TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

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. 7 of 2024 **January 09, 2024**

Currency Watch			
USD	EUR	GBP	JPY
83.13	91.07	105.95	0.58

INTERNATIONAL NEWS	
No	Topics
1	Global inflation rate to dip in '24, still tops central banks' targets
2	Germany's exports rise 3.7%, imports up 1.9% in November
3	What Red Sea Disruption Could Mean for East Coast Ports
4	Mango to open four new stores in Washington DC
5	Europe to see modest economic rebound in 2024: UN report
6	Euro area & EU's volume of retail trade dips in November 2023
7	Knitwear items totaled 47 per cent of Bangladesh’s total RMG exports in 2023.
8	H&M to invest in offshore wind project in Bangladesh
9	Bangladesh: Garment exports up, but imports of inputs slump
10	Pakistan: Low yield, import issues behind record surge in cotton prices

NATIONAL NEWS	
No	**Topics**
1	India's exports may take a $30 billion hit on Red Sea threats
2	EFTA: Trade deficit, Swiss blanket removal of import duties to hurt India
3	GAEC application for SCOMET items: Exporter must have trust in end user
4	India-UK FTA dialogue to enter final stage on Jan 10
5	Next round of India-Oman FTA talks from Jan 16; negotiations progressing well: Official
6	Top 3 States contribute 40% of registered MSMEs in India: report
7	Ludhiana textile industry struggling with lagging sales
8	Maersk & India's Tamil Nadu state sign MoU to boost trade & logistics

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

Global inflation rate to dip in '24, still tops central banks' targets

Inflation expectations globally are set to decline in 2024 but will still remain above the targets set by central banks, according to the latest Economic Experts Survey conducted by the ifo Institute and the Swiss Economic Policy Institute.

The survey indicates a projected global average inflation rate of 5 per cent for 2024, marking a notable drop from the 6 per cent expected in the third quarter of 2023, yet still maintaining a significantly high level.

This 5 per cent rate, representing the median of average expected inflation rates at the country level, highlights considerable regional variations, with some areas like Africa anticipating dramatically higher inflation compared to the rest of the world.

Despite the short-term expectations showing a downward trend, experts foresee high inflation rates persisting globally in the upcoming years. For 2025, the average expected inflation rate is projected at 4.4 per cent, indicating a further decline compared to 2024, as per the survey.

Looking at the long-term scenario up to 2027, inflation expectations are still high at 3.6 per cent, though they have decreased from the previous quarter's projection of 4.4 per cent.

The survey reveals stark regional disparities in inflation expectations. For 2024, Western Europe is expected to have the lowest inflation rates at 3.1 per cent, with Central and North America and Northern Europe having similar expectations ranging between 3.2 per cent and 3.8 per cent.

In sharp contrast, regions like North Africa and South America anticipate significantly higher short-term inflation rates, at 45 per cent and 29 per cent respectively.

Despite these variations, the survey suggests a general decline in inflation expectations for most regions compared to the previous quarter.

By 2027, experts anticipate inflation rates in Western Europe, North America, and Northern Europe to almost align with the central banks' target of 2 per cent.

However, regions like East Africa and North Africa are expected to continue experiencing high long-term inflation rates, projected at 41 per cent and 25 per cent, respectively.

Source: fibre2fashion.com– Jan 08, 2024

HOME

****

Germany's exports rise 3.7%, imports up 1.9% in November

In November 2023, Germany's exports rose by 3.7 per cent and imports by 1.9 per cent compared to October 2023, according to the latest figures from the Federal Statistical Office (Destatis). However, when compared with November 2022, there was a noticeable decrease, with exports down by 5 per cent and imports falling by 12.2 per cent.

The total value of exports reached €131.2 billion, while imports stood at €110.8 billion in November 2023, after adjusting for calendar and seasonal variations. This resulted in a foreign trade surplus of €20.4 billion for the month, an increase from the €17.7 billion in October 2023 and significantly higher than the €11.9 billion recorded in November 2022.

Germany's trade with European Union (EU) member states also saw a positive trend. Exports to EU countries rose by 5.4 per cent to €71.5 billion, and imports increased by 2.8 per cent to €58.9 billion in November 2023 compared to the previous month. Specifically, exports to euro area countries totalled €50.3 billion, a 5.3 per cent increase, while imports from these countries were up 2.4 per cent to €39.2 billion. Trade with EU countries outside the euro area also grew, with exports at €21.2 billion and imports at €19.7 billion, as per Destatis.

Regarding trade with non-EU countries, exports amounted to €59.7 billion, and imports totalled €51.9 billion in November 2023. Compared to October 2023, exports to these countries grew by 1.8 per cent and imports by 0.8 per cent.

The US remained the top destination for German exports, despite a 1.4 per cent decline from October 2023, totalling €13.4 billion. Exports to China and the UK showed increases of 3.1 per cent and 15.2 per cent, respectively.

China was also the largest source of imports to Germany, with a value of €13 billion in November 2023, marking a 3.1 per cent increase from the previous month. Imports from the US and the UK also rose, recording increases of 3 per cent and 6.3 per cent, respectively.

Trade with Russia showed a significant calendar and seasonally adjusted increase of 12.8 per cent to €0.7 billion in exports in November 2023 compared to October. However, compared with November 2022, exports to Russia decreased by 38.3 per cent. Imports from Russia decreased by 14 per cent to €0.2 billion in November 2023 from October and were down by 88.4 per cent compared with November 2022.

