स्वच्छ भारत
एक कदम स्वच्छता की ओर
TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 221 of 2023 — December 20, 2023

Currency Watch			
USD	EUR	GBP	JPY
83.15	91.11	105.42	0.58

INTERNATIONAL NEWS	
No	Topics
1	EURATEX Manifesto: A blueprint for a competitive textiles industry
2	Luxury brands retain exclusive image but adopt inclusive marketing strategy
3	Euro area goods exports fall 2.4% YoY in Oct, EU figure down 1.4% YoY
4	Uzbekistan's cotton industry rebounds after boycott
5	Vietnam exports textile, garments to record 104 countries, territories
6	Bangladesh Industry Takes a Crash Course on Recycling Innovation
7	USA: ACSA Taking on Cotton’s Global Challenges
8	All Eyes on the Suez Canal as Container Shipping Giants Halt Passage Through Red Sea
9	Panama Canal Backlog Sparks Rebound for West Coast Container Volume
10	Organic Cotton Accelerator Launches ‘Organic Cotton Training Curriculum for Pakistan’

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

EURATEX Manifesto: A blueprint for a competitive textiles industry

In anticipation of the upcoming European Parliament elections from 6 to 9 June 2024, EURATEX, the European textile and apparel association, has released a Manifesto outlining 15 key requests aimed at fostering a competitive European textiles and clothing industry. The Manifesto comes as Europe faces a pivotal moment, with the outcome of the elections determining the formation of a new European Commission.

Driving entrepreneurship for a competitive industry

EURATEX emphasizes the vital role played by the textile and apparel sector, contributing significantly to European wealth, jobs, and growth. With 192,000 companies employing 1.3 million workers and a turnover of €167 billion, entrepreneurship is touted as the cornerstone for a competitive industry, providing high-quality, sustainable products through innovation, creativity, and design. The association calls for recognition from policymakers and an open dialogue to establish favorable conditions for operation in both internal and global markets.

Crafting a smart EU industrial policy

Central to EURATEX's vision is the development and implementation of a "smart" EU industrial policy. The association advocates for policies that enhance competitiveness without burdening businesses with excessive administrative hurdles. EURATEX proposes a "competitiveness test" for new legislation, ensuring a critical examination of its impact. Additionally, the association urges investment in innovation, digitalization, and sustainable energy access at competitive prices.

Balancing sustainability with competitiveness

While committed to sustainability, EURATEX calls for economic realism in implementing the EU Strategy for Sustainable Textiles. With 16 regulatory proposals on the table, the association stresses the need for coherence, enforceability, and applicability for SMEs to prevent market exit. EURATEX warns against fragmentation caused by varying national regulations, hindering growth prospects for European textiles.

Ensuring free and fair trade

As the second-largest global exporter of textiles and clothes, Europe, with $224 billion in merchandise sales, aims to secure open, free, and fair global markets. EURATEX emphasizes the importance of trade agreements offering effective market access and a level playing field for EU companies. The association calls for coordinated efforts with member states to enforce trade laws, ensuring protection against free riders.

Incentivizing demand for sustainable textiles

Recognizing the challenges posed by premium prices for sustainable products, EURATEX proposes standard requirements and fiscal incentives to drive demand. The association advocates for green public procurements by public authorities, integrating sustainability criteria into evaluation grids.

Alberto Paccanelli, EURATEX President, underscores the urgency, stating, "These elections are a turning point for the future of Europe and its industrial base." The Manifesto serves as a blueprint for aligning European industrial practices with global standards, fostering a greener, wealthier future through collaborative efforts.

Source: fashionatingworld.com– Dec 20, 2023

HOME

****

Luxury brands retain exclusive image but adopt inclusive marketing strategy

Once upon a time, luxury was the symbol of exclusivity, an expensive proposition for the select few. For decades, there were a few luxury brands, mainly of European origin, that had the rights on exclusivity. Leading global luxury brands like Hermès, Chanel, Louis Vuitton and Dior maintained a tight grip on retail operations, mainly through their own outlets which allowed them to avoid discounts and fully control their brand image. The marketing mantra for this upper-most echelon of brands was they were never on discount. Of course these brands held the much-awaited sales a couple of times a year to clear stock and move in with the next season's collections, tantalizing and teasing those who couldn't afford them otherwise.

However, times have changed. Europe is no longer the only region producing all things luxury. International brands from Japan, the United States and other parts of the world have entered the market. Making inroads into this sector are bridge brands that have positioned themselves as affordable luxury. In this mix, e-commerce made its presence felt, the preferred shopping platform for the younger millennials and Gen Z consumers, hungry for luxury experiences. This dynamic caught the iconic luxury brands off-guard and they scrambled into competitive mode, including discounts, coupons and online loyalty points.
Elevated image dresses down to gain more sales

Last week, while studying the performance of luxury brands during the most popular buying season across most parts of the world, Wall Street Journal stated that the indications are clear – luxury brands are reaching out to a customer base that was not necessarily on their radar.

It seems that contrary to many marketing gurus pronouncing the luxury sector as recession-proof, many luxury brands are not being able to move their inventory at a desired rate and have started turning to what they term as inclusivity through even discount channels that are anything but prestigious. Early holiday shopping season discounts from high-end fashion retailers like Bergdorf Goodman of New York raised concern that an underwhelming performance leading up to Christmas could lead to inventory stockpiling, potentially dragging labels into a discounting spiral that would cheapen their image.

Luxonomy, an online site dedicated to the study of the sector has recently stated that pricing strategy is a powerful tool that should be considered, while going after the bigger consumer base for inventory clearance. Luxury brands offer a perceived value of excellence and the premium association may run the risk of value erosion when discounting happens. Additionally, the high-profit margin will also drop with such tactical selling. End of the day, all things luxury are purchased based on emotional triggers rather than practical requirements.

Embracing artificial intelligence to manage inventory

Analysts say fashion houses are overall much better equipped than during the crisis of 2008 and 2009, when the spending slowdown was sudden. On the subject of direct-to-consumer sales by high-end labels in the personal luxury goods market, according to a Bain report, figures have increased to 52 per cent in 2023 compared to 40 per cent in 2019. Many larger and legacy brands are actively working with artificial intelligence to not only do a more precise sales forecast and thereby adjust production, but also interpret trends to fine-tune seasonal collections and classic portfolios associated with their labels. The report also states that technology is playing a crucial role to avoid overstock issues as AI-powered tools are adept at examining macro indicators such as historical sales of similar products and trends scraping on social networks as variables.

It certainly looks that luxury brands are dealing with a different set of perceptions and values that younger consumers have inculcated through their generational priorities and are carefully treading water to retain their exclusivity as they broaden their customer base.

Source: fashionatingworld.com– Dec 20, 2023

HOME

****

Euro area goods exports fall 2.4% YoY in Oct, EU figure down 1.4% YoY

The first estimate for euro area exports of goods in October this year was €246.9 billion, a decrease of 2.4 per cent year on year (YoY). The zone's imports stood at €235.8 billion during the month, a fall of 16.3 per cent YoY.

As a result, the euro area recorded a €11.1-billion surplus in trade in goods with the rest of the world in October compared with a deficit of €28.7 billion in the same month last year.

Intra-euro area trade fell to €221.1 billion in October this year—down by 8.8 per cent YoY, an official release said.

Between January and October this year, euro area exports of goods fell to €2,367.1 billion, a decrease of 0.2 per cent YoY, and its imports fell to €2,339.5 billion, a decrease of 12.7 per cent YoY.

