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Currency Watch			
USD	EUR	GBP	JPY
83.14	90.26	104.74	0.56

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INTERNATIONAL NEWS

Interpretation of USDA's Jan supply and demand report on cotton

The U.S. Department of Agriculture (USDA) released the global cotton supply and demand for January. The main adjustment in this report is a significant reduction in the consumption for the 2023/24 season, resulting in global ending stocks shifting from a decrease to an accumulation.

Overall, the adjustments lean towards a bearish outlook. However, despite this, the cotton futures market has remained relatively stable due to strong support from robust U.S. cotton exports in recent weeks, with the March contract closing at 81.31 cents per pound, only a 5-point decrease on Friday. Conversely, there are few adjustments made to the monthly supply and demand estimates for the 2022/23 global cotton market, with only small revisions made to production and consumption, resulting in minimal overall change.

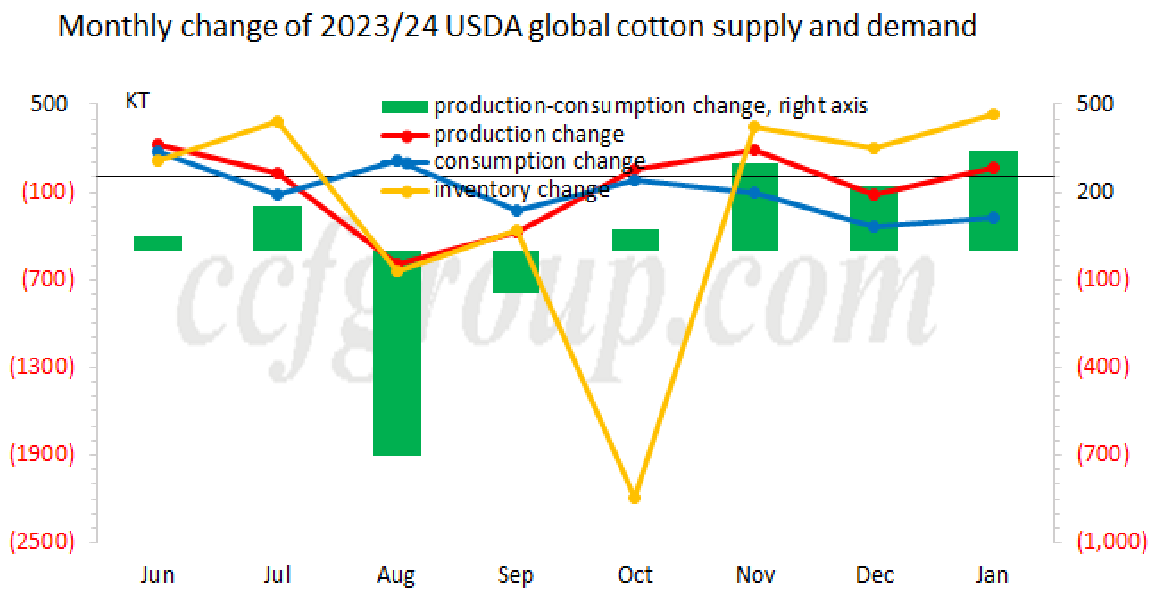
1. USDA January supply and demand change

Regarding production, USDA increases the 2023/24 production by 60,000 tons, mainly reflecting an 110,000-ton increase in Chinese production, while U.S. production is once again reduced by 80,000 tons due to a significant decrease in harvested area (however, the adjustments to U.S. cotton production are no longer surprising and have already been digested in the market, thus having limited impact).

Import volumes are reduced by 20,000 tons, with USDA maintaining high expectations for Chinese imports, which are again increased by 110,000 tons to 2.5 million tons, while imports of Pakistan are decreased by 40,000 tons due to reduced demand for imports resulting from abundant domestic production.

Consumption is significantly reduced by 280,000 tons, with consumption in India, Turkey, and Pakistan lowered by 70,000 tons, 20,000 tons, and 40,000 tons, respectively. Export volumes are reduced by 20,000 tons, mainly due to a slight reduction in expected Indian exports. Ultimately, ending stocks are increased by 430,000 tons, with both India and China continuing to accumulate stocks. Overall, the expectation for global ending stocks for this year has shifted from a small decrease to an accumulation. While there's a reduction of 740,000 tons in annual production, the weak outlook for consumption recovery suggests an unfavorable supply and demand situation in the global cotton market.

2. Interpretation of the USDA January supply and demand report



The adjustments made by USDA this time are not insignificant; while production is forecast higher, consumption is forecast lower. However, why has there been no significant market response to the bearish signals released? And are the adjustments made this time rational? We believe that this is because most of the adjustments in this USDA balance sheet are anticipated and have already been factored into the market, making it difficult to spark significant reactions. Today, the focus has already shifted from production to consumption, and the contraction of consumption is already an undeniable fact, leading to further declines.

Although there has been an increase in production, the 740,000-ton reduction in global production for the year still provides significant support to the market bottom, and the expectation of supply constraints in 2024 remains, making it difficult for the market to experience a sharp decline. With recent improvements in U.S. cotton export data and gradual progress in downstream markets of various countries, market confidence has been boosted.

However, it should be noted that this temporary rally does not necessarily indicate a turning point for the global consumption recovery in the textile and apparel market; the current weak demand situation is difficult to change, which has led to the market's consolidation around the 80-cent level in the near term.

What are the current factors influencing the cotton market? Observing the recent market fluctuations, it is clear that the industry is in a state of uncertainty, with macroeconomic sentiment becoming the dominant factor affecting the market. In addition to macroeconomic factors, what other points are worth paying attention to? Import and export data for cotton from various countries is a key indicator of their respective market influences, with China's cotton imports being particularly noteworthy. Let's look at some data: In November 2023, China imported 307,100 tons of cotton, an increase of 20,000 tons month-on-month and 73% year-on-year. In December 2023, Brazil's cotton exports reached 350,800 tons, a 100% year-on-year increase, with 220,000 tons exported to China.