On a nominal basis, Germany exported goods worth €139.2 billion and imported goods totalling €117.2 billion in November 2023. This represents a 4.9 per cent decrease in exports and a 12.1 per cent decline in imports compared with November 2022. The unadjusted foreign trade surplus stood at €22 billion in November 2023, up from €13 billion in the same month of the previous year.

Source: fibre2fashion.com– Jan 08, 2024

HOME

****

What Red Sea Disruption Could Mean for East Coast Ports

Recent Houthi attacks targeting commercial cargo traffic in the Red Sea have had no shortage of global implications, freight rate increases and product delays among them. Now, America's East Coast ports will be next to feel the ripple effects from the geopolitical crisis, according to Ben Hackett, founder of maritime consultancy Hackett Associates.

Addressing the latest Global Port Tracker report from Hackett Associates and the National Retail Federation (NRF), published Monday, Hackett said trans-Atlantic voyages from Shanghai to Savannah are running six days longer than what's usually a month-long trip. Retailers like Next, the British fashion giant, are reporting up to two-week delays, he said.

"The number of containers arriving at East Coast ports should not be directly affected if carriers add ships to maintain capacity, but shippers will have to adjust their supply chains to cope with longer transit times," Hackett said in a statement. "We may see an increase of Asian cargo arriving at West Coast ports and then shipped east via intermodal rail, but doing so is costly and does not save that much time. As might be expected, carriers are passing on the additional voyage costs and then some."

Brian Bourke, chief commercial officer of Seko Logistics, told Sourcing Journal that while Europe has seen the largest impact from the reroutings, the U.S. East Coast would feel the second largest impact, ahead of the West Coast.

This comes as much of the cargo business that shippers had recently given to East Coast gateways has already shifted back to the West Coast. Right now companies are worried about congestion at the drought-stricken Panama Canal and looming labor negotiations covering East and Gulf Coast ports.

"East Coast options now are becoming really limited," Bourke said. "When everyone starts to shift their volumes to the West Coast and you have demand spike, that's where you have the spillover that's happening, where it's not just Asia to Europe...this is having this ripple effect that we saw during the pandemic. If there's congestion in Los Angeles, it's going to cause congestion in Savannah."

Bourke noted the challenges importers will face when planning their transportation budget this year, given the uncertainty of when major carriers like Maersk, MSC and Hapag-Lloyd will return to the Red Sea, as well as increasingly volatile freight rates.

"When you have 100 vessels waiting in queue in the San Pedro Bay, people are going to start using other options, but when everyone uses the same options all at the same time, that's when you create this spillover," Bourke said. "That's what's happening. You have a perfect storm of a couple of blockages that are creating constriction in supply."

While Bourke doesn't expect port congestion and freight rates to reach pandemic-level insanity, Seko framed the Red Sea crisis in terms of a notable disruption three years ago.

"It's worse than when the Evergreen vessel was stuck in the Suez, because as disruptive as that event was, we all knew that that ship would get towed away at some point," Bourke said. "Nobody knows when this is going to end."

U.S. ports see 6.6% increase in cargo volume

The 10 U.S. ports covered by the Global Port Tracker handled 1.89 million 20-foot equivalent units (TEUs) of inbound cargo volume in November, up 6.6 percent from the year prior but down from last month's projections of 10.5 percent growth to 1.96 million TEU.

The numbers were also down 8 percent from the 2.06 million TEU handled in October, but the decline is typical of the end of the pre-holiday peak shipping season.

Ports have not yet reported December numbers, but the Global Port Tracker projected the month at 1.89 million TEU, up 9 percent year over year.

That would bring 2023 totals to 22.3 million TEU, down 12.8 percent from 2022. Imports during 2022 totaled 25.5 million TEU, down 1.3 percent from the annual record of 25.8 million TEU set in 2021.

To kick off the new year, volume is expected to rise to 1.92 million TEU in January, a year-over-year increase of 6.1 percent, before slowing for the remainder of the quarter. February is forecast at 1.76 million TEU, up 13.8

percent year over year, and March is forecast at 1.7 million TEU, up 4.7 percent from last year.

February is traditionally the slowest month because of Lunar New Year factory shutdowns in Asia but the timing of the holiday and its impact on cargo varies. April is forecast at 1.79 million TEU, up 0.2 percent year over year, and May at 1.92 million, down 0.8 percent from last year.

Source: sourcingjournal.com– Jan 08, 2024

HOME

****

Mango to open four new stores in Washington DC

European fashion brand Mango plans to open to four new stores in Washington DC in 2024.

These stores will be located in Tysons Corner Center, Pentagon City Mall, Westfield Montgomery in Bethesda, and at 950 F St., Washington, DC. Besides, the brand will also open another store in the King of Prussia Mall in Pennsylvania.

Spread across 4,300 sq ft, the Tysons Corner Center store will sell the brand's womenswear range. All of these four stores will be based on the brand's new concept called, 'New Med' that reflects a Mediterranean home with its soft shades and neutral hues combined with traditional, handcrafted, sustainable, and natural materials, such as ceramic, tuff, wood, marble, esparto grass and leather.

Barcelona-based fast fashion brand Mango forayed into the US market in 2006. The brand has stores across New York, Florida, Georgia and California. As a part of its larger US expansion plan, it plans to set up more stores in Washington DC and Pennsylvania.

Source: fashionatingworld.com– Jan 08, 2024

HOME

****

Europe to see modest economic rebound in 2024: UN report

In 2024, Europe is set to experience a modest economic rebound, according to the UN World Economic Situation and Prospects (WESP) report. The projected growth comes amidst a backdrop of high interest rates, strict fiscal policies, and ongoing geopolitical conflicts, which are expected to constrain the region's economic performance.