As a result, the euro area recorded a surplus of €27.6 billion in trade in goods with the rest of the world compared with a deficit of €308 billion in the same duration last year.

Intra-euro area trade fell to €2 210.4 billion during the ten-month period—down by 4.3 per cent YoY.

The first estimate for exports of goods from the European Union (EU) in October was €222.7 billion, down by 1.4 per cent YoY. Imports to the bloc were worth €213.3 billion, down by 19.6 per cent YoY.

As a result, the EU recorded a €9.4 billion surplus in trade in goods with the rest of the world in October compared with a deficit of €39.5 billion in the same month last year.

Intra-EU trade fell to €350.5 billion in October, a drop of 6.1 per cent YoY.

In January to October this year, extra-EU exports of goods rose to €2,124.8 billion, an increase of 0.5 per cent YoY, and imports fell to €2,119.2 billion, a drop of 15.7 per cent YoY.

As a result, the EU recorded a surplus of €5.5 billion compared with €399.3 billion in the same duration last year.

Intra-EU trade fell to €3 443.3 billion in the ten-month period, a drop of 2.5 per cent YoY.

In October, 17 EU member states registered decreases in exports compared with the same month last year, while ten witnessed increases.

The picture was slightly different for imports. In October, all EU members states except Slovakia and Cyprus registered decreases compared to October last year.

Source: fibre2fashion.com– Dec 18, 2023

HOME

****

Uzbekistan's cotton industry rebounds after boycott

Uzbekistan's cotton industry has experienced a resurgence since an international boycott came to an end, witnessing growth and a shift to quality textiles

Uzbekistan is the world's sixth-largest cotton producer and has seen growth in this industry following reforms and the end of an international boycott of Uzbek cotton. The ban was initiated in 2010 by the Cotton Campaign due to forced harvesting, where more than 2 million people, including children, were forced into the fields. The World Bank put in place a monitoring campaign, which found forced labour had been eliminated by 2021 and the boycott was lifted in 2022.

In this episode of Focus, Euronews correspondent Galina Polonskaya met up with human rights advocate Gulnoz Mamarasulova who helps the Cotton Campaign to monitor the fields for signs of forced harvesting. She said state acknowledgement, TV coverage, and social media campaigns on forced labour had helped to address the issue. Galina also spoke to former Deputy Minister of Agriculture Anvar Karimov who emphasised the state's commitment to combatting the practice.

Cotton pickers like Gulchera Oripova have seen their wages increase to up to $500 (€458) per month. Uzbekistan has transitioned from exporting raw materials to trading finished products, leading to increased exports and a boost in investments. Textile exports have also gone up from hundreds of millions during the boycott to $3.2 billion in 2022. The country has established 130 private cotton clusters aimed at fostering quality control and innovation. Muzaffar Razakov, CEO of the Global Textile group (one of the leading textile companies in Uzbekistan) spoke to Galina about his business' strategy of selling high-quality fabrics globally.

Galina saw a collection of cotton apparel at the Human House gallery, where designer Lola Sayfi also spoke to her about how the lifting of the boycott had meant she could create more and dress more people in clothes from Uzbekistan.

Source: euronews.com– Dec 18, 2023

HOME

****

Vietnam exports textile, garments to record 104 countries, territories

Vietnam's textile-garment products have been exported to a record 104 countries and territories this year, with the United States remaining the biggest importer with a turnover of over $11 billion by the end of September, according to Vietnam Textile and Apparel Association (VITAS) chairman Vu Duc Giang.

Japan ($3 billion) ranked second, followed by the European Union ($2.9 billion), South Korea ($2.43 billion), Canada ($850 million) and China ($830 million).

Businesses made efforts to diversify export products with 36 items. Jackets remained the top export earner during the period by earning more than $4.38 billion. Those were followed by trousers (over $3.85 billion) and shirts ($1.87 billion).

Diversifying markets, products, customers and partners is a step towards reducing Vietnam's reliance on large markets, Giang noted.

The total export value of the country's textile-garment industry in 2022 had surpassed $44 billion, but this year it is expected to fall by more than 9 per cent to over $40 billion. The estimate is still encouraging keeping in view the global challenges exporters faced this year, according to a news agency report.

Source: fibre2fashion.com– Dec 18, 2023

HOME

****

Bangladesh Industry Takes a Crash Course on Recycling Innovation

Textile circularity is gaining momentum.

After stopping in New Delhi to make a major announcement with the Restart Alliance to work toward circularity and recycling in India, Fashion for Good began a two-day engagement with the textile industry in Bangladesh last week to talk disruptive technology and chemical recycling. Along with the Dhaka-based Bangladesh Apparel Exchange (BAE), Fashion for Good emphasized the importance of circularity using "disruptive innovations." Bangladesh was part of a larger initiative "Chemical Recycling Technologies: Manufacturing Markets Gateway" that was set up across multiple countries to bring recyclers to key markets to interact, engage and in future partner with the local industry.

"We want to bring innovations to the supply chain and Bangladesh is an important space for this," Priyanka Khanna, Innovation Director – Scaling, Fashion for Good, told Sourcing Journal. "Earlier this year we worked with Ananta BD and facilitated their partnership with our innovator NTX, we built a partnership with Bangladesh Apparel Exchange, strengthening our support and presence in Bangladesh.

They gave us access to the key industry players. Now, we look to engage further with the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and other key suppliers in the coming year to bring innovations to scale here."

Reverse Resources and BGMEA hosted a meet and greet to boost awareness about the technologies in the industry and ways to integrate these into the local manufacturing landscape, secure feedstock partnerships and develop a value chain for recycled apparel materials.

"It's not just an event; it's part of a larger movement to incorporate innovative recycling, sustainable fashion technologies and establish global partnerships for a sustainable fashion industry," said Mostafiz Uddin, founder and ceo, BAE. "Bangladesh has the biggest manufacturing sector in South Asia and this tour marks a critical step toward a circular fashion ecosystem."

Denim Asia Limited, Knit Asia Limited and Progress Apparels Limited, were some of the other companies that came forward, sharing their own innovative measures so far, and looking for ways to add more.

Azizur Chowdhury, director, Knit Asia Ltd. whose factory the team visited, told Sourcing Journal that new learnings were key to the way forward. Their platinum Leed certified factory in Gazipur, a suburb of Dhaka is rated as the third highest rated green factory, and the company works with brands and retailers including Ralph Lauren, Decathlon, Kohl's and American Eagle, among others. "Although we have been working with mechanical recycling over the last year, we feel that chemical recycling is a vital addition. This was an important communication for finding the way forward," he said.

He described the process developed over the past year to scale up mechanical recycling. "We are a composite factory in that we make our own yarn, knit and dye the fabric. After it goes on the cutting table, 25 to 30 percent of the fabric that goes into scrap form is shredded and made into fiber again." This is mixed with virgin fiber and spun again, often not needing to be dyed again—as the shades it carries often create a mélange that works.

"Where we get stuck is when the fabric has a mixed composition, for which we need to look at both R&D and more investment in chemical recycling for composite materials. We realized staying with the status quo is not what we want—we're investing in a lot of innovation and recycling and are ready to be a first mover in this segmen," he said.

Progress Apparels Ltd., part of PDS Limited, has also been scaling its sustainability focus, and was one of the factories visited. Paul Wright, head of ESG at PDS globally, said, "There were lots of issues to understand and look ahead to, including the access to feedstock, the barriers around current legislation and the laws of each country— as well as changes that need to be made to support these new technologies. It's almost like a new business sector. There was a lot of listening going on, from both sides, which is quite powerful," he said.