As of the week ending January 4, 2024, weekly export sales of U.S. upland cotton for the 2023/24 season reached 59,500 tons, a 100% increase from the previous week, with 26,700 tons to China. China has been a major player in contracting foreign cotton during the 2023/24 season, significantly affecting market fluctuations. Despite the bearish adjustments in the USDA balance sheet, it continues to provide confidence to the market. Meanwhile, the increase in Chinese purchases of yarn from Pakistan and India in the near term has also driven up the operating rate in Pakistan and India.

However, the improvement this time in China is mainly due to pre-holiday stocking. As downstream textile mills finish replenishing, the cotton yarn sales will gradually slow down. It is still unknown whether the yarn inventory has flowed to the intermediate links or can be fully absorbed by the terminal. In addition, the import cotton inventory at port is also at a high level of around 480,000 tons. In the short term, it will be difficult for cotton prices to rise, and the subsequent upward movement still needs to depend on the recovery of external orders.

Source: ccfgroup.com– Jan 15, 2024

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Brazil poised to become world's leading cotton exporter

Brazil is on the verge of becoming the world's largest cotton exporter, potentially surpassing the United States. This shift is attributed to a significant surplus in Brazil and decreased supply from the US, according to a report from the Center for Advanced Studies on Applied Economics (CEPEA).

The 2023-24 cotton planting season in Brazil is expected to benefit from delays in soybean sowing in the Cerrado region, maintaining a high surplus through 2024 and into 2025. Consequently, Brazil is projected to emerge as the third largest cotton producer globally in the 2023-24 season.

CONAB, the Brazilian National Supply Company, forecasts that the 2023-24 Brazilian cotton production will be the second largest in history, only 3.5 per cent lower than the 2022-23 season, reaching 3.061 million tons. Despite an 8 per cent decrease in productivity per hectare compared to the previous year, the cultivated area is anticipated to expand by 4.9 per cent to 1.745 million hectares, the largest since the 1991-92 season.

The combined production, initial stocks, and imports are expected to result in a record domestic availability of 5.2 million tons in 2024.

Domestic consumption is projected to reach 730 thousand tons, marking the highest level in a decade, and representing a 7.35 per cent increase from the previous season, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

As a result, Brazil may achieve an unprecedented surplus of nearly 4.5 million tons. Out of this amount, 2.5 million tons are expected to be exported in 2024, leading to final stocks of 2 million tons by December 2024.

Global exports, as forecast by the United States Department of Agriculture (USDA), are estimated at 9.395 million tons. Brazilian shipments for the 2023-24 season (August 2023 to July 2024) are estimated at 2.504 million tons, a significant 72.8 per cent increase from the previous season and the highest in history, trailing the US by just 5.7 per cent.

Brazil may intermittently claim the title of the world's biggest exporter based on cumulative 12-month shipments. Between August and December 2023, Brazil exported 1.02 million tons of cotton, and total shipments for the year amounted to 1.5 million tons, as per Secex data.

Source: fibre2fashion.com– Jan 16, 2024

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Heimtextil visitor count inches up in 2nd post-pandemic January expo

Frankfurt, Germany – Despite a nationwide rail strike in Germany last week, Heimtextil 2024 drew a higher number of attendees than it did in 2023.

Show organizer Messe Frankfurt reported 46,000 visitors for the international home textiles expo, which wrapped up last Friday, Jan. 12. That was up 4.5% compared to last year, but still down 27% from the pre-Covid edition in early 2020.

Compared to last year, the fair drew higher numbers of visitors from China, Germany, India, Japan, Croatia, Macedonia, Pakistan, Slovakia and Cyprus.

The show featured 2,838 exhibitors from 60 nations, up 25% from last year and down just 4% compared to 2020.

The top 10 exhibiting countries were China, India, Turkey, Pakistan, Italy, Germany, Spain, Portugal, Great Britain and the Netherlands. Heimtextil 2023 also saw an increase in the exhibitor numbers from Belgium, Bulgaria, China, India, Japan, Poland, Sweden, the Czech Republic, the USA and Egypt.

"Heimtextil ends with overwhelming participation. The increase in space, exhibitors and visitors in 2024 makes the following clear: the leading trade fair for home and contract textiles remains on course for growth – and sets new standards for a sustainable and AI-driven textile industry," said Detlef Braun, member of the executive board of Messe Frankfurt.

For 2025, Heimtextil announced it is planning a "pioneering installation" that will create an immersive and unique design experience – a suggestion that the trend hall might be returning to eye-popping form after two consecutive years of pared down presentations. The show is partnering on the project with Milan-based Studio Urquiola.

Heimtextil 2025 will take place Jan 14-17.

Source: hometextilestoday.com– Jan 16, 2024

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Italy's exports decrease 2.4% in November 2023

Italy experienced a seasonally adjusted decrease of 2.4 per cent in exports and a slight drop of 0.6 per cent in imports in November 2023, compared to October 2023, as per the latest data from the Italian National Institute of Statistics (Istat).

Breaking it down, exports to the European Union (EU) countries fell by 2 per cent, and to non-EU countries by 2.9 per cent. In contrast, imports from EU countries rose by 1.3 per cent, while those from non-EU countries decreased by 3.1 per cent. The three-month period leading up to November showed exports remaining stationary and a marginal 0.1 per cent decline in imports when compared to the preceding three months.

Year-on-year figures for November 2023 showed a more pronounced decline, with exports decreasing by 4.4 per cent and imports by 8.9 per cent. Outgoing flows to EU countries decreased by 5.4 per cent, and to non-EU countries by 3.4 per cent. Incoming flows from the EU area increased slightly by 1.3 per cent, but there was a significant 20.7 per cent drop from non-EU areas, as per Istat.

November 2023's trade balance showed a surplus of €3,889 million, a marked improvement from the €2,385 million deficit with EU countries and the €6,274 million surplus with non-EU countries. Excluding energy, the trade balance surplus stood at €8,739 million.

Import prices in November 2023 increased by 0.3 per cent on a monthly basis, with a slight variation between the euro zone (up 0.1 per cent) and the non-euro zone (up 0.4 per cent). Over the last three months, compared to the previous three months, import prices increased by 1.2 per cent, showing a disparity between the euro zone (down 0.3 per cent) and the non-euro zone (up 2.5 per cent).