The global economy, having shown unexpected resilience in 2023, continues to face short-term risks and structural vulnerabilities. The primary concern is the prospect of a protracted era of tight credit and high borrowing costs, which poses significant challenges for a debt-laden world economy. These conditions are especially crucial as there is an urgent need for increased investments to stimulate growth, combat climate change, and make progress towards the sustainable development goals (SDGs).

Europe, in particular, will feel the brunt of monetary tightening. The impact of previous rate hikes and reduced liquidity is now becoming evident in the real economy. Consumer and business confidence across Europe remains subdued, despite a slight easing of the energy crisis. The European Union (EU) expects an average economic growth of 1.2 per cent in 2024, a slight increase from 0.5 per cent in 2023 but still lagging behind the pre-pandemic average of about 2 per cent. This mild recovery is likely to be supported by an increase in consumer spending, driven by slowing inflation, rising real wages, and strong labour markets, as per the report.

Additionally, demand for EU exports, which saw a significant decline last year, is anticipated to recover as global trade gradually improves. However, fiscal policies are expected to tighten, with governments scaling back on energy subsidies and inflation support measures, while starting a gradual fiscal consolidation.

Among the larger European economies, Germany faces notable challenges. The country saw a 0.1 per cent contraction in its GDP in 2023 and anticipates a modest recovery to 0.7 per cent in 2024. Structural challenges, such as labour shortages, reliance on energy-intensive industries, and inadequate investment in areas like digital infrastructure, continue to impede growth. In the UK, high interest rates and fiscal tightening are significant obstacles to growth, with projections suggesting a slowdown from 0.5 per cent in 2023 to 0.4 per cent in 2024.

The labour market across Europe, though showing signs of cooling, remains robust. Inflation is expected to decline further, with the European Union forecasted to see a decrease from 5.9 per cent in 2023 to 3.1 per cent in 2024, and the UK from 7.4 per cent to 3.6 per cent. Major central banks in Europe have indicated that policy rates are nearing their peak. However, they are likely to maintain a restrictive monetary policy until inflation consistently approaches the target.

Despite the economic challenges, the European labour market has shown resilience. Signs of a slowdown are emerging, with employment growth decelerating, job vacancies declining, and firms' employment expectations deteriorating. Unemployment rates might increase slightly in 2024, but labour markets are expected to stay relatively tight, given the ongoing labour shortages in both high-skilled and low-skilled occupations.

Source: fibre2fashion.com– Jan 08, 2024

HOME

****

Euro area & EU's volume of retail trade dips in November 2023

In November 2023, the seasonally adjusted volume of retail trade decreased by 0.3 per cent in the euro area and by 0.2 per cent in the European Union (EU) compared with October 2023, according to the latest estimates by Eurostat, the statistical office of the EU. The retail trade volume increased by 0.4 per cent in the euro area and by 0.5 per cent in the EU in October 2023.

In a year-on-year comparison, November 2023 saw a more pronounced decline. The calendar-adjusted retail sales index fell by 1.1 per cent in the euro area and by 1 per cent in the EU when compared with November 2022. A sector-specific analysis for November 2023 shows that the volume of retail trade for non-food products decreased by 0.4 per cent in the euro area and by 0.3 per cent in the EU, compared with October 2023, as per Eurostat.

The data also revealed significant variations among EU member states. Germany experienced the largest monthly decrease in total retail trade volume, dropping by 2.5 per cent, followed by Luxembourg and Austria, with decreases of 1.4 per cent and 0.7 per cent, respectively. On the other hand, Portugal saw the highest increase at 3.1 per cent, with Croatia, Slovenia, Malta, and Romania also experiencing notable growth.

In a year-on-year comparison within the euro area for November 2023, the volume of retail trade for non-food products decreased slightly by 0.2 per cent. Similarly, the EU recorded a 0.2 per cent decrease in the same category.

Among the Member States, Slovenia recorded the largest annual decrease in total retail trade volume, with a significant drop of 11.1 per cent. Estonia and Hungary also saw substantial decreases of 8.8 per cent and 5.4 per cent, respectively. Conversely, Spain led the pack with the highest increase in retail trade volume, registering a 6.8 per cent rise, followed closely by Croatia and Denmark with increases of 6.4 per cent and 6.3 per cent, respectively.

Source: fibre2fashion.com– Jan 07, 2024

HOME

****

Knitwear items totaled 47 per cent of Bangladesh's total RMG exports in 2023.

The country recorded earnings worth $26.55 billion from export of knitwear items during the year while $24.71 billion were generated from the export of woven garments. In total, Bangladesh's earnings from RMG exports totaled $45.70 billion against total export earnings of $54.70 billion.

The rise in knitwear exports is attributed to the strong backward linkage, the sector's capacity to ensure quick delivery of products, and the government's policy support, etc.

Besides changing patterns in fashion and acceleration of delivery services, the government's support in the form of cash incentives and utilities also helped entrepreneurs invest in the segment, say exporters.

Exporters of woven garments however, faced absence of backward linkages and longer lead times. According to Fazlee Shamim Ehsan, Vice President, BKMEA, majority of the segment's demand for raw material like fabric is met through imports.

These exporters need huge investments along with simplified banking procedures to enable them to invest in the woven backward linkage, he adds.

Source: fashionatingworld.com– Jan 08, 2024

HOME

****

H&M to invest in offshore wind project in Bangladesh

Swedish fast fashion retailer, H&M Group plans to invest in a large-scale offshore wind project being developed by Copenhagen Infrastructure Partners in Bangladesh.