"I think the manufacturers are one step removed—the brands and the retailers are quite aware about what's coming, so the visit got the manufacturing community excited and thinking more about what to do with waste, and thinking about the answers for a possible tomorrow, as well. We're almost at that tipping point, and we need to create an ecosystem where waste is ¬¬perceived as a value commodity," he said. Progress Apparel was the first company in Bangladesh to have won a $1 million round of funding from the Good Fashion Fund in June, to support the company's investment in a modern in-house washing plant at the factory's Adamjee EPZ location in Dhaka.

The Good Fashion Fund initiated by Fashion for Good, the Amsterdam based global platform for innovation, is a collaboration between Laudes Foundation, The Mills Fabrica, and FOUNT.eu complemented by Rabobank.

The washing plant is being equipped with state-of-the-art washing, drying and hydro machinery selected for its efficient use of water and chemicals. "This partnership demonstrates that sustainability can go hand-in-hand with economic savings and that it is essential towards transforming the apparel supply chain," said Bob Assenberg, Fund director, Good Fashion Fund.

Bangladesh, which is the second largest garment exporter in the world, has also been looking at ways to mitigate and support climate priorities, and this week, the Asian Development Bank (ADB) announced a $400 million loan to Bangladesh to support climate priorities. With apparel manufacturing as the country's largest export, the sector is being pressed to step up on the goals listed by the bank.

"As the region's climate bank, ADB is committed to support Bangladesh's progressive actions to strengthen its climate resilience, transition to a low-carbon economy, mitigate its greenhouse gas emissions, and mainstream gender equality and social inclusion in the government's climate actions,' said Edimon Ginting, country director, ADB.

Source: sourcingjournal.com– Dec 18, 2023

HOME

****

USA: ACSA Taking on Cotton's Global Challenges

This is an interesting moment in time to reflect on U.S. agriculture, the cotton industry, and the condition of our market.

The market has been recently described as a race to the bottom between production and consumption, as we have witnessed yet another consecutive small U.S. crop due to environmental challenges in Texas aligning with lower U.S. exports and global consumption. This begs the question, "Will demand return in time to consume a normalized production cycle?"

Among all the normal variables, we are faced with two major realities that will make our business more challenging moving forward. First, after almost a decade of ultra-low interest rates, we have seen unprecedented quantitative tightening from the Federal Reserve that has led us into an era of significant new costs that must be managed by the trade.

As we gradually become a more expensively produced and delivered growth compared to competing exports, the old saying "time equals money" resonates stronger than ever, with the costs of carrying the U.S. crop now reaching levels well over $1 million per day.

As demand naturally ebbs and flows, we have to be equipped to provide growers with liquidity and have flexibility in our marketing decisions. Stakeholders in the U.S. cotton industry should take comfort in the efficacy of the marketing assistance loan administered by USDA, which lays the foundation for resilience in the producers' safety net and marketing strategies. No other country in the world has the tools to support the costs of carrying physical cotton in the market.

Modernizing and enhancing this program to reconcile with current production costs and market fundamentals should be a top priority for our industry as we debate the farm bill's extension or reauthorization. No other program in our farm bill has the dual impact of curbing costs while affording the opportunity to market in an orderly fashion.

The second hurdle comes on the consumption side. For decades, we have enjoyed a constant increase in global consumption of all fiber types collectively, associated with population sprawl and increased affluence around the world. This has created increases in global cotton consumption despite a steady decline in market share. In the last 20 years, cotton has systematically lost half of its market share compared to all other fibers, declining from approximately 40% to 20%. With total fiber consumption checked by a slower global economy, this is an untenable glideslope for cotton.

Looking Ahead

These challenging times illuminate opportunities to improve as an industry. Right now, we need to focus on two things to mitigate these challenges.

First, our industry must consider these newly introduced costs of carry and incorporate strategies to make our cotton more liquid and competitive when compared to competing exportable growths. Our competitors, primarily Brazil, are scaling on us. This year, we saw Brazil surpass the U.S. industry in production for the first time, and they are quickly trending to do so in total exports as well. If we don't take the necessary steps to increase global cotton consumption, we will have much bigger problems than our comparative value to Brazil's industry. In fact, competing exporters, merchants and cooperatives, shippers, and warehousemen won't have much to fight over.

The American Cotton Shippers Association is working with our competitors around the world to focus on how we can better promote cotton generically to regain market share against synthetic fiber. We need a fresh focus on the generic promotion of cotton compared to synthetic fiber and boldly engage end users to create demand for the attributes of our product from a global perspective.

Brands and retail groups steered by consumers' prerogatives have proven their ability to mandate change in our industry through the call for sustainability and traceability. This has drawn our industry into closer connectivity to end-users than ever before, giving us the forum to stress the importance of recognizing cotton's inherent and positive characteristics compared to manmade fiber and our industry's impressive trend in resource management. While these are both heavy lifts, they are necessary for our industry's long-term health.

Source: cottongrower.com– Dec 19, 2023

HOME

****

All Eyes on the Suez Canal as Container Shipping Giants Halt Passage Through Red Sea

More major ocean carriers have halted their ships from entering the Red Sea as concerns of escalating attacks on vessels in the waterway's chokepoint mount.

Mediterranean Shipping Company (MSC), CMA CGM, OOCL, HMM, Evergreen and Yang Ming are following in the footsteps of Maersk and Hapag-Lloyd in suspending operations through the Bab El-Mandeb Strait after a string of projectile attacks from the Yemen-based Houthi militia.

As they reroute their goods elsewhere, the Hong Kong-based OOCL and Taiwan-based Evergreen have also temporarily stopped accepting cargo to and from Israel until further notice.

The suspensions came as two more commercial vessels were under fire Monday, with the MSC Clara and Norwegian oil tanker Swan Atlantic both attacked with naval drones originating from Yemeni territory. The Houthis claimed responsibility for both incidents. No crew members were injured on the Swan Atlantic.

Sourcing Journal reached out to MSC, which has not confirmed any details of the Clara attack.

On Friday, two container ships, Hapag-Lloyd's Al Jasrah and the MSC Palatium III, were each hit with Houthi drone missile strikes. No crew members were injured, the companies confirmed. The Houthis also confirmed they targeted MSC Alanya, but the vessel was not hit.

The attacks on those MSC and Hapag-Lloyd ships occurred a day after another projectile nearly missed the Maersk Gibraltar vessel.

The moratorium on shipments through the Red Sea, a key passage that enables ships coming from Asia to travel through Egypt's Suez Canal, could cause delays in global trade to close out 2023.

"Consumer goods will face the largest impact, though current disruptions are occurring during the off-peak shipping season," said Chris Rogers, head of supply chain research, global intelligence and analytics, S&P Global Market Intelligence, in research released Monday. "It is also important to differentiate a short-term shock from a long-term realignment. In the short-term, ports will need to deal with a dearth of imports followed by a surge as the 'global fleet' bunches up as a result of the pauses and onward sailing."

Admiral Ossama Rabiee, the chairman and managing director of the Suez Canal Authority, said in a statement Sunday that the navigation through the Suez Canal was flowing "normally as usual," but said 55 vessels had shifted their routes around southern the Cape of Good Hope since Nov. 19. On that date, Houthi fighters hijacked a commercial ship in the Red Sea, the Bahamas-flagged Galaxy Leader, and brought it to the Yemeni port city of Hodeidah.

Rabiee called the 55 vessels "a significantly low" number in comparison to the 2,128 vessels transited the Suez Canal in that period.