Year-over-year, import prices in November 2023 saw a decrease of 9.4 per cent, with a minus 2.5 per cent change for the euro zone and a substantial minus 15.1 per cent for the non-euro zone.

Source: fibre2fashion.com– Jan 17, 2024

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China remains promising market for Vietnamese farm produce

China was the biggest buyer of Vietnam's agro-forestry-fishery products in 2023, and it is expected to remain a promising market with numerous opportunities for Vietnamese farm produce to increase the market share and export value.

Fourteen agricultural products of Vietnam have been licensed to be exported via the official channel to China, namely bird's nest and related products, sweet potato, dragon fruit, longan, rambutan, mango, jackfruit, watermelon, banana, mangosteen, black jelly, lychee, passion fruit, and durian.

Ngo Xuan Nam, Deputy Director of the Vietnam Sanitary and Phytosanitary Notification Authority and Enquiry Point (SPS Vietnam), said Vietnamese businesses have paid more attention to the registration of farm produce and food for export to China over the last two years.

The General Administration of Customs China (GACC) has approved 3,013 farm produce and food codes for nearly 3,000 Vietnamese businesses permitted to export to this market. The majority of exports are aquatic and plant-based products.

The companies have made use of the GACC's registration software, he went on, noting that SPS Vietnam has also coordinated closely with the Chinese Embassy in the country to deal with difficulties and obstacles facing businesses in a timely manner, especially procedural ones.

These efforts have substantially helped with the export of many agricultural products to China, especially fruits, including durian that posted over 2 billion USD in revenue in 2023, Nam said, adding that China currently accounts for nearly 54% of Vietnam's total fruit and vegetable exports.

In late 2023, the first batch of bird's nest from Vietnam entered China under a protocol signed between the Vietnamese Ministry of Agriculture and Rural Development (MARD) and the GACC.

He considered this as a special landmark as the bird's nest industry now has a chance to tap into the world's second most populous market that consumes over 300 tonnes of this product each year.

The MARD is working with the GACC to complete procedures for opening the Chinese market for citrus fruit (pomelo, orange, mandarin), coconut, frozen durian, chilli, medicinal materials, and naturally caught aquatic products, which are also strong items of Vietnam. Once entering this market via the official channel, they will surely generate higher earnings for Vietnam's agriculture, the official opined.

He added that not only fruits, vegetables, or aquatic products but many other agricultural products such as coffee are also standing a chance to raise their market shares in China.

Beverage consumption in China has tended to shift from tea to coffee in recent years. Though per capita coffee consumption in this market is still low, sales there have increased. Coffee is likely to become a favourite beverage in China in the time ahead, according to the Foreign Trade Agency under the Ministry of Industry and Trade.

Therefore, China is considered a potential market for coffee exporting countries, and still has much room to be tapped into in the coming years.

Nguyen Nam Hai, Chairman of the Vietnam Coffee - Cocoa Association, said China is the 10th largest market of Vietnamese coffee, but it mainly imports deeply processed products such as instant, roasted, and three-in-one coffee. Therefore, businesses should develop such products to gain a foothold in the neighbouring market.

Source: fibre2fashion.com– Jan 14, 2024

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African trade growth expected to be driven by technology, trade pacts in 2024 – study

Nearly three-quarters of leaders that participated in the study believe public sector actions, such as boosting regional trade agreements, have helped their supply chain strategies in the region.

The new research forecasts a booming African trade landscape in 2024, with senior executives predicting a surge in intra-Africa trade, fuelled by new trade pacts and technology investments, DP World says.

However, African firms remain cautious as inflationary pressures, economic uncertainty and political instability threaten to impact on growth. More than 26% of the executives surveyed identified heightened inflation and economic uncertainty as the primary limitations on expanding imports, which is a 7% increase on the previous year.

Additionally, nearly 20% pointed to political instability in crucial source markets as their primary constraint, a 4% year-on-year increase.

"The perspectives of the African trade experts and senior executives were taken for the study during a period of unprecedented transformation, as heightened global geopolitical risk, climate change and significant advancements in technologies create both challenges and opportunities," the company notes.

Owing to the African Continental Free Trade Area (AfCFTA) Agreement, executives across the continent expect intra-regional trade to grow this year. About 28% of the surveyed business leaders expect sub-Saharan Africa to be their largest export market this year, up from 19% of respondents the previous year.

Only Europe, at 38%, and North America, at 34%, rank higher in the list of regions expected to provide the greatest contribution in terms of export sales, DP World says.

"Almost three-quarters agreed that government actions, like enhancing regional trade agreements, have positively impacted their supply chain strategies. This highlights the significant role governments can play in creating a favourable environment for business growth and trade expansion," it emphasises.

Further, owing to persistent challenges posed by systemic issues and political instability, businesses across Africa are strategically embracing technology as a transformative investment.

“While the AfCFTA should help to reduce a significant amount of tariff barriers, long transport times and high costs owing to significant border control and long waiting times, complex customs and bureaucracy remain a concern.

“High transport costs were cited as the second biggest challenge facing businesses when increasing both their import and export sales. In response, businesses in Africa are increasingly investing in technology to adapt,” the study shows.

Notably, 38% of executives identified the use of digital tools for improved inventory management as the primary strategy to reduce overall trade and supply chain costs in Africa.

Further, 45% of executives plan to implement advanced automation and robotics to gain real-time insights and forecast disruptions in their supply chains in 2024.

These align with global findings, which show that executives across all sectors and regions found technologies that improve supply chain efficiency and resilience to be, by far, the main source of optimism for the future of global trade, the study adds.

“Regional trade agreements, exemplified by [the] AfCFTA [Agreement], stand out as powerful tools to address the intricate challenges within the region’s trade and supply chain infrastructure.

The nine-percentage-point increase in the proportion of Africa-based executives projecting that sub-Saharan Africa will be their biggest export market is a case in point,” says DP World sub-Saharan Africa CEO and MD Mohammed Akoojee.