With a planned capacity of about 500 MW, the project is set to be the first utility-scale offshore installation in Bangladesh. It would supply 40 per cent of the country's power by 2041. Once completed, the installation would cut the country's annual emissions by a projected 725,000 metric tonne.

H&M will collaborate with Danish retailer Bestseller for the $100 million project being funded by Copenhagen Infrastructure Partners and Global Fashion Agenda. The project is likely to begin operations by 2028.

As per a part of its Green Fashion Initiative, H&M has till date funded 17 projects aimed at reducing 190,000 metric tonne of carbon emissions annually.

In November 2023, the company collaborated with DBS bank to create a financing program to offer loans on favorable terms to suppliers aiming to displace fossil fuels.

In 2023, H&M teamed up with one of its manufacturers in India, Raj Woollen to install solar panels, energy-efficient motors and water conservation technologies across the country. In 2022, the company reduced the number of suppliers using on-site coal boilers from 90 in 2021 to 70 in 2022.

Source: fashionatingworld.com– Jan 08, 2024

HOME

****

Bangladesh: Garment exports up, but imports of inputs slump

Finger pointed at dollar crisis, gas crunch and weak global fashion demand

Raw-material imports for Bangladesh's export-oriented readymade garment (RMG) industry dipped sharply in 2023, despite the sector maintaining a 3.67-percent year-on-year growth in exports, data showed.

Textile and apparel leaders attributed the import decline to a combination of factors: ongoing dollar crisis, sluggish global demand for RMG and local millers operating below capacity due to gas crunch.

According to millers, cotton imports fell significantly due mainly to the dollar crisis. They said gas constraints limited their production capacity to around 60 per cent.

Apparel sector leaders, however, noted a rise in the use of locally produced yarn and fabric, alongside increased imports of non-cotton or man-made fibres (MMF) and recycled yarn from garment and textile waste.

Data from the Bangladesh Textile Mills Association (BTMA) compiled from central bank figures shows a 24.85 per cent drop in cotton imports in 2023 to 1.35 million tonnes -- down from 1.80 million tonnes in 2022.

Similarly, another key RMG input yarn imports declined by 10.11 per cent to 0.92 million tonnes last year, compared to 1.03 million tonnes in 2022.

Woven and knit fabric imports also saw declines last year, falling by 14.49 per cent and 10.34 per cent respectively, to 0.49 million tonnes and 0.31 million tonnes in 2023.

The country imported 0.57 million tonnes and 0.35 million tonnes of woven and knit fabric respectively in 2022, according to BTMA data.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA), pointed the finger at inconsistent gas supply, forcing mills to run at reduced capacity, for the cotton import fall.

He said many spinners, who primarily import cotton for the domestic market and do not have access to the export development fund, faced import difficulties amid the dollar crisis.

According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), RMG exports fetched the country $47.38 billion last year -- a 3.67 per cent increase from $45.70 billion in 2022.

Faruque Hassan, president of the BGMEA, credited an increased use of domestic yarn and fabric, leading to greater value addition, for 2023 export growth.

Garment exporters sourced more local materials and also utilised some previously imported stock, he told The Financial Express.

Moreover, imports of non-cotton or man-made fibre (MMF) significantly increased in 2023, as Bangladeshi manufacturers diversified their production towards value-added items beyond cotton, Mr Hassan said.

BTMA data shows a 13.39 per cent rise in polyester and viscose fibre imports in the January-November period compared to the corresponding period in 2022.

According to industry people, Bangladesh largely manufactures cotton-based products as 75 per cent of the readymade garments shipped for export are cotton-made.

However, Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), had a different opinion about the import fall. He translated the import fall of RMG inputs into declining export orders.

"Cotton is the core raw material for the RMG sector and the country is completely import-dependent," he said in his argument.

Mr Hatem, however, admitted some value additions which, he said, might have played a role in the reduced yarn and fabric imports.

Source: thefinancialexpress.com.bd– Jan 08, 2024

HOME

****

Pakistan: Low yield, import issues behind record surge in cotton prices

Last week, cotton rates went up by Rs1,500 per maund to reach the mark of Rs20,000 per maund, the highest price during the last four and a half months.

Observers expect the rates are set to go further up because of limited availability of quality cotton in the domestic market and a significant fall in the local cotton production against the projections in Punjab.

Karachi Cotton Brokers Forum chairman Naseem Usman says textile mills remained active in the purchase of quality lint in the local cotton market during the first week of the new year that pushed the prices up. He says that trade volume was also better as compared with the last few weeks.

He believes that the cotton production report by the Pakistan Cotton Ginners Association basically played a role in a bullish trend in the market as it confirmed that the crop output by the season end might not cross the 8.5million bales mark against the revised target of 11.15m bales.

The PCGA statistics suggest that the country may need to import 4.0m bales to meet requirements of the local textile industry, which consumes around 15m bales per annum.

Cotton Ginners Forum chairman Ihsanul Haq says domestic cotton prices increased by a record Rs1,500 due to limited availability of the commodity in the market and he expects that the price increase trend will continue in the coming weeks.

He recalls that at the beginning of the ongoing crop year, cotton prices reached Rs23,000 per maund, the highest level in the country's history, before falling to Rs17,000 per maund due to certain reasons, including lower domestic output against the figures projected by the agriculture authorities.

Haq says that as of Dec 31, 2023 Pakistan produced only 8.17m bales, which has raised concerns that the total production of cotton this year will be less than 8.5m bales. Meanwhile, due to certain global issues, including the attacks on vessels in the Red Sea, there are problems in the import of cotton by sea, he adds.

