster services, according to domestic media reports.

He also highlighted the challenges being faced by the RMG industry.

The commissioner assured the needed support.

Source: fibre2fashion.com– Dec 07, 2023

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NATIONAL NEWS

Centre extends date of inviting fresh applications under PLI Scheme Textiles upto 31st December 2023

India has a considerable share of manmade fibre (MMF) products (fibre, yarn, fabrics, made-ups, readymade garments of MMF) in the total Textiles & Apparel (incl. handicrafts) exports.

Under the PLI Scheme for Textiles focusing on MMF Apparel, MMF Fabrics & Technical Textiles, 64 selected applicants are expected to set up 84 units in 14 states and 1 UT including one in Odisha & 10 in Maharashtra.

The Government has extended the date of inviting fresh applications through online portal under PLI Scheme for Textiles upto 31st December 2023 and applications are currently being received.

The industry is gearing up to tap the potential of MMF and Technical Textiles segment, which is a sunrise industry segment in the country duly supported by PLI Scheme for Textiles and National Technical Textiles Mission.

This information was given by the Union Minister of State for Textiles, Smt. Darshana Jardosh in a written reply today in the Lok Sabha.

Source: pib.gov.in– Dec 06, 2023

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India-UK FTA negotiators sweat it out in New Delhi to close gaps

Negotiators from India and the UK returned to the negotiating table this week trying to work out compromises on difficult issues, including rules of origin, market access for vehicles (including EVs) and Scotch, easier work visas and liberalisation of financial services, but some areas remain tough to crack, sources said.

“Negotiators from both countries tried their best this week to look for breakthroughs in tough areas. Undeterred by the passing of two Diwalis without a pact in place, the two sides focussed on speeding up talks. There is concern that once attention shifts to the general elections in India in early 2024, things may get indefinitely deferred,” sources said.

Last year, former Prime Minister of UK Boris Johnson had set a Diwali deadline for conclusion of the India-UK FTA talks but it could not be met. Due to continuing differences in a handful of areas, efforts made by the Rishi Sunak-led government to complete the negotiations by October-end also did not materialise.

“In the 14th negotiating round in New Delhi this week, differences were narrowed in some areas. This has to be built upon in subsequent meetings,” the source said.

Major differences that have held back the proposed India-UK FTA so far include provisions under rules of origin (ROO) that prescribe the minimum processing which needs to happen in a FTA partner country for a good to qualify for duty cuts. The UK is not happy with the “strict” ROO proposed by India as many of its companies, especially in the area of automobiles, that source a lot of raw materials from the EU, may not be eligible for tax cuts. “India is careful about ROO as it does not want its domestic market to be flooded with goods from third countries at preferential duties agreed to under the FTA,” the source said.

IP rights

In the area of Intellectual Property Rights, the UK wants India to agree to measures going beyond the WTO’s TRIPS Agreement, but New Delhi wants to protect its generic producers and is wary of any commitment that

could result in extension of patents beyond their regular periods, the source added.

To further interest of its workers, India has been insisting on liberal visa rules for IT and health professionals and a social security agreement that would protect contributions of short-term workers, but the UK is not “very enthusiastic” about it.

The UK, on the other hand, wants more access for its financial services industry, including banks and insurance, that India is not very confident about extending because of the need to protect domestic players.

Source: thehindubusinessline.com– Dec 06, 2023

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Govt likely to mandate e-invoice for B2C transactions in 2-3 years

The government is likely to make it mandatory for businesses to issue electronic or e-invoice for B2C transactions in the next 2-3 years, an official said on Wednesday.

Currently, businesses with a turnover of Rs 5 crore and above are required to generate e-invoice for their Business to Business (B2B) sales and purchases.

The government is planning to extend the e-invoice requirement to B2C transactions as well.

Central Board of Indirect Taxes & Customs (CBIC) member-GST Shashank Priya said GST systems have to be upscaled and the work is on to bring B2C (business to consumer) transactions under e-invoicing.