He stressed that the Suez Canal will remain "the fastest and shortest route" for vessels traversing between Asia and Europe, saying transit times could be cut from anywhere from nine days to two weeks depending on the port of origin and port of destination.

But Rogers pointed out that any alternative routings are compromised either practically or economically.

"Transits via the Cape of Good Hope adds at least 10 days and over 15 percent to shipping costs," Rogers said. "Land-based shipments by rail require crossing Russia while trucking from the [Persian] Gulf to Israel may only offset around 3 percent of shipping costs."

Shippers also face higher freight rates based on "war risk" surcharges which have already been implemented by Maersk, Hapag-Lloyd and Israel-based container shipping company Zim. While the three companies have added fees of $20 to $100 per container for vessels bound for Israel, Zim is also charging higher rates to go around Africa.

In response to the increasingly frequent attacks from the Houthi rebels, U.S. Defense Secretary Lloyd Austin will announce the formation of Operation Prosperity Guardian, a new international maritime protection force aimed at ensuring the Red Sea is safe for commerce shipping, various reports indicate.

Austin is expected to make the announcement during his trip to the Middle East this week, according to The Guardian, which reported that the U.S. secured the involvement of Jordan, the United Arab Emirates, Saudi Arabia, Qatar, Oman, Egypt and Bahrain in the task force.

The U.S. response comes as international naval forces continue to fight back against any escalation out of Yemen.

A U.S. warship, the USS Carney, shot down 14 suspected attack drones over the Red Sea on Saturday, and a U.K. Royal Navy destroyer, the HMS Diamond, downed another drone that was targeting commercial ships, the British and American militaries said.

BP is joining the container shipping giants in rerouting their vessels, pausing all oil-tanker shipments through the Red Sea Monday, the multination oil and gas company said.

The Iran-aligned Houthi forces launched attacks against vessels in the region in protest against Israel's invasion of Gaza, which was sparked by the surprise attack by terrorist organization Hamas on southern Israel Oct. 7, resulting in the deaths of roughly 1,200 civilians.

Source: sourcingjournal.com– Dec 18, 2023

HOME

****

Panama Canal Backlog Sparks Rebound for West Coast Container Volume

Plenty of chaos at both the Suez Canal and Panama Canal is threatening to snarl global supply chains, with the latter potentially playing a part in how many container ships are docking at U.S. ports.

The 10 largest U.S. ports had a 5.7 percent year-over-year increase in inbound volume in November, nearly twice the 2.9 percent annual increase seen the prior month in October, according to the monthly McCown Report from container shipping expert John McCown, non-resident senior fellow at the Center for Maritime Strategy.

But this growth could have actually been higher, with McCown pointing to delays at the Panama Canal as a contributing culprit.

In the report, McCown said there was a 29 percent decline in the number of large 10,000-to-14,000 TEU container ships going through the canal in November, ultimately preventing more ships from reaching the U.S. ports in their originally projected scheduled times.

McCown's data illustrated that such delays could have led had an impact on coastal U.S. port volumes last month. West Coast ports showed a 24.5 percent year-on-year growth in container numbers, while there was an 8.5 percent dip at East Coast and Gulf Coast gateways—suggesting that more shipments from Asia are making stops on the West Coast instead of traversing the canal.

The West Coast gain was the largest such increase in inbound container volume in 30 months, nearly doubling the October gain of 12.9 percent. And for the East and Gulf Coast ports, the deterioration was nearly twice as deep as the October volume decline of 4.4 percent.

At the individual port level, the differences were even larger in November, with the Ports of Long Beach and Los Angeles reporting inbound container volume gains of 37 percent and 25.3 percent respectively, while New York & New Jersey volumes declined 13.1 percent and Port Houston saw volume dips of 16.4 percent.

According to McCown, November is the fourth straight month that East and Gulf Coast ports have underperformed their West Coast counterparts, after a run of 26 months where they had outperformed in growth.

Despite the shift back to West Coast ports, McCown still anticipates that over the longer term, more goods will be transported eastward for reasons related to underlying economic costs, total carbon emissions and congestion-related impacts.

McCown also expects more long-term growth in containers, pegging the annual increase at 2.7 percent per year.

“In the absence of new capacity, port after port is going to reach its limit,” McCown told Sourcing Journal last month. “The people that control those ports, both the carriers and the terminal operators—look at the earnings they had during Covid when there was a congestion and gridlock. Don’t expect those guys to be raising their hand and say, ‘Yeah, we need new capacity.’”

With November out of the way, McCown said inbound volume gain in December will likely be more pronounced.

Despite the holdups related to current events, inbound container shipping into the U.S. may finally be on more consistent footing after years of rough year-over-year comparisons related to the Covid-19 pandemic.

For example, there were 15 straight months of year-over-year decreases in inbound container volume across all 10 U.S. ports measured, with the 11 months before September showing double-digit percentage decreases.

But the massive disparity during those months can also be attributed to prior pandemic volume spikes, which persisted heavily throughout 2021 and 2022 as U.S. consumers spent stimulus checks and online spending accelerated.

“We are back to year over year changes being more fundamentally driven by underlying economic activity, as we are past the periods where such changes were driven by difficult earlier comparisons,” McCown wrote in the report.

For example, November saw a 9.3 percent decline in sequential inbound volumes to 1.77 million 20-foot equivalent units (TEU) from October totals, which marked the conclusion of the pre-holiday peak shipping season. But the decline was an improvement of last year's 11.6 percent sequential decrease.

McCown's report also touched on freight rates, indicating that October pricing on aggregate is 6.4 percent below averages calculated through the 2023 third quarter based on data from Container Trade Statistics (CTS). The CTS global pricing index is an aggregate measure of all loads actually moving—encompassing both spot rates and contract rates—based on data provided by the carriers. It is measured in nominal dollars against 2008 pricing, which is set at 100.

At an index of 69, October pricing is down 4.2 percent from the September index of 72. The index is 31 percent below what it was 15 years ago, McCown observed.

Source: sourcingjournal.com– Dec 19, 2023

HOME

****

Organic Cotton Accelerator Launches 'Organic Cotton Training Curriculum for Pakistan'

A new initiative by the Organic Cotton Accelerator (OCA) provides the best possible guidance on organic agronomic practices in Pakistan.

The publicly available "Organic Cotton Training Curriculum for Pakistan" provides standardized "training of trainers" curriculum tailored to the agriculture in the region. The web-based course includes 12 modules and an activity guide to work alongside existing training methods. It is available in English and Urdu.

Modules focus on training methods for farm extensions, an introduction to organic agriculture and different cotton species. It covers land preparation and field management, soil fertility and crop nutrition, pest and water management, crop diversification, and best practices for harvest and post-harvest.

Farmers also learn business planning strategies, certification processes and how to manage the crop calendar throughout different stages of the cotton season.

The curriculum is an adaptation of the material that was previously launched by the OCA for India in 2022. The training initiative was developed in collaboration with the Centre for Agriculture and Bioscience International and with the participation of Pakistan's Ministry for Food Security, the Pakistan Central Cotton Committee, Laudes Foundation and WWF-Pakistan.

"At the heart of OCA's mission are the farmers, and this curriculum is a testament to our commitment to empower and support in-conversion and organic cotton farmers," said Asif Mehmood, senior program manager, Pakistan at OCA. "The 'training of trainers' approach incorporated in the curriculum ensures a robust knowledge transfer system that will benefit Pakistani organic cotton farmers at large."

OCA says the curriculum arrives at "a crucial juncture for Pakistan's cotton sector as the country grows as a producer of organic cotton in the global market."