“The synergy of public and private sector partnerships to enhance investment, strengthened trade agreements, and technological advancements also positions the continent for growth and resilience,” he adds.

"The findings of this report reveal a remarkably positive outlook for African trade in 2024 and shed light on the beneficial effects of trade agreements like AfCFTA.

Through such regional cooperation, economies can leverage scale, enhance competitiveness and attract significant investment across the continent," says economic think-tank Economist Impact new globalisation global lead John Ferguson.

"The report also reflects a profound optimism regarding technologies' potential to address systemic and economic challenges, showcasing adaptability and confidence in its role in enhancing supply chain efficiency and resilience," he notes.

Source: engineeringnews.co.za– Jan 16, 2024

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Global cotton benchmarks stable, Pakistani prices rise: Cotton Inc

The global cotton market has witnessed minimal changes in most benchmarks over the last month, with the exception of a notable increase in Pakistani cotton prices, Cotton Incorporated said in a report.

The New York Intercontinental Exchange (NY/ICE) March contract for cotton has been trading within a stable range of 78 to 82 cents per pound since early December. Recent values have edged towards the higher end of this spectrum, reaching approximately 81 cents per pound.

The A Index, another key benchmark in the cotton industry, has shown little variation in the past month, maintaining a steady range between 90 and 92 cents per pound, Cotton Inc said in its Monthly Economic Letter - Cotton Market Fundamentals & Price Outlook - January 2024.

The China Cotton Index (CC 3128B) experienced slight gains in international terms, climbing from 103 to 105 cents per pound. Domestically, Chinese cotton prices fluctuated between 16,200 and 16,600 RMB per ton, with the RMB remaining relatively stable against the US dollar, trading between 7.09 and 7.18 RMB/USD.

Indian cotton prices, specifically for the Shankar-6 quality, remained consistent at around 85 cents per pound. In domestic terms, prices varied between ₹54,500 and ₹55,300 per candy, with the Indian rupee holding steady at around ₹83 per USD.

Contrasting with the general trend of stability, Pakistani cotton prices saw a significant increase, rising from 73 to 82 cents per pound. In Pakistani currency, the prices escalated from 17,000 to 19,000 PKR per maund. Concurrently, the Pakistani rupee experienced a slight appreciation, moving from 284 to 281 PKR/USD.

Overall, the global cotton market appears to be in a phase of relative stability, with the exception of the notable increase in prices within Pakistan.

Source: fibre2fashion.com– Jan 16, 2024

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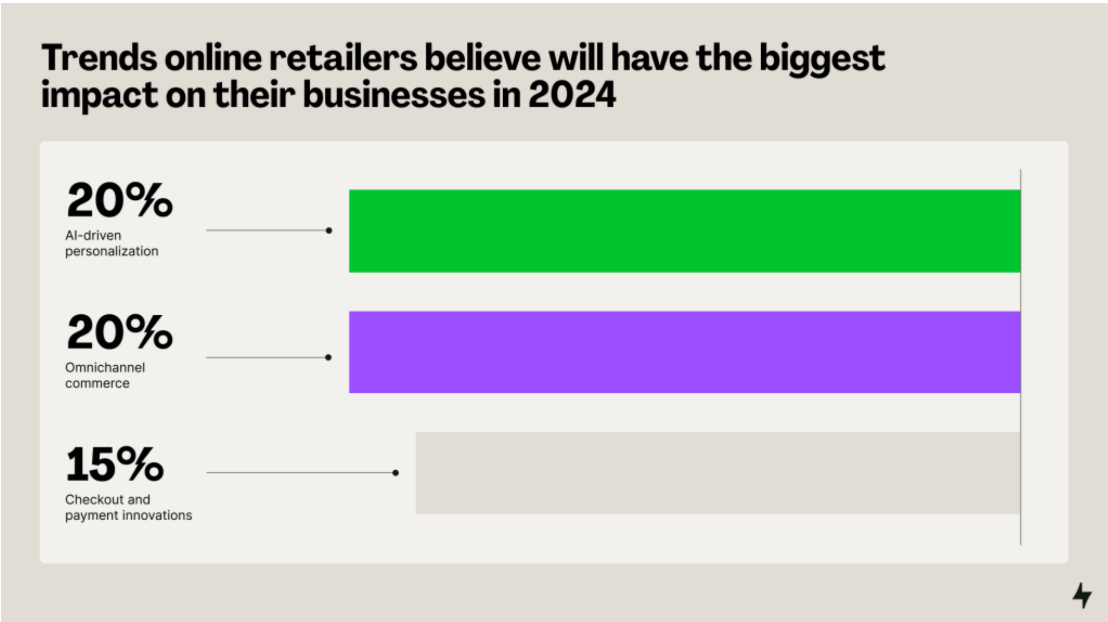
Retailers Say Returns, Consumer Data and Competition are 2024's Top Challenges

Bolt, a leading checkout technology company, recently released its "2024 E-commerce Priorities and Predictions" report looking at the landscape for 2024. The company surveyed more than 100 decision-makers at U.S.-based e-commerce brands with revenues exceeding $100 million.

Looking back at the 2023 holiday season, the report's authors found that Cyber Monday broke single-day sales records of $11 billion spent online. Other holiday sale days with the highest volume include Black Friday, Nov. 26, Nov. 25, Dec. 11, Thanksgiving, Dec. 4 and Dec. 18.