This has sent the domestic cotton market into bullish mode as the Karachi Cotton Association made a record increase of Rs1,300 per maund in the spot rate of cotton during the last week.

As a record 272 textile mills from Pakistan are participating in the Heimtextil, an international textile fair starting from Tuesday (January 9) in Frankfurt, Germany, it is expected that they will get a good number of export orders for various textile products.

Mr Haq says that this factor, plus the continuing trend of China making lint purchases from the United States, Pakistan will further add to the prices in the domestic cotton market.

He says that cotton growers are happy with the bullish trend as the prices of phutti (raw cotton) in different markets have gone up to Rs9,400 per maund and this may help persuade them to sow the crop next year, hoping good profits.

However, if the present cold wave continues for some more time, it may delay cotton cultivation in areas where the process starts in the second or third week of February, Haq fears.

Source: dawn.com– Jan 08, 2024

HOME

****

NATIONAL NEWS

India's exports may take a $30 billion hit on Red Sea threats

India may see around $30 billion shaved off its total exports in the current fiscal year, as threats to cargo vessels in the Red Sea lead to a surge in container shipping rates and prompt exporters to hold back on shipments.

The initial assessment, conducted by the Research and Information System for Developing Countries, a New Delhi-based thinktank, would mean a 6.7% drop in Indian exports, based on last fiscal year's $451 billion total.

"The crisis in the Red Sea would indeed impact India's trade and may lead to further contraction," said Sachin Chaturvedi, the director general of the thinktank.

The government hasn't released any official estimates on the impact of the Red Sea crisis on Indian exports.

The number of ships passing through the Suez Canal is down about 44% compared to the average for the first half of December, according to Clarkson Research Services Ltd, a unit of the world's largest ship broker. Vessels with a combined tonnage of about 2.5 million gross tons passed through in the week to Jan. 3, compared with about 4m tons at the start of last month, they said.

Yemen's Iran-backed Houthi militants have targeted vessels transiting through the Red Sea with missiles in recent weeks. The Houthis say they are going after any vessels that have a connection with Israel.

For India, the Red Sea is a major route for shipping to Europe, the US East Coast, the Middle East and African countries. Prime Minister Narendra Modi's government is in discussions with export promotion councils to find ways to protect trade transiting through the route, according to two officials familiar with the matter.

Last week, India sent a warship to the Arabian Sea where a Liberian-flagged vessel said it was hijacked near Somalia's coast. The Indian Navy said it "successfully rescued" the ship.

The threats have pushed Indian exporters to hold back around 25% of the outbound shipments transiting through the Red Sea, according to Ajay Sahai, director general of the Federation of Indian Export Organizations, which falls under India's Trade Ministry.

"In many cases, both buyers and exporters are also renegotiating contracts to adjust to surging freight charges," he said.

The spot rate for shipping goods in a 40-foot container from Asia to northern Europe now tops $4,000, a 173% jump from just before the diversions started in mid-December, Freightos.com, a cargo booking and payment platform, said Wednesday. Rates from Asia to North America's East Coast have risen 55% to $3,900 for a 40-foot container.

India usually exports a variety of goods including petroleum products, cereals, and chemicals using the Red Sea route. Exports in the current fiscal year are already flagging with a 6.5% contraction in the April to November period from a year ago, according to government data.

The Red Sea disruption could hit margins for India's oil and auto sectors, Madhavi Arora, a lead economist with Emkay Global Financial Services Ltd, wrote in a note published Dec. 22. But the bigger concern could be inflation, which has been above the central bank's comfort zone of 4% since the end of 2019.

"Higher global freight and insurance rates, possible upside risk to oil and global trade and re-emergence of potential supply chain would mean cost push inflation pressures," she said.

Source: economictimes.com– Jan 08, 2024

HOME

****

EFTA: Trade deficit, Swiss blanket removal of import duties to hurt India

Large trade deficit with Switzerland and its decision to remove import duties on almost all industrial goods for all countries starting January 1 would limit gains for India under the proposed trade agreement with EFTA bloc, a report said on Monday.

The report by economic think tank GTRI said the trade agreement in the current format will not help Indian exports and will result in higher imports and wider trade deficit.

India and the European Free Trade Association (EFTA) are negotiating a free trade agreement, officially dubbed as Trade and Economic Partnership Agreement (TEPA) with a view to boosting economic ties.

FTA (free trade agreement) negotiations were initiated in January 2008. EFTA members are Iceland, Liechtenstein, Norway, and Switzerland.

"The Indian side faces challenges in achieving a balanced outcome in the agreement with EFTA. There are concerns due to the large trade deficit in favour of EFTA, Switzerland's new policy of allowing tariff-free entry for all industrial goods from any country, and limited gains for India in services," the Global Trade Research Initiative (GTRI) said.

It added that these factors raise questions about the fair distribution of benefits to India from the FTA with EFTA.

The report added that India must navigate these negotiations with a focus on balancing trade, protecting domestic interests, and securing a fair and beneficial agreement.

Switzerland's decision to eliminate import duties on all industrial goods for all countries starting January 1, 2024 changes the dynamics of the negotiations.

This tariff removal does not extend to fishery and agricultural products.

"This decision by Switzerland has profound implications for India's gains from the ongoing India-EFTA free trade agreement," GTRI Co-Founder Ajay Srivastava said.

He said that industrial goods, which accounted for 98 per cent of India's USD 1.3 billion merchandise exports to Switzerland in FY2023, are directly impacted.

Additionally, exporting agricultural produce to Switzerland remains challenging due to the complex web of tariffs, quality standards, and approval requirements, he said.