The multi-stakeholder accelerator launched its fieldwork in Pakistan in 2022 when devastating floods affected over one million hectares of agricultural land. Crop damages stemming from flash floods and monsoon rains affected 36 percent of the available sowing area, according to a report by the Policy Research Institute of Market Economy (PRIME).

In the first year, OCA reported that it has onboarded more than 1,200 farmers for its Farm Programme designed to build capacity and foster access to non-genetically modified seeds and bio-pesticides and financial incentives.

"Training or guidance material has always been a significant component of capacity building and motivation," said Hafiz Muhammad Bux, manager of WWF-Pakistan, which has partnered Pakistani denim producers like Artistic Fabric Mills, Artistic Milliners and Soorty to support local farmers transition to organic cotton.

"Besides OCA's contributions in developing a conducive environment of organic cotton cultivation in Pakistan, its passionate efforts to develop the Organic Cotton Training Curriculum (OCTC) will add value to the existing supports. This will help develop a team of professionals with hands-on knowledge on mandatory procedures and practices of organic cotton cultivation to better guide farmers and other stakeholders," he added.

Source: sourcingjournal.com – Dec 18, 2023

HOME

****

Pakistan: The dream of 200% growth in textile exports

The modest scale and sluggish growth of exports are major factors driving the country to frequently seek International Monetary Fund (IMF) bailouts.

Pakistan's export profile is not only limited in size but also lacks diversity. The textile industry bears the brunt of this responsibility, accounting for nearly half of all of the country's exports in goods and services in the last fiscal year, according to data from the State Bank of Pakistan (SBP).

During the latter stages of the pandemic, the textile sector saw a significant growth spurt, seizing market share as competitors in India and Bangladesh were forced to shut down to control the virus spread. Government incentives and subsidies played a key role in this growth, with textile exports increasing by 12.6% in FY21 and 28% in FY22.

Unfortunately, this upward trend did not continue. In the face of economic challenges and political crises, the textile sector experienced a downturn, with exports decreasing by 9.8% in FY23 and a further 6.3% in the first four months of the ongoing FY24.

However, the Ministry of Commerce's Export Advisory Council (EAC), comprising top figures from the textile industry, has put forward a highly ambitious export target. They propose that, with the right mix of incentives and reduced trade barriers, Pakistan's textile exports could soar to $50 billion within five years.

This target far exceeds the $16.6 billion in textile exports recorded last year and surpasses even Pakistan's total goods and services exports of $35.5 billion.

It seems that the EAC aims to increase textile exports by a staggering 200% compared to last year's figures, a goal that could herald a period of economic prosperity for Pakistan.

However, it's crucial for policymakers to adopt a broader perspective, considering both the historical performance of the textile sector and the current global business climate before structuring any incentives.

It's important to note that while the textile sector has shown impressive growth in the recent past, this surge was significantly influenced by the pandemic's disruption of global supply chains. A longer-term perspective reveals a rather disappointing picture of the sector's performance.

SBP data shows that from FY11 to FY20, Pakistan's textile exports remained stagnant, fluctuating between $12 billion and $13 billion. The pandemic did provide a boost, elevating textile exports to $18.4 billion by FY22. However, this increase represents a modest growth of only 44% over a 10-year span.

Therefore, an important question arises: Is it even possible for Pakistan's textile sector to achieve a 200% increase in exports over the next five years, considering it only managed 44% growth over the past decade in a more favourable economic environment? This query gains significance when we reflect on the advantages the sector previously enjoyed.

Historically, the textile industry in Pakistan has benefited from various incentives, including easy access to soft loans, refinance facilities, and subsidised energy rates.

The textile sector also operated during what is often referred to as the 'free money era', a time that started in the aftermath of the global financial crisis of 2008, in which the global central banks slashed interest rates and pursued expansionary monetary policies.

This era was characterised by reduced borrowing costs and heightened demand, which supported business growth.

Simultaneously, the global economy, encompassing Pakistan's key trade partners like the US, China, and the UK, experienced robust growth. This period of economic recovery followed the 2008-09 global financial crisis and continued until the onset of the Covid-induced recession in 2020.

Despite these favourable global conditions, the growth of Pakistan's textile sector during this time was notably lacklustre.

Now, Pakistan's textile industry is facing a tough business environment. With the State Bank setting interest rates at a record 22%, borrowing costs are higher than ever.

Concurrently, the global economic slowdown and the looming recession in some of Pakistan's trading partners like the UK signal a potential decrease in demand for textile products. This poses a major challenge for the textile sector, which must navigate economic difficulties both domestically and internationally.

The industry is likely to seek incentives such as tax breaks, reduced energy costs, and affordable financing to bolster its ambition of increasing exports to $50 billion. However, the onus lies on policymakers to evaluate the feasibility of this target. Given the present situation, it seems increasingly likely that the textile sector may struggle to even sustain its current export volumes, let alone achieve unprecedented growth rates.

The textile industry is undeniably vital to Pakistan's economy. It warrants appropriate incentives. Yet, the government's limited financial resources necessitate careful allocation, ensuring they benefit sectors with the highest potential for growth and employment. Policymakers must conduct a thorough cost-benefit analysis before allocating incentives to any sector.

Incentives should also be considered for other sectors, such as the oil refining industry. This could spur development of the oil sector, giving birth to other value-added industries (like petrochemicals) as well, contributing significantly to the economy. Enhancing refining capacity could not only improve energy security but also transform the oil refining into an export-oriented industry, offering substantial geopolitical advantages, as we have seen with India.

Another option could be to direct soft loans to individuals for home purchases. This bottom-up approach (unlike the trickle-down effect of other economic policies) could have a more direct impact on the masses. Such a scheme could rejuvenate the construction and real estate sectors, which, like textiles, are labour-intensive.

Policymakers must meticulously evaluate the potential of different sectors before allocating incentives, especially considering the country's challenging economic situation, the textile industry's track record, and the global business environment.

Source: tribune.com.pk– Dec 18, 2023

HOME

****

EBA makes Bangladesh top knitwear exporter to the EU replacing China

The duty facility under the Everything but Arms (EBA) scheme has, for the first time, made Bangladesh the top knitwear exporter in the European Union.

As per data from the Eurostat, from January-September 2023, EU's knitwear imports from Bangladesh reached $9 billion, exceeding he share of any other country, both in US dollar terms and in volume.

During the nine months, the bloc imported knitwear products worth $9 billion from Bangladesh against $8.96 billion from China.

EU's knitwear import from Bangladesh, during the period, weighed 571 million kg against 442 million kg from China, notes Faruque Hassan, President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

One of the reasons for Bangladesh's robust rise in knitwear exports to the EU is the country's recent investments in high value-added items, especially activewear, adds Hassan.

Last year, the EU imported clothing items weighing 1.33 billion kg from Bangladesh against 1.31 billion kg from China. In terms of value, however, its clothing imports were $7.3 billion less than China's.

Bangladesh also tops in the EU and the US in a few other areas in the garment sector.

For example, the country has been the leader in the EU in denim sourcing since 2014, with Turkey in second and Pakistan in third.

In 2020, the country overtook Mexico to become the largest denim exporter to the US. Pakistan came third in the largest market in the world.