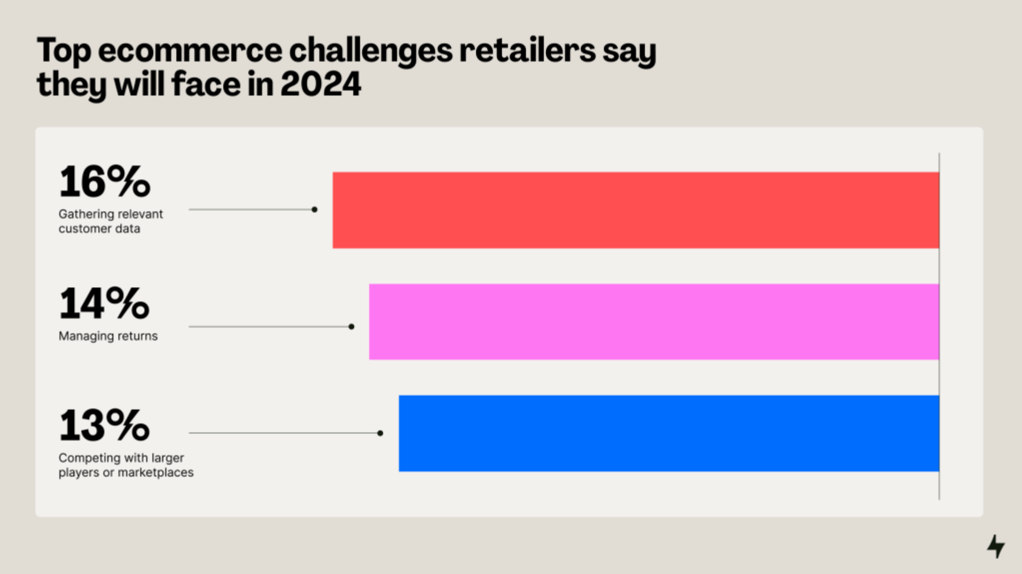
Going into the work week, Bolt's data found consumers continuously spent money on Mondays, which outperformed all other days by total transaction volume and consumer spending for the holiday season. Beyond the Cyber Five (which the report classifies as the five days from Thanksgiving to Cyber Monday), Thursdays to Sundays were peak times for higher average order value and higher-ticket items during the holiday season.



Throughout 2023, flexible payment options became a major preference amid the year's economic uncertainty. Apple Pay was the breakout star, with a 72 percent increase in adoption year-over-year—making it the largest growth out of all the alternative payment methods. The report's authors also found that mobile purchases continue to take a foothold across varying categories; home goods and furniture saw a 7 percent increase in smartphone checkouts.

When surveying retailers about what's coming for the e-commerce space, 20 percent believe that artificial intelligence-driven personalization and omnichannel e-commerce will have the biggest impact. Furthermore, 15 percent said checkout and payment innovations such as passwordless and biometric logins will be key as retailers are looking to gain loyalty through convenience.

"Customer expectations are sky-high. More than ever, consumers want simplicity and speed," Maju Kuruvilla, chief executive officer at Bolt said. "They want to be able to buy at the point of inspiration—whether that's social media, or a retailer's site—and they want to be able to finish the entire transaction in seconds. And they want to do it all without having to pull out their wallets or remember passwords."



As for the major issues retailers anticipate for 2024? Consumer data collection, returns and competition remain at the top of mind. Sixteen percent said customer data and insights were crucial to optimize internal operations, supply chain management, personalized experiences and more.

Managing returns and the associated costs with doing so concern 14 percent of decisionmakers, while 13 percent of people reported competition against massive retailers remains a potential problem.

To reduce return volume, the report's authors found that 42 percent of retailers plan to leverage artificial intelligence and augmented reality to help customers try on and visualize products. Moreover, 25 percent of retailers said they were planning on "offering enhanced product education like reviews and sizing guides to get the right fit the first time."

"When more retailers know their customers and can simplify checkout, cart abandonment goes down," Kuruvilla said. "The virtue of the Bolt Universal Shopper Network is that retailers benefit from all shoppers on the network—not just their own. Every shopper in the Bolt network is someone that can be quickly identified when they visit another site in the network."

In line with previous reports, Kuruvilla similarly sees social commerce gain momentum within the direct-to-consumer e-commerce space as a way to give consumers a more personalized experience.

"Social commerce is poised to become far more dynamic and personalized," Kuruvilla explains. "Instead of a video being a single piece of content broadcast to many people, it's been specifically designed for you. It addresses your interests; it talks about things you might need right now. Social commerce is going to become even more personalized than retailer websites, because there's so much data on consumers and their activities and their interests, which builds a layer of identity and personalization that is unsurpassed."

Looking ahead into 2024, Bolt predicts that retailers will collect more first-party data, personalize at scale through AI, look to reduce returns with AI, diversify through distributed commerce and return within the physical retail space.

Source: sourcingjournal.com– Jan 16, 2024

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Levi's Wants a Bigger Slice of the Market in Asia

Michelle Gass, Levi Strauss & Co.'s incoming CEO, joined National Retail Federation (NRF) President and CEO Matthew Shay at Retail's Big Show on Sunday to discuss the state of the business.

Gass, currently the president of the Stony Creek Colors partner, will take the company's reins from current CEO Chip Bergh on Jan. 29, upon Bergh's retirement. Gass joined Levi's in December 2022 as part of a public CEO transition process.

Gass, a veteran retailer with experience at Procter & Gamble, Starbucks and Kohl's, said in 2024, the denim giant, most famous for its blue jeans and Levi's 501s, will work to own greater market share in other product categories.

"We are now going heavy after what we call denim dressing," Gass said, noting that, "The top-to-[bottom] denim look is really in right now."

She said the brand would be working to highlight items like denim skirts and denim dresses, products which she said Levi's currently offers but consumers might not think of when they consider the Levi's brand at large. But Levi's interest in diversifying its assortment means it will lean into fabrications beyond denim. Gass said Levi's "should own the best woven, button-down shirt for men that's the perfect pairing to your jeans."

And as Levi's works to engage its consumers with a more diverse assortment, Gass said the brand has also been eyeing some more nascent markets—primarily in Asia.

"In some ways, in some of these markets, it feels like we're just getting started," Gass said. "Chip and I made 15 trips around the world this year, three trips in particular to Asia. Asia, I couldn't be more excited about."

She highlighted several large Asian countries as places where she believes Levi's franchises could be booming. The brand currently has about 3,000 stores. It independently owns and operates about 1,000 of them globally; franchisees own and operate the rest.

“India is a good example of where we have a lot of franchise stores. We are just getting started in a market that’s going to be much, much bigger,” Gass told Shay during the keynote. “I could say the same thing for China, as an example, and many of these Asian countries.”

In 2022, the brand opened more than 100 stores in Thailand and updated stores in Japan, Malaysia, Singapore and Indonesia.