" EFTA, including Switzerland, has shown no inclination to make agriculture tariffs zero on most basic agricultural produce. Consequently, with zero industrial tariffs and the difficulty in exporting agricultural produce to Switzerland, India's prospective gains in merchandise exports are effectively nullified," Srivastava said.

The report also said that gold, accounting for 80 per cent of India's imports from Switzerland, is a critical factor.

If the agreement does not include gold, it may not meet a WTO (World Trade Organization) provision for FTAs to have duty cuts on substantial trade.

Switzerland has large historical accumulations of gold and it primarily refines imported gold. Such gold cannot meet the Rules of Origin conditions of minimum value addition of even 5 per cent.

It also said that Switzerland may insist upon replacing value addition or tariff transformation conditions with specific process like refining condition and due to this India should tread cautiously.

In 2022-23, India's imports from Switzerland stood at USD 15.79 billion, in stark contrast to its exports of USD 1.34 billion, leading to a substantial trade deficit of USD 14.45 billion.

Overall gains in merchandise trade will be negative, as India will have to cut tariffs on substantial imports from Switzerland, it said.

Further, it said EFTA countries' request for TRIPS (Trade Related Aspects of Intellectual Property Rights) plus protection for strengthening of Intellectual Property Rights (IPRs), especially patents and copyrights in India will conflict with India's domestic regulations.

In the services sector, the report said that the agreement aims to open up sectors like IT, finance, tourism, and education, allowing Indian and EFTA service providers to operate in each other's markets with fewer restrictions.

"However, the potential gains in services are limited, as countries typically agree to bind existing levels of policy commitments, implying a continuation of the status quo. Switzerland's stance on India's request for priority visas for Indian professionals could prove to be another sticking point," it said.

India's main imports from Switzerland include gold (USD 12.6 billion), machinery (USD 409 million), pharmaceuticals (USD 309 million), coking and steam coal (USD 380 million), optical instruments and orthopaedic appliances (USD 296 million), watches (USD 211.4 million), soybean oil (USD 202 million), chocolates USD 7 million).

EFTA would request India to eliminate tariffs on all the above items.

In 2022-23, India's imports from EFTA were significantly higher than its exports, leading to a trade deficit of USD 14.8 billion.

Source: business-standard.com– Jan 08, 2024

HOME

****

GAEC application for SCOMET items: Exporter must have trust in end user

We refer to Para 10.6 of HBP regarding the procedure for grant of General Authorisation for Export of Chemicals and related Equipment (GAEC) for SCOMET items. Para 10.16 A.II.b.ii says that the applicant exporter is required to declare that the items that are intended to be exported shall not be used for any purpose other than the purpose(s) stated in the EUC (End User Certificate) and that such use shall not be changed nor the items modified or replicated without the prior consent of the Government of India. We can understand the government asking for EUC from the end user but how can the exporter be expected to comply with such a condition after the goods have been exported and he has no control over the goods or what the end user does with it. Please advise.

I think the government wants to ensure that the exporter has enough confidence in the buyer/end user to take responsibility for their actions.

We refer to the DGFT Policy Circular no.8 dated 27th December 2023 which says that valid ad-hoc norms ratified on or after 1.4.2015 will also be applicable to pending case/applications filed under self declaration scheme on or after 1.4.2015 which were filed prior to the application against which ratification of such norms was done. How can we know the date of the application against which ad-hoc norms were approved?

The search in the DGFT database for ad hoc norms gives the date of the meeting when the norms were ratified. So, from the minutes of the norms committee on the date of the meeting you can look for the relevant decision where you will find the license no. and date.

You can take that license date as the date of the application and proceed. In any case, I think you can simply quote Para 4.12(vi) of HBP as amended by DGFT PN 09/2023 dated 25.04.2023 and the said policy circular no. 8 and seek application of the notified ad-hoc norms for your pending applications filed on or after 1.4.2015 for the same products.

In an LC for our exports, the LC issuing bank had put a condition that we must submit an additional set of copies of documents submitted for negotiation. By mistake, we had missed that condition. Now, the LC issuing bank has pointed it out as a discrepancy. How to proceed further?

You can contest the stand of the issuing bank quoting paragraph (ix) of the Preliminary Conditions of the International Standard Banking Practices for Examination of Documents under UCP 600, the ICC Publication no. 821 (ISBP 821), which says that 'an issuing bank should not incorporate in a credit administrative conditions such as a requirement for an additional set of copy of documents to be presented for the issuing bank's use or a condition that all documents may not be stapled. If nevertheless, such conditions are incorporated into a credit but not complied with, this will not constitute a reason for refusal.'

Source: business-standard– Jan 08, 2024

HOME

****

India-UK FTA dialogue to enter final stage on Jan 10

The new round of negotiations, scheduled to start on January 10, is expected to be the most difficult because of technical issues and sensitivities, they said, requesting anonymity. “We expect that this could be the final round and possibly political leaderships from both sides may intervene in case of a stalemate,” one official said.

“We already held a long 13th round and resolved almost all matters barring some of the contentious matters. The most difficult part comes always at the end in all such negotiations. However, an amicable resolution of all concerns raised by both parties are must for the success of any trade pact,” a second person said.

The 13th round of negotiations for the trade pact took place from September 18 to December 15.

One of the key issues is business mobility, a third official said. “India wants easier movement of its professionals in the UK, which should not be mistaken by asking for a liberal immigration rules,” he said. India’s demand of liberalising business mobility for short-duration visits is only to facilitate trade between the two countries, particularly in services, and it is not related to the larger emigration issue, he added.