Source: fashionatingworld.com– Dec 19, 2023

HOME

****

NATIONAL NEWS

Year End Review 2023 for Department of Commerce, Ministry of Commerce and Industry

Foreign Trade Policy 2023

Foreign Trade Policy 2023 (FTP 2023) was launched on 31st March 2023 in New Delhi by the Union Minister of Commerce and Industry, Shri Piyush Goyal. The Key Approach to the policy is based on these 4 pillars: (i) Incentive to Remission, (ii) Export promotion through collaboration - Exporters, States, Districts, Indian Missions, (iii) Ease of doing business, reduction in transaction cost and e-initiatives and (iv) Emerging Areas – E-Commerce Developing Districts as Export Hubs and streamlining SCOMET policy.

It focuses on emerging areas like dual use high end technology items under SCOMET, facilitating e-commerce export, collaborating with States and Districts for export promotion. The new FTP is introducing a one-time Amnesty Scheme for exporters to close the old pending authorizations and start afresh. The FTP 2023 encourages recognition of new towns through "Towns of Export Excellence Scheme" and exporters through "Status Holder Scheme".

The Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry implemented the Advance Authorisation Scheme under the FTP 2023, which allows duty-free import of inputs for export purposes. To make the norms fixation process more efficient, the DGFT has created a user-friendly and searchable database of Ad-hoc Norms fixed in the previous years. These norms can be used by any exporter without requiring a Norms Committee review as outlined in the FTP 2023.

An initiative to issue system based automatic 'Status Holder' certificates under FTP 2023 was launched on 9th October 2023. Now the exporter will not be required to apply to the office of DGFT for a Status Certificate and the export recognition will be provided by the IT system based on available Directorate General of Commercial Intelligence and Statistics (DGCIS) merchandise export electronic data and other risk parameters.

This perspective is a paradigm shift in doing things as it not only reduces compliance burden and promotes ease of doing business but also recognizes the need and importance of collaboration within the Government. The Status Holder certification program provides credibility to the Indian exporters in the international markets. In addition, it provides certain other privileges including simplified procedures under FTP 2023 and priority custom clearances on self-declaration basis, exemption from compulsory negotiation of documents through banks, exemption from filing Bank Guarantee for FTP schemes etc.

G20

The G20 Trade and Investment Ministerial Meeting (TIMM) was held in Jaipur on 24th and 25th August, 2023. The meeting was led by the Union Minister of Commerce and Industry. Under India's Presidency, the G20 Trade and Investment Ministerial reached a groundbreaking consensus on five concrete and action-oriented deliverables which have been adopted in the Outcome Document.

The first one being adoption of High-Level Principles on digitalization of trade documents wherein the G20 Ministers have enunciated 10 broad principles that comprehensively cover various dimensions of an effective transition to paperless trade. These principles will provide guidance to the countries in implementing measures related to the cross-border exchange of electronic trade-related data and documents, emphasizing the need for a secure interoperable and transparent paperless cross-border trade environment.

G20 Ministers also issued a Jaipur Call for Action for enhancing access to information for MSMEs. The Ministers called upon the International Trade Center (ITC), Geneva to work on a detailed implementation plan, in consultation with UNCTAD and WTO, for upgradation of ITC's Global Trade Helpdesk which would address the informational gaps faced by MSMEs.

The Ministers also endorsed a G20 Generic Mapping Framework for Global Value Chains (GVCs) which contained key building blocks of data, analysis, and representation of GVC data. The framework also advocated to identify key dimensions to help evaluate the resilience of GVCs both at the sectoral and product levels. Moreover, guiding principles for collaboration to address the need for keeping critical GVCs resilient and robust were also enunciated in the framework.

G20 Ministers welcomed the voluntary sharing of best practices on Mutual Recognition Agreements (MRAs) for professional services and supported the development of a Presidency's Compendium of best practices on MRAs for Professional Services.

G20 Ministers acknowledged the importance of mutual dialogues to reduce regulatory divergences and associated trade costs and also to prevent unnecessary trade frictions, monitor trade and investment-related measures and solve existing irritants. G20 Ministers welcomed the Presidency's suggestion to hold a G20 Standards Dialogue in 2023 that will bring together members, policymakers, regulators, standard-setting bodies and other stakeholders to discuss topics of common interest such as good regulatory practices and standards.

Bharat Mandapam

The Prime Minister, Shri Narendra Modi dedicated to nation the International Exhibition-cum-Convention Centre (IECC) complex at Pragati Maidan in New Delhi on 26th July 2023 and urged the nation to move ahead with the principle of 'Think Big, Dream Big, Act Big'. The complex has been named, 'Bharat Mandapam'. Prime Minister also unveiled the G-20 coin and G-20 stamp at the grand opening ceremony and participated in the naming ceremony of the Convention Centre. Developed as a national project at a cost of about Rs 2700 crores, the new Convention Complex will help showcase and promote India as a global business destination.

Bilateral Cooperation

India-USA

India and the United States held the 13th Ministerial-level meeting of India – United States Trade Policy Forum (TPF) in Washington, DC, on 11th January 2023. Union Minister of Commerce and Industry and the U.S. Trade Representative Ambassador co-chaired the meeting.

The Ministers launched a new working group on "Resilient Trade" to deepen bilateral dialogue on a range of issues that can enhance the resiliency and sustainability of the trade relationship by strengthening resilience in global supply chains, especially in the critical sectors.

Several rounds of meetings were held this year to resolve all the seven ongoing disputes at the World Trade Organization (WTO) between India and USA. Six disputes were resolved during the visit of the Prime Minister to USA in June 2023 and last one was resolved in September 2023 during visit of the President of the United States for G20 Summit.

The India-US Commercial Dialogue meeting held on 10th March 2023 in New Delhi was co-chaired by the Union Minister of Commerce and Industry and US Secretary of Commerce. One of the major outcomes was signing of Memorandum of Understanding (MoU) on establishing semiconductor supply chain and innovation partnership facilitating a collaborative mechanism between the two governments on Semiconductor Supply chain resiliency and diversification in view of US's CHIPS and Science Act and India's Semiconductor Mission. An MoU on "Enhancing Innovation Ecosystems through an Innovation Handshake" was signed between the two countries on the 14th of November 2023 in San Francisco to further strengthen start-up ecosystems of both countries. The leaders' Joint Statement during the historic official State Visit of Prime Minister in June 2023 announced the establishment of the "Innovation Handshake".

Click here for more details

Source: pib.gov.in – Dec 18, 2023

HOME

****

ICRA revises India's FY24 GDP growth projection to 6.5% from 6.2%

ICRA has revised its forecast for India's FY2024 GDP growth to 6.5 per cent from 6.2 per cent.

Despite the upward revision, ICRA's GDP growth projection remains lower than the monetary policy committee's revised forecast of 7 per cent for FY24.

The credit rating agency said that global commodity prices have remained benign in the ongoing quarter, with the Bloomberg Commodity Index trending 10.2 per cent lower than the year-ago levels in Q3 (October-December) FY24 (till December 15), similar to the extent of deflation seen in Q2 (July-September) FY24.

"The sustenance of deflation in commodity prices in Q3 FY24 is likely to continue to favour margins of some sectors such as manufacturing.

"This, combined with the festive-led uptick in volume growth in high frequency non-agri indicators as evinced by ICRA Business Activity Monitor in October-November 2023 leads us to believe that the GDP growth is likely to fare better in Q3 FY24 than what we had previously penciled in," the agency said in a report.

The ICRA Business Activity Monitor reported an uptick in year-on-year (YoY) growth to 11.3 per cent in October-November FY24 (+10.3 per cent in October-November FY23) from 9.5 per cent in Q2 FY24 (+12.2 per cent in Q2 FY23), suggesting that the growth momentum remained strong in the first two months of the ongoing quarter.