We are looking at requirement of e-invoice for B2C. GSTN capacities need to be upscaled. Systems will have to be put in place. We have to see which are the sectors we can start first. It is work in progress but we hope in years to come we will be able to take this forward, he said at an Assocham event. Priya further said businesses with turnover between Rs 5-10 crore are not fully issuing e-invoices and CBIC officers have been nudging non-compliant businesses.

Its (business with Rs 5 crore turnover issuing e-invoice) implementation is still quite tardy. We have issued instructions. We are trying to nudge taxpayers that it has certain advantages like ease of doing business. GSTR -1, e-way bills will get populated, Priya said at the National Conference on GST.

The government has been making e-invoice mandatory for businesses in a staggered manner. Under the Goods and Services Tax (GST) law, e-invoicing for business-to-business (B2B) transactions was made mandatory for companies with turnover of over Rs 500 crore from October 1, 2020, which was then extended to those with turnover of over Rs 100 crore effective January 1, 2021.

Japan big on India's consumer market and manufacturing: Masahiro Goto, global head of investment banking, Nomura

For the last two years, the global economy has seen rising interest rates, high inflation and multiple geopolitical tensions. How have these macroeconomic headwinds impacted deal making globally and in Asia?

We saw a great deal of M&A activity in 2021 before the conflict in Europe. However, after February 2022, activity slowed significantly because corporations were concerned about their own businesses in the face of rising interest rates and heightened macroeconomic uncertainty.

Similarly, global IPO activity has been muted in the past two years across regions. We've seen a few transactions, but the market is still in recovery mode.

One exception has been Japan. It has had strong momentum backed by favourable macro conditions. The equity capital market in Japan has been active. Japan-related M&A, including domestic transactions, is seeing momentum. Activity levels in the rest of Asia should also pick up as the region benefits from improving macroeconomic conditions and growth-enabling policy initiatives by governments.

Amid global challenges, how are public market investors and strategic investors looking at India?

India's GDP is expected to grow at 6.5% and it is on track to become the world's third-largest economy in the medium term. After the pandemic, India is being seen as a long-term partner in manufacturing and an appealing investment destination for global corporations.

It is one of the few economies that offers a combination of scale and multi-decade growth, driven by growing domestic consumption and infrastructure spends. So the opportunity for overseas businesses for strategic cooperation with India is very appealing.

The Japanese stock market hit multi-decade highs this year. What's driving the performance of the Japanese stock markets and its economy?

Japanese equities have had a strong showing in 2023 driven by three factors: the Japanese economy moving out of a deflationary environment; improvements in corporate governance; and Japan's appeal as a target for investment diversification within Asia.

Japan's economy is waking up after 3 decades of slumber due to two structural changes: a resurgence in expectations for end of deflation with the spring wage negotiations, and market pressure. Japan's growth has been slow due to deflation, but with increase in prices and wages, Japan is expected to enter into a growth cycle. Market pressures have emerged this year that could prompt more efficient use of capital by companies. Reduced cross-shareholdings by banks, insurers and other companies in each other have also improved corporate governance.

Do you see the flow of Japanese capital into Indian stock markets growing substantially?

India offers long-term growth with structural stability, low volatility and sustainable macro factors to Japanese investors. Japanese retail investors continue to invest into India through MFs. We see increasing interest from institutional investors looking to tap into public and private markets in India.

Which sectors do you see attracting the most interest from global strategic investors?

India is seeing tailwinds on two major fronts, the first being the rise in domestic consumption and the second its emergence as a global manufacturing base. The optimism on these 2 fronts is translating into increased global interest. Consumption-driven sectors like auto, consumer durable goods, and healthcare are witnessing strong growth and attracting global investors. India has been building its capability in green energy and electric vehicles. Those are appealing sectors for global investors. The financial services industry is also witnessing significant investments driven by strong economic growth and under-penetration of financial services.

After Covid, several countries and companies have been looking to realign supply chains. In this context, how are Japanese firms, especially in manufacturing, looking at India?

India is attractive as a consumer market for Japanese companies to sell their products and also a manufacturing base. Japan and India have historically had very strong political and economic ties. That's set to continue on top of continued investment from Japan as corporates globally look for newer destinations to expand their manufacturing bases into.