Indian industry was unwilling to offer import duty concessions to British manufacturers without London allowing easier mobility for Indian professionals, HT reported on October 3. If business mobility, or easier temporary movement of Indian professionals to the UK for business purposes, is taken out of the negotiations, there won’t be any significant gain for India as most Indian goods (more than 60% of total merchandise) already have duty-free access to the UK market, and most of the other items attract a low tariff of 5%, the report said.

The UK is seeking greater access to the Indian market for items such as dairy products, automobiles including electric vehicles, and Scotch whiskey. India has a high import duty on automobiles (100%) and whiskey (150%). Indian industry has expressed its willingness to substantially reduce tariffs in automobiles and whiskey, provided London reciprocates as per the Indian conditions.

"They must treat premium Indian whiskies at par with Scotch on a reciprocal basis, as some Indian brands are more popular than regular Scotch brands," the third officialsaid. London is not willing to classify an Indian product as a whiskey unless matured for at least three years, headded. "In the Indian climatic condition, 12-18 months are enough. Beyond that the losses (due to evaporation) would make Indian products unviable," he said.

The India-UK FTA negotiations was launched on January 13, 2022 and 24 out of total 26 chapters have been mutually agreed and the two partners converge on many points in the remaining chapters, he said. The talks are lingering, initially due to a change in the leadership in the UK, and later due to the differences between the two sides over violent protests by Khalistani elements in London and other British cities.

Compared to the ongoing talks with the UK, India expeditiously concluded two major FTAs in 2022. The first round of negotiations for a India-UAE Comprehensive Economic Partnership Agreement (CEPA) was held on September, 2021, the FTA was signed February 18, 2022 and it entered into force from May 1, 2022. Similarly, negotiations for India-Australia FTA started on September 30, 2021 and concluded on a fast-track basis by the end of March 2022.

The India-Australia Economic Cooperation and Trade Agreement (ECTA) was signed on April 2, 2022. The pact was ratified by the parliaments of the two countries in November that year and the FTA was operationalised on December 29, 2022. Now the two countries are pursuing a wider deal, a Comprehensive Economic Cooperation Agreement (CECA).

Source: hindustantimes.com– Jan 09, 2024

HOME

****

Next round of India-Oman FTA talks from Jan 16; negotiations progressing well: Official

The next round of talks for the proposed free trade agreement (FTA) between India and Oman will start from January 16 and the negotiations for the pact are progressing well, a senior official said on Tuesday. The talks on the text of most of the chapters have been concluded by both sides for the pact, officially dubbed the Comprehensive Economic Partnership Agreement (CEPA).

"The negotiations are progressing well. Two rounds of in-person negotiations and many inter-sessional meetings have already been held. Good progress has been made on all the chapters covered under the CEPA," the official said.

On certain media reports that the talks may get delayed, the official said that any talk of hindrances or bottlenecks is "speculative and presumptuous" as the negotiating process is currently underway.

Currently, both sides are working towards conclusion of the negotiations with an objective of delivering a mutually beneficial agreement contributing to the welfare and development of the people of the two countries, the official, who does not wish to be named, said.

For India, Oman is the third largest export destination among the Gulf Cooperation Council (GCC) countries.

The bilateral trade was USD 12.39 billion in 2022-23 as against USD 5 billion in 2018-19. India's exports have increased from USD 2.25 billion in 2018-19 to USD 4.48 billion in 2022-23.

According to a report of think tank GTRI (Global Trade Research Institute), Indian goods worth USD 3.7 billion such as gasoline, iron and steel, electronics, and machinery will get a significant boost in Oman, once both sides reach a comprehensive free trade agreement.

India's imports from Oman stood at about USD 8 billion in 2022-23. Key products included petroleum products (USD 4.6 billion), urea (USD 1.2 billion); propylene and ethylene polymers (USD 383 million).

Currently, over 80 per cent of India's goods enter Oman at an average of 5 per cent import duties, the GTRI report has said, adding Oman's import duty ranges from 0 to 100 per cent along with the existence of specific duties.

In a CEPA, two countries could significantly reduce or eliminate customs duties on the maximum number of goods traded between them besides easing norms for promoting trade in services and increasing investments.

The report has said that Oman's higher per capita income (USD 25,060) compared to India's (USD 2,370) could mean a demand for more diversified and possibly higher-value goods and services in Oman, which India could aim to supply.

The agreement also holds considerable strategic importance for India. It serves as a gateway for India to strengthen its footprint in Middle Eastern economies. This partnership with Oman can act as a catalyst, enhancing India's geopolitical presence and fostering deeper ties with other Middle Eastern countries.

Commenting on the proposed pact, international trade expert and Hi-Tech Gears Chairman Deep Kapuria said this agreement would also help in boosting trade ties of India with the Middle East countries, which is a growing market for domestic products.

The agreement holds importance in view of India's USD 1 trillion exports target of merchandise products by 2030, Kapuria said.

Source: economictimes.com– Jan 09, 2024

HOME

****

Top 3 States contribute 40% of registered MSMEs in India: report

Maharashtra, Tamil Nadu, and Uttar Pradesh collectively contribute nearly 40 per cent of all registered micro, small, and medium enterprises (MSMEs) in India, per a CBRE-CREDAI report. As of December 2023, there are over 3 crore MSMEs registered in the country, according to government data.

Uttar Pradesh has secured a significant position among the top three States, holding a 9 per cent share in the national MSME landscape. This is due to policy initiatives like 50 per cent interest subsidy for micro units (capped at ₹25 lakh), an annual infrastructure interest subsidy of up to 50 per cent for approved projects with 10 acres or more (capped at ₹2 crore), 100 per cent stamp duty exemption in select regions, and other supportive measures.