For Gass and team, the market expansion opportunities seem to be global. She highlighted an interest in continuing to grow in Mexico and Latin America.

But the core of the business today exists in the United States and Europe, and the heritage denim purveyor hasn’t forgotten its roots. In Europe, Gass said, the brand is honing its focus on creating “an even more elevated, premium expression,” while in the U.S., it will invest capital in opening more stores.

The soon-to-be CEO said the brand saw some hardship with its wholesale business in the U.S. in 2023. But Gass expects that to be on the up and up this year—she said she believes Levi Strauss’ “warehouse congestion” issues are “largely behind [it].”

Gass said she expects consumers’ interest in Levi’s will remain sustained. “I’m not the expert on the consumer, but what I will tell you is that, in good times and bad, consumers always gravitate to brands that they know and trust….And who doesn’t know Levi’s?”

Source: sourcingjournal.com– Jan 16, 2024

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RCEP boosts China-Thailand trade ties

Thailand's coconut, famous for its rich and sweet taste, has gained significant popularity in the Chinese market. In recent years, it has been extensively used in various foods and beverages in China, such as cakes, coffee, and hot pot, especially after the implementation of the Regional Comprehensive Economic Partnership (RCEP) agreement.

The RCEP, which entered into force on Jan 1, 2022, comprises 15 Asia-Pacific countries, including 10 ASEAN member states and their five trading partners, namely China, Japan, the Republic of Korea, Australia and New Zealand.

Two years on, many Thai industries in agriculture, textiles, and automobiles have benefited from the RCEP. Tariff cuts have further stimulated trade and investment growth of RCEP member countries. In 2022, Thailand's trade with other RCEP members rose 7.11 percent year-on-year to $300 billion.

The agreement has also boosted trade cooperation between China and Thailand. According to Han Zhiqiang, Chinese Ambassador to Thailand, in the first 10 months of 2023, bilateral trade between the two countries reached $105.1 billion. China continued to be Thailand's largest trading partner for 11th consecutive year and its largest agricultural export market, of which tropical fruits alone reached $5.8 billion, accounting for 90 percent of Thailand's fruit exports.

Han said that Thai durian has transformed from a niche fruit to a "top stream" product in the Chinese market. Chinese consumers favor Thai fruits, and the Chinese government supports Thai agricultural exports to China.

"As a fruit importer, the RCEP agreement brings real benefits to me. The growing popularity of Thai coconuts in China is also bringing me new opportunities," said Mo Jiaming, a fruit dealer in Nanning, capital of South China's Guangxi Zhuang autonomous region.

Thanks to the Belt and Road Initiative (BRI) and the RCEP, more diversified trade and transportation modes have been adopted, and more Thai goods have entered the Chinese market at favorable prices.

The transport of fresh Thai durians from Thailand to Southwest China's Chongqing municipality on the flagship BRI project, the China-Laos Railway, takes only four days. This is a vast improvement compared to the previous land-sea routes, which took eight to 10 days.

"Goods which could only be previously purchased during a trip to Thailand are now available in local supermarkets with a rich variety," said Huang Ying, a Nanning citizen, adding that she has many Thai products at home ranging from rice and seasonings, to latex pillows and mattresses, and daily beauty and sun protection products.

The RCEP agreement has also enhanced the industrial chains of China and Thailand, bringing new opportunities to enterprises.

Construction machinery made by Guangxi Mesda Group Co Ltd has entered the markets of ASEAN countries like Thailand in recent years, and has been warmly welcomed by local customers.

Huang Kanghua, chairman of the company, said that ASEAN countries have a great demand for China's advanced technology and products. "We are full of confidence in the ASEAN market," Huang said.

In the first nine months of 2023, Chinese enterprises applied for 264 investment projects in Thailand, up 196.6 percent year-on-year, with a total investment value of 97.46 billion baht ($2.8 billion), up 116.5 percent year-on-year. China will continue to maintain its position as the largest source country of foreign investment in Thailand.

Kirida Bhaopichitr, director for the Economic Intelligence Service of the Thailand Development Research Institute, said that Chinese investments drive the growth of industries such as electric vehicles in Thailand.

Source: chinadaily.com.cn– Jan 16, 2024

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Vietnam attracts 39,140 FDI projects worth $469 bn in 2023

Vietnam attracted 39,140 foreign direct investment (FDI) projects with a total registered capital of over $468.91 billion in 2023, the Foreign Investment Agency reported.

Ho Chi Minh City attracted the most FDI with 12,398 projects and a registered capital of $57.63 billion, accounting for 31.67 per cent of the total number of such projects and close to 13 per cent of the total registered capital.

Hanoi followed next with 7,363 projects and a registered capital of $41.17 billion. Southern Binh Duong province was the third with 4,217 projects and a registered capital of $40.4 billion.

Other destinations included Dong Nai, Ba Ria-Vung Tau, Hai Phong, Bac Ninh, Thanh Hoa, Long An and Quang Ninh.

Ten localities that attracted the lowest FDI were Lai Chau, Dien Bien, Ha Giang, Cao Bang, Bac Kan, Gia Lai, Son La, Ca Mau, Tuyen Quang and Dong Thap.

Source: fibre2fashion.com– Jan 16, 2024

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CIEM forecasts Vietnam's GDP growth in 6.13-6.48% range for 2024

Vietnam's Central Institute for Economic Management (CIEM) recently projected that the country's gross domestic product (GDP) growth would accelerate to 6.13 per cent in a scenario in which export turnover would grow at 4.02 per cent, the trade surplus would reach $5.64 billion and average inflation would be 3.94 per cent.

In a second scenario, in which export turnover would grow at 5.19 per cent, the trade surplus would reach $6.26 billion and average inflation would be 3.72 per cent, GDP growth would be 6.48 per cent.

The institute recently released a report titled 'Vietnam's economy in 2023 and prospects for 2024: Reforms to accelerate growth recovery'

This year would be another difficult year for the world in general and for Vietnam in particular, CIEM director Tran Thi Hong Minh was quoted as saying by a domestic media outlet.

The country's National Assembly has set a GDP growth target of 6-6.5 per cent for this year.