As many as eight of the 14 available indicators witnessed an uptick in their YoY performance in October-November FY24 relative to Q2 FY2024, partly supported by the festive-led healthy demand for goods and mobility.

Source: thehindubusinessline.com– Dec 18, 2023

HOME

****

India-Oman Comprehensive Economic Partnership Agreement; 2 rounds of negotiations held in less than 1 month

On the sidelines of the State Visit of the Sultan of Oman, His Majesty Haitham bin Tarik to India on 16 December 2023, Union Minister of Commerce and Industry, Government of India, Shri Piyush Goyal, and Minister of Commerce, Industry and Investment Promotion of the Sultanate of Oman, H.E. Qais Bin Mohammed Al Yousef, held discussions on bilateral trade and investment relations between the two countries in New Delhi. The leaders expressed satisfaction at the pace of ongoing negotiations for signing a India-Oman Comprehensive Economic Partnership Agreement (CEPA). The leaders underlined that holding two rounds of negotiations in quick succession in less than a month's time is a testimony that both the countries are committed to deepen the economic relations further. Substantively, negotiations on the text of the India - Oman CEPA have been largely completed. The leaders exhorted their respective negotiators to conclude discussions on the remaining issues paving way for early conclusion of India-Oman CEPA negotiations and signing of the Agreement.

Further, both Ministers also discussed the need for a focused approach on enhancing investments in both countries. It was decided that an Oman Desk would be created in Invest India for this purpose. Similarly, Invest Oman would also launch an India Desk. India and Oman share a longstanding history of friendship and cooperation, built on the foundation of mutual trust and respect, and strong people-to-people ties going back centuries. The two countries are strategic partners and the bilateral trade and investment relationship between them has flourished since diplomatic relations were established in 1955 which was upgraded to strategic partnership in 2008.

Bilateral trade between both the countries grew by 82.64% in 2021-2022 to reach US$ 9.99 billion. In 2022-2023, it further increased to USD 12.39 billion, more than doubling in the previous two years, in comparison to USD 5.4 billion in 2020-2021.

Source: pib.gov.in – Dec 18, 2023

HOME

****

India negotiating trade pact with EU, UK, Sri Lanka, Peru

India is negotiating free trade agreements with the European Union (EU), the UK, Sri Lanka, and Peru, according to a year-end review statement of the commerce ministry. India-European Union (EU) free trade agreement negotiations were formally re-launched on June 17 2022.

"Negotiations cover 23 policy areas/chapters. Six rounds of negotiations have been held till October 2023," the ministry said.

With the UK, 13 rounds of talks have been completed and the next round will take place in January 2024.

"India-Sri Lanka Economic and Technology Cooperation Agreement (ECTA) negotiations are ongoing with the 12th round of negotiations conducted from 30th October to 1st November 2023 in Colombo," it said.

It added that both sides also agreed to continue discussions on matters, including apparel quotas and pharmaceutical procurement.

With Peru, it said discussions on various chapters, including rules of origin, trade in goods, trade facilitation, sanitary, and phytosanitary measures were undertaken during this special round of talks.

Source: economictimes.indiatimes.com– Dec 19, 2023

HOME

****

UK's carbon tax may impact $775 mn worth of Indian goods

The UK on Monday decided to implement its carbon border adjustment mechanism (CBAM) from 2027, a move that could subject $775 million of Indian exports or 6.8% of the exports to the country to 14-24% tax, experts said. The implementation of CBAM will undergo a consultation phase in 2024, where the government will finalize the details, including the precise list of products to be covered.

The UK, after the EU, will be the second economy to implement CBAM. It calls the mechanism as the import carbon pricing mechanism. The CBAM will initially focus on sectors like iron, steel, aluminum, fertilizer, hydrogen, ceramics, glass, and cement. "The tax will be calculated based on the estimated carbon emissions involved in the production of these imported goods. Countries with carbon pricing schemes equivalent to the UK's will be exempt from this tax," said Ajay Srivastava, co-founder, Global Trade Research Initiative (GTRI).

For the EU, the tax range is 20-35%. Both the UK and the EU have implemented emissions trading systems (ETS) to cap and reduce greenhouse gas emissions. These systems work by setting a limit on the total amount of carbon dioxide emissions allowed and then issuing permits to emitters. Companies must purchase permits for each ton of carbon dioxide they emit, and the price of these permits is determined by supply and demand.

The main aim of UK CBAM is to ensure that imports are subject to the same rate of carbon tax as the UK producers pay through UK's ETS. Srivastava said that the UK CBAM will lead to an increase in prices in UK due to the higher costs of imported goods. However, expensive imports may help local production and investment in low-carbon technologies.

While the UK CBAM follows the EU model, the UK is also considering implementing voluntary product standards and developing a framework to measure the carbon content of goods. These initiatives are aimed at promoting low-carbon products and supporting other decarbonization policies.

Source: economictimes.indiatimes.com– Dec 19, 2023

HOME

****

India, UK 14th round of FTA talks in January

India and the UK will in January next year hold the next round of talks for the proposed free trade agreement (FTA) to resolve remaining issues, the commerce and industry ministry said on Monday.

The 13th round of negotiations for the proposed pact was held between September 18 and December 15.

“The round included sessions both in person, in London and Delhi, and virtual talks. As with round 12, these negotiations focussed on complex issues including goods, services, and investment,” the ministry said in a statement. The negotiations for the agreement were launched on January 13, 2021.

There are 26 chapters in the proposed pact. Talks have been stuck on certain crucial issue of visas, tariffs on whisky and rules of origin.

India wants greater access for its skilled professionals from sectors like IT and healthcare in the UK, market access for several goods at nil customs duties and social security agreement in the pact to ensure that employers are saved from making double social security contributions for the same set of employees posted in other countries. The UK’s demand on import duty concessions on electric vehicles, whisky and dairy products, is another sticky issue.

“The UK and India will continue to negotiate towards a comprehensive and ambitious FTA,” the ministry said. India’s imports from the UK in April-October were $4.7 billion while exports were $7.4 billion.

India’s main exports to the UK are ready-made garments and textiles, gems and jewellery, engineering goods, petroleum and petrochemical products, while key imports include precious and semi-precious stones, ores and metal scraps, and engineering goods.

Discussions are also going on between the countries on the bilateral investment treaty. Investment is being negotiated as a separate agreement and earlier, the plan was to conclude the two simultaneously.

Source: economictimes.indiatimes.com– Dec 18, 2023

HOME

****

Indian exporters stare at freight cost hikes as ships avoid Suez Canal

Indian exporters are staring at a rise in shipping costs as freight lines are forced to avoid the Suez Canal and take a longer route around Africa to reach the West following tensions in the Red Sea.

The alternative route around the Cape of Good Hope could increase shipping time between Mundra and Rotterdam by a third, experts said, adding that freight rates are likely to go up.

Leading global shipper Maersk on Tuesday said all its vessels bound for the Red Sea are being re-routed for safety reasons. All major global shipping lines paused their Suez Canal-bound vessels last week following attacks by the Houthi militia on freight ships in the region.

“We have faith that a solution enabling a return to using the Suez Canal and transiting through the Red Sea and Gulf of Aden will be introduced in the near future, but at this time it remains difficult to determine exactly when this will be," Maersk said in a client advisory.

An estimated $200 billion worth of Indian exports flow every year through the key waterway connecting the Mediterranean and the Red Sea. With the Suez Canal becoming unusable, India’s exports of manufactured goods including automotive parts, agricultural products, chemicals, textile and readymade garments and pharmaceutical products are likely to be affected.