The MSME ecosystem in Uttar Pradesh has seen the emergence of key clusters in cities such as Agra, Kanpur, Varanasi, Lucknow, Meerut, and Ghaziabad, actively participating in the Udyam scheme. To further incentivise MSMEs, the State government has implemented a range of schemes.

Anshuman Magazine, Chairman, India, Southeast Asia, Middle East and Africa, CBRE, highlighted the crucial role of the MSME sector in shaping India's economic landscape and emphasised Uttar Pradesh's role in driving growth and reducing regional imbalances.

The report also delves into the transformative shifts in India's MSME financing scene, driven by technological advancements and collaborative partnerships. Furthermore, it underscores the strategic opportunity for Indian MSMEs in the construction sector, contributing approximately 8 per cent to the GDP.

With the construction sector poised to become the third-largest globally in the next three years, unorganised firms in this domain stand to benefit significantly by registering under the MSME ambit. The integration of digitisation, traditional banking systems, and open protocols has fostered a more inclusive financing ecosystem, breaking down barriers for a broader segment of MSMEs.

Boman Irani, CMD, Rustomjee Group, National President, CREDAI, emphasised the need for streamlined regulations, skill development, and technology adoption in the real estate sector.

He underscored that collaborative efforts between the government, industry, and financial institutions are crucial to ensure sustained growth in both MSMEs and real estate, paving the way for a robust, inclusive, and resilient economic future for India.

Source: thehindubusinessline.com– Jan 08, 2024

HOME

****

Ludhiana textile industry struggling with lagging sales

Textile traders in Ludhiana have complained that their sales have been lagging by the delayed advent of winter, even though winter is the textile industry's busiest season for sales.

This winter was no better for the industry, which has been in a state of stagnation for the past few years. Textile groups claim that retailers are selling winter clothing at a loss because they are afraid of holding onto their inventory.

The sales of winter accessories like gloves, scarves, boots, and winter socks increased significantly this winter, so the industrialists have some cause for optimism. Halfway through December, clothing makers reported that people had not even begun to visit stores for their winter wardrobes.

They stated that the production of winter clothing typically ends in September or October, at which point producers begin to get ready for the summer season.

Vinod Thapar, president of Knitwear and Textile Club, said, "The industry was first hit by demonetisation, then Covid-19 and now late arrival of winter. Only the incentives and facilities from the Government can help us."

Source: apparelresources.com– Jan 08, 2024

HOME

****

Maersk & India's Tamil Nadu state sign MoU to boost trade & logistics

AP Moller – Maersk (Maersk) and India's Tamil Nadu state have signed a memorandum of understanding (MoU) at the Tamil Nadu Global Investors Meet 2024. As per this MoU, Maersk and the government of Tamil Nadu have entered a partnership that allows both the parties to explore strategic opportunities and enable the state's growing trade.

"We have a long-standing 25-year relationship with the state of Tamil Nadu. The state's conducive business ecosystem, robust infrastructure and a future-proof talent pool make it an attractive destination to invest in. We offer robust integrated logistics solutions in Tamil Nadu to various global and local customers across sectors such as renewables, automotive, electronics, etc.

Looking at the potential for growth in trade out of the state, we are now ready to explore opportunities that will allow us to develop land for integrated logistics hubs, build warehousing infrastructure and a sustainable distribution network to strengthen our integrated logistics solutions," Vikash Agarwal, managing director, Maersk South Asia.

Tamil Nadu is currently the third-largest contributor to India's GDP, with the potential to become the second-largest next year. It is also the third-largest exporter from India, with an ambition to become a $1 trillion economy by 2030.

In a state with such ambitions and a clear roadmap aided by a conducive business ecosystem, the right policy framework, a competitive environment and a large pool of young and future-proof talent, it is a win-win for Maersk and the state to partner and explore all potential opportunities for enabling trade.

The state of Tamil Nadu is currently connected to the global ocean network through Maersk's two major service calls. Further, Maersk has a robust distribution network that connects the ocean ports to the hinterland, where many of the manufacturers and consumers are located. Maersk also has a cold storage facility in Chennai, which caters to its customers' frozen and chilled cargo, the company said in a press release.

In addition to these, Maersk will now explore opportunities to invest in land development to create logistics hubs. These logistics hubs will implement the best practices from global examples to drive maximum efficiency while delivering resilience to customers' supply chains. Maersk will also study the customer needs for storage facilities and build modern, state-of-the-art warehousing facilities that would incorporate the latest warehouse management systems for the most efficient inventory management and focus on waste reduction. Finally, Maersk will also invest in building a fleet of electric trucks that will ensure sustainable and environment-friendly distribution. This is an imperative for some of the top customers of Maersk who have set for themselves stringent NetZero targets and who rely on logistics partners who can deliver decarbonised solutions.

"We are happy to collaborate with Maersk as a strategic logistics partner. To attract global investments into the state, the availability of effective logistics and supply chain solutions is the key. We believe this collaboration would bring the right global expertise, network, and ambition to enable the growth of trade in the state. Guidance, Tamil Nadu, shall facilitate necessary support and bolster existing conducive environment to implement best global practices for proposed investments," V Vishnu, managing director and CEO, Guidance.

The government of Tamil Nadu will provide Maersk with the right access to information, enable faster decision-making and provide a conducive environment to implement the latest in technology and best global practices.

Source: fibre2fashion.com– Jan 08, 2024

HOME

****