The Asian Development Bank has projected a growth rate of 6 per cent this year for the country.

Source: fibre2fashion.com– Jan 16, 2024

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Bangladesh: Dhaka Int'l Trade Fair begins Jan 21

This year's Dhaka International Trade Fair (DITF) will begin on January 21 at the month-long event's permanent venue in Dhaka's Purbachal.

Prime Minister Sheikh Hasina is scheduled to inaugurate the DITF this year, Senior Commerce Secretary Tapan Kanti Ghosh told The Daily Star.

The showcase normally begins on the first day of January every year, but this time it got delayed because of the general elections held on January 7.

The number of foreign companies this year may be a bit low as they have been given a very short time to get prepared for the show.

Usually, the government issues a notice for local and international companies around three months before the beginning of the expo, but this time the announcement came only a week ago.

Despite the short notice, the organisers—the Export Promotion Bureau and the commerce ministry—expect companies from India, Iran and other neighbouring countries will come in good numbers.

The schedule of the trade fair was set in a meeting at the commerce ministry in Dhaka today.

Source: thedailystar.net– Jan 15, 2024

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New cargo route important driver for Pak-China trade, says Ambassador Hashmi

Pakistan's Ambassador to China, Khalil Hashmi said that the new cargo route be-tween Pakistan and China is an important driver for trade between the countries and a significant step forward in bilateral connectivity spectrum.

"A welcome development and an im-portant driver for trade between Paki-stan and China. A significant step forward in bilateral connectivity spectrum," he said in a statement. Ambassador Hashmi said four airlines with several weekly commercial flights were already operat-ing between the both countries. The new air cargo route was launched last week linking Ezhou Huahu Airport in central China's Hubei Province with Lahore.

The Ezhou-Lahore cargo route is the first international air cargo route launched by SF Airlines in this year departing from Ezhou Huahu Airport, China's first cargo-focused airport. The Ezhou-Lahore route is planned to operate three times a week, providing over 300 tons of air transport capacity from Ezhou to Lahore every week. The transported goods mainly in-clude textiles, 3C electronic products, electronic equipment, etc.

The opening of this international cargo route will provide an efficient and stable air logistics channel for economic and trade exchanges between China and Paki-stan, and provide more logistics conve-nience for Chinese brands to explore the Pakistani market. SF Airlines, the aviation branch of China's leading courier enter-prise SF Express, to date has launched a total of 11 international cargo routes from Ezhou to global destinations.

Source: nation.com.pk– Jan 16, 2024

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NATIONAL NEWS

We must leverage the FTAs for our benefit to push exports: Sh. Goyal

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today chaired the second meeting of the reconstituted Board of Trade held at Bharat Mandapam, New Delhi today. Shri Goyal announced initiation of work on Trade Connect ePlatform, an intermediary platform providing the facility to connect Indian exporters and entrepreneurs with various stakeholders in international trade will commence shortly.

The ePlatform is expected to provide facilitation for new and aspiring exporters, information on various regulations to access markets, sectors, export trends, easy access of benefits under Free Trade Agreements, access to sector specific events along with a facility to address trade related queries to officials in Government of India and associated entities to get expert advice. The platform is likely to be ready in 3-4 months' time period.

In his opening remarks, Shri Goyal said that the Board of Trade meeting is an opportunity to deliberate on the key issues including how to leverage the FTAs for our benefit, how to encourage the Startups/MSMEs to go beyond our borders and start exporting, boosting exports also from the services sector which remains a key driver of export growth from the country.

Shri Goyal stressed on the need to internationalise the goods and services to help in improving the quality of the products and also to have economies of scale. He further emphasied on making exports a people's movement with the States, Centre and the Industry, all playing an equal role in accelerating Indian exports.

The Minister emphasised on the pro-active role to be played by the States/UTs to achieve higher exports and contribute to the nation building process. He further assured that all the issues raised by the participants will be addressed and the suggestions made by them in the meeting today will be considered by the concerned. While talking of potential in service exports, the Minister emphasised on Education, Tourism and Audio-Visual services as the areas with huge potential.

The Board of Trade meeting focused on reviewing the export performance to achieve the $2 trillion export target for year 2030, the priorities identified in the new Foreign Trade Policy (FTP) 2023 and the strategies and measures to be adopted in order to take forward the export growth. The reconstituted Board of Trade provides an opportunity to have regular discussions and consultations with trade and industry and advises the Government on policy measures connected with the Foreign Trade Policy in order to achieve the objectives of boosting India's trade.

It provides a platform to the State governments and UTs for sharing State-oriented perspectives on exports. It also acts as a platform for the Government of India for appraising State and UTs about international developments affecting India's trade and the role States and UTs can play in promotiong exports. It remains an important mechanism for deliberations on trade related issues with Industry bodies, Associations, Export Promotion Councils, and State/UT governments. The 29 non-official members were also invited for the Board of Trade meeting.

During the Board of Trade meeting, presentations were made on a variety of subjects such as India's Import/ Export Performance and State export performance, PM Gati Shakti National Master Plan Multimodal Connectivity, Leveraging FTAs for boosting export growth, discussion on foreign trade vision, trade facilitation measures undertaken by customs, Convergence and expansion of Government e-Marketplace, reforms in Indian patent system, Intervention to boost Pharma exports etc.

Ministers from the States made interventions in the meeting, giving their State-specific suggestions, and also expressed their commitment to creating a favorable ecosystem in promoting the external trade.

The meeting saw the participation of Minister of State for Commerce and Industry, Ms. Anupriya Patel, Commerce Secretary, Shri Sunil Barthwal, Special Secretary, Logistics Smt. Sumita Dawra, Director General of Foreign Trade, Shri Santosh Sarangi and other senior officials and members of Indian Industry. The meeting was attended by various State Ministers and other senior officials of key line ministries and States, all major trade and industry bodies, Export Promotion Councils and industry associations.

Source: pib.gov.in– Jan 16, 2024

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Exporters stress demand for Indian shipping line of global repute to reduce 'arm twisting' by foreign ones during crisis

The government must focus on developing an Indian shipping line of global repute that could reduce "arm twisting" by foreign shipping lines at the time of crisis and result in big savings, some exporters proposed at the Board of Trade meeting chaired by Commerce & Industry Minister Piyush Goyal on Tuesday.