Source: economictimes.com– Dec 07, 2023

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Wide stakeholder consultations needed to frame national e-comm policy: Govt to Parl

Minister of state for commerce and industry Som Parkash said in a written reply to the Lok Sabha that a draft e-commerce policy was placed in public domain on February 23, 2019 for public consultations.

“Suggestions have been received from various stakeholders. Since e-commerce is an emerging and dynamic sector, wide stakeholder consultations are required for formulation of National e-Commerce Policy,” he said.

The FDI policy, Foreign Exchange Management Act, 1999; Consumer Protection Act, 2019; Competition Act, 2002; and Payment and Settlement Systems Act, 2007 are some of the legislative and policy measures for streamlining and regulating e-commerce industry in the country.

Provisions of the Competition Act are applicable in respect of e-commerce platforms as provided in Section 3 (Anti-competitive Agreements), Section 4 (Abuse of dominant position) and Section 5 and Section 6 (Mergers and Acquisitions).

Startup action plan

The government has recognised 1,14,902 entities as startups as on October 31, Parliament was informed on Wednesday.

These eligible firms are allowed to seek fiscal incentives under the Startup India Action Plan, which was launched in January 2016, and that includes income tax exemption for three years.

Commerce and industry minister Piyush Goyal told the Lok Sabha said the action plan includes 19 items spanning across areas such as simplification and handholding, funding support and incentives and industry-academia partnership and incubation.

Export demand

Minister of state for commerce and industry Anupriya Patel said that subdued demand in major export destinations such as the US, Hong Kong,

the Middle East and China and availability of raw materials at competitive rates were some of the challenges faced by the gems and jewellery export industry. Export of gem and jewellery in 2022-23 were \$38.11 billion, down 2.95% from \$39.27 billion before that.

The sector constituted 8.45% in the total merchandise exports during 2022-23 and the industry employs around 5 million skilled and semi-skilled workforce.

Substandard imports

In another reply, she said that to ensure that the imported goods are not of substandard quality, the customs authority follows a risk-based framework to intelligently prevent entry of non-compliant goods at the borders.

“A task force has also been constituted in CBIC (Central Board Of Indirect Taxes and Customs) for enforcing national standards,” Patel said, adding that as far as imported goods such as TVs and tyre, are concerned, the trade data indicates that there are several categories of import of such products where there has been considerable reduction in imports.

Citing examples, she said that data showed imports of different size of TV sets, liquid crystal display television set, and different kinds of tyres declined during April-October this fiscal. Imports of television sets of screen size exceeding 54 cm but not exceeding 68 cm dipped to \$0.02 million during April-October this fiscal from \$0.25 million in 2021-22.

Similarly, imports of radial tyres used in buses/lorries declined to \$1.01 million during the seven-month period of this fiscal as against \$16.92 million in 2021-22.

Sensitization is happening in areas such as addressing domestic supply rigidities and looking at domestic production opportunities /enhancement of capacity, timely use of trade remedy options, Quality Controls, enforcing rules of origin, tariff measures/inverted duty correction, and import monitoring.

Source: economictimes.indiatimes.com– Dec 06, 2023

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Unseasonal rain hits cotton supply, prices still stagnant

Indore: Untimely rain has disrupted supply of cotton in spot markets of Madhya Pradesh in the peak demand season though tepid buying by textile mills in anticipation of lower prices has kept cotton prices almost stagnant.

The ginning units of Madhya Pradesh that are usually fully occupied during the peak arrival season starting October have restricted capacity utilisation on lower offtake by mills.

The new season supply of cotton starts from October and daily arrivals in the state at present is estimated at around 12,000-13,000 bales as against around 18,000 bales a fortnight ago.

Madhya Pradesh Cotton Ginners and Traders Association founder president Manjeet Singh Chawla said, “Textile mills are in a wait and watch mode. This is the peak supply and demand season but mills have not started placing bulk orders as they are looking for a price drop.”

Kailash Agrawal, owner of ginning units in Khargone said, “This time everyone has adopted a cautious move amid temporary fall in supply and demand from mills”.

Source: timesofindia.com– Dec 06, 2023

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