“Decision of several shipping lines to avoid Red Sea and go through Cape of Good Hope shall disrupt trade, causing delays and incremental costs," Shashi Kiran Shetty, founder and chairman, Allcargo Logistics, said.

Considering the macroeconomic environment, the freight rates may not go up much due to limited capacity for trade to absorb. However, longer transit time will impact sailing schedules and service reliability, causing delays. Should shipping lines decide to use Red Sea, there may still be an impact, as war surcharge may increase, leading to higher cost, he said.

Source: livemint.com– Dec 19, 2023

HOME

****

Commerce Ministry to help exporters maintain proper documentation to deal with U.S. countervailing duty cases

The Commerce Ministry has started an exercise to help Indian exporters keep proper documentation to deal with U.S. countervailing duty cases on domestic products, an official said.

As part of the exercise, teams of the Directorate General of Foreign Trade (DGTR) and Directorate General of Trade Remedies (DGTR) are working on a roadmap to work on the kind of documentation that needs to be maintained by Indian exporters.

Before imposing countervailing or anti-subsidy duty (CVD), a country carries out detailed investigations on products which it believes that its trading partner is subsidising for export purposes. Subsidising exports is a kind of unfair trade practice.

Countervailing duties can only be imposed if the investigating agency of the importing country determines that the imports of the product in question are subsidised and are injuring a domestic industry.

Imposition of this duty does not prohibit or restrict imports. World Trade Organization (WTO) allows its member countries to use these tools to provide a level-playing field to their domestic players.

The U.S. has conducted countervailing investigations and submitted final determination on three Indian products – paper file folders, common alloy aluminium sheet, and forged steel fluid end blocks.

The European Commission too has conducted a similar probe on certain graphite electrode systems from India.

The Indian government and the affected exporters have strongly defended the subsidy allegation against various programmes and schemes of the government, both at Central and State level, in their written and oral responses during the conduct of investigations, the official said.

While imposing CVD, it has been stated that there is a need for a reasonable and effective system to confirm inputs, consumption amount and imposed indirect taxes.

The official said that products which the U.S. have investigated involved reimbursement of levies like electricity duty, VAT on fuel or APMC taxes. These levies are reimbursed under the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP), a WTO-compliant measure.

"What the US authorities want is a highly technical kind of a report under the investigation. So what we are trying to do is that in association with the DGTR and their team, we are now trying to sensitise exporters about the kind of documentation which they need to maintain to satisfy the US investigating authorities," the official who did not wish to be named said. The DGFT has recently held a meeting with the DGTR on the issue.

"Now we are working on a roadmap as to what kind of documentation should be maintained by our exporters so that our exporters are able to produce those documents before the investigating authorities. In addition to that, a certain random test check by Indian authorities would also be required. So on both these steps, we have initiated action," the official added.

RoDTEP scheme has been implemented for exports from January 2021 to refund, currently un-refunded taxes/duties/ levies, which are not being refunded under any other mechanism, at the central, state and local level, but which are incurred in the process of manufacturing and distribution of exported products.

The scheme is being implemented by the Central Board of Indirect Taxes and Customs (CBIC), Department of Revenue, in an end-to-end IT environment.

Source: thehindu.com– Dec 17, 2023

HOME

****

'India has opportunities to tap into global textile market'

India has huge opportunity to tap into the international textile and apparel market, said the newly-elected president of International Textile Manufacturers Federation (ITMF) K.V. Srinivasan.

Mr. Srinivasan, who is the first south Indian to head the international association, told presspersons here on Tuesday international buyers wanted to source more from countries other than China. This offered opportunities for Indian suppliers. However, the drop in demand globally and high inflation had hit the industry globally. Apart from this, in India, the demand was "surprisingly low for textiles" even during the festival season.

The scope to improve the competitiveness of the Indian industry was there in some segments, he added.

The ITMF organises annual three-day conference and also conducts a monthly survey involving stakeholders from the entire supply chain.

The Southern India Mills' Association organised a felicitation function for Mr. Srinivasan on Tuesday and Christian P. Schindler, Director General of ITMF, made a virtual presentation on the long and short-term developments in the global textile industry. According to the November survey, majority of the participants said the current business situation was poor and they had optimistic expectations for the future, he said.

Source: thehindu.com– Dec 19, 2023

HOME

****

How research and forecasting can fast forward growth of fashion and textile MSMEs

MSMEs have a significant role to play in India's textile and apparel trade. It is estimated that this sector employs about 45 million people directly and nearly 60 million people indirectly. This labour-intensive industry is also the second largest provider of employment in India.

Today India ranks third in the export of textile and readymade apparel in the world, contributing up to 4.6 per cent share in the global trade. However, there is a story of growth unfolding in the Indian domestic industry that is very exciting. The Indian textile and apparel market size reached $172.3 billion in 2022. Looking forward, the market is expected to reach $387.3 billion by 2028, exhibiting a growth rate (CAGR) of 14.59 per cent during 2023-2028, as per a report by IMARC Group.

There are many factors contributing to this change. The undisputed increase in disposable income of the middle class with a surge in spending on fashion and accessories has been a game changer. Further, the rise of e-commerce platforms has transformed the retail landscape as they have made it easier for customers to access a wide range of fashion products. The expected rise of 110 million middle-income households will fuel this further. This opportunity is facilitating the entry of MSMEs into this market with varied products.

However, the key to success in any industry is understanding the consumer "Want"! Any product launched in sync with the consumer's want can provide the recipe to success. A product launch in the textile and fashion industry has significant lead time as it takes between 4-9 months to get a product from idea to execution. Predictive science needs to come in to visualize a consumer's ask at the beginning of the creation cycle. That's where in-depth research and referring to forecasts has to take over.

Consumer buying is stimulated by both subliminal and obvious influences. From the buzz in celeb lifestyle or designer community, social media content being consumed to travel, politics, F&B, home interiors and global initiatives, there are multiple sources of influences on the fashion that we consume. Only predictive analysis of consumer preferences through research can point towards latent and future consumer wants.

Most MSME product creation teams are usually lean with a limited bandwidth. In the absence of research, the gut takes centerstage and most decisions are taken basis the feel of that moment. These unbacked decisions can be costly and most get updated with published forecasts. Relying on a forecast that takes into account all influencing factors is a way to de-risk the business. The famous “spray and pray method”-based gut feel in development is fraught with risk. A product launch must integrate research with historical data analytics and with a forecast of future trends as companies take a call on the right products to invest in.

The second point to focus on should be product differentiation. A unique fresh product in sync with consumer wants can again aid and abet steady success. The opportunities mentioned above have created a competitive landscape. The next research should be on market scoping, identifying green areas where products are lacking. There is a huge significance in investing in innovative new designs and materials to create distinctive and trend-setting products that cater to evolving consumer preferences.

MSMEs shouldn’t shy away from collaborations and partnerships with designers, artisans or other industry stakeholders. Further customization and personalization in products will allow the companies to connect with the consumer at a more intimate level and stand out in a competitive market.

A point to note is the increased awareness of consumers towards sustainable and eco-friendly products. The modern consumer now understands that the production process too needs to be sustainable, which is slowly becoming a factor in purchase decisions. While organic cotton has always been popular, recycled fibres are being preferred now along with biodegradable materials and waterless dyeing techniques. And manufacturers should endeavour to deliver in this realm.

Ultimately, catalyzing business beyond exports and focusing on our own domestic market is the need of the hour. And for this, we must rely on indigenous research and forecasts that can get the pulse of the consumers.

Source: financialexpress.com– Dec 17, 2023

HOME

****