The suggestion, made on many occasions before, is especially important in the present context of sky-rocketing shipping charges due to the on-going Red Sea crisis, which has affected India's trade with Europe, US east coast and parts of West Asia and Africa.

Freight rate hike

"Because Indian exporters are almost completely at the mercy of foreign shipping lines, they indiscriminately increase freight at the slightest opportunity.

Right now, freight rate increase is not just confined to the Red Sea route or the detour that has to be taken through the Cape of Good Hope, but on all routes. This was pointed out to the government," a person tracking the matter told businessline.

In its presentation, exporters' body FIEO pointed out that as the government had taken the laudable initiative for facilitating container manufacturing in the country to become 'Atma Nirbhar', a similar focus for developing an Indian shipping line of global repute was called for.

"India remitted over $80 billion as transport service charge in 2021. As the country moves towards the goal of $1 trillion exports, this will touch $200 billion by 2030. A 25 per cent share by the Indian shipping line can save $50 billion annually," it said.

The Indian private sector may be engaged to develop such shipping lines. This will also reduce arm twisting by foreign shipping lines particularly of our MSMEs, the presentation added.

Red Sea crisis

India's exports could decline by an estimated $30 billion in the on-going financial year if the Houthis continue their attacks on cargo ships in the Red Sea, according to some calculations made by think-tanks.

Not only have shipping charges more than doubled on several routes, all kinds of steep surcharges are being applied such as peak season surcharge, Red Sea surcharge and contingency surcharge, exporters complained. Insurance costs have also gone up several fold.

The Commerce & Industry Minister pointed out that the Board of Trade meeting was an opportunity to deliberate on the key issues including how to leverage the free trade agreements (FTAs) for the country's benefit, how to encourage the startups/MSMEs to go beyond the borders and start exporting and boost exports from the services sector which remains a key driver of export growth.

The Board of Trade meeting focused on reviewing the export performance to achieve the $2 trillion export target for year 2030, the priorities identified in the new Foreign Trade Policy 2023 and the strategies and measures to be adopted in order to take forward the export growth, per an official release.

The reconstituted Board of Trade provides an opportunity to have regular discussions and consultations with trade and industry and advises the government on policy measures connected with the FTP in order to achieve the objectives of boosting India's trade. It also provides a platform to the State governments and UTs for sharing State-oriented perspectives on exports.

Source: thehindubusinessline.com– Jan 16, 2024

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Overall imports down 4% but shipments from Russia, China up: Govt data

India's exports rose to seven of the country's top 10 destinations — United Arab Emirates, Saudi Arabia, China, the UK, Australia, Singapore, and the Netherlands – in the first nine months of the current financial year (FY24). Overall exports, meanwhile, increased 0.9 per cent, according to the data compiled by the commerce department. Of India's top 10 import partners, inbound shipments from Russia, Switzerland, China, and South Korea saw growth during April-December, at a time when the country's overall inbound shipments dipped by 4 per cent compared to a year earlier.

Source: business-standard.com– Jan 16, 2024

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Red Sea crisis may nudge US buyers to source goods from East Asia

Last week, the United Nations Security Council called for cessation of attacks on commercial vessels in the Red Sea. Within hours, the American and British forces launched aerial attacks on the military positions of the Houthi rebels in Yemen. It is far from clear whether these developments will quickly lead to restoring normalcy in the Red Sea.

What is clear, however, is that the disruption of traffic through the Suez Canal has resulted in increase of freight rates by at least $1,500 per container and longer transit times by 12-15 days for cargo going from India to Europe and America, as the major shipping lines are routing their vessels to go around the African continent. There is a very strong perception among shippers that the shipping lines are exploiting the situation.

Indian exporters apprehend that unless the hostilities in the Red Sea end quickly, the buyers in the United States (US) will prefer East Asian sources because transit through the Pacific Sea remains unaffected and even goods that land in the US West Coast can be moved to the US East Coast through rail within a week.

Thus, the transportation costs and transit time from East Asia to the US are now lesser than those from India. Exporters of some high value items like pharmaceuticals are trying to send their goods by air but the airlines have also raised the freight rates.

For supplies to Europe and other countries to the west of Suez Canal in North Africa, the shippers from India and East Asia face the same problems of higher transportation costs and longer transit time. Indian exporters of plastic, engineering and electronic components are unlikely to lose out in the near term, as new vendor development is a tedious process for their buyers in US and Europe.

The importers in India sourcing goods, especially capital goods, from Europe or US are also facing higher costs but mostly, the raw materials and intermediates are sourced from East Asia, where there is no disruption of supply chains.

In the last few years, many large companies, especially in the developed countries, have been trying to develop suppliers from friendly or nearby countries. The disruption of supply chains of the sort witnessed during the pandemic accelerated that trend. Last year, a big cargo vessel ran aground in the Suez Canal blocking the movement of vessels from Asia to Europe for a week. The Red Sea crisis has already lasted more than four weeks. In the medium term, such disruptions may encourage sourcing from vendors located nearby. Thus, the US buyers are likely to develop vendors from their southern neighbours and the European buyers from their eastern neighbours.

The Red Sea crisis comes at a time when the Panama Canal is unable to deal with the transit of larger vessels due to low water levels in its reservoirs. It also threatens to push up prices and consequently the interest rates in Europe. In turn, that could lead to lower demand that may adversely affect our exporters. Our commerce ministry has scheduled a meeting this week with top officials from the defence, external affairs, shipping and finance ministries to discuss the fall out of the supply chain disruptions and remedial measures to be taken. Hopefully, something useful will emerge from the meeting.

Source: business-standard.com– Jan 16, 2024

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Consider giving refunds to exporters in cash for tax remission schemes: GTRI to govt

The government can consider giving refunds to exporters in cash instead of scrips for tax remission schemes, as it would immediately improve cash flow for them, economic think tank GTRI said on Tuesday.

At present, the refund under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme and the Rebate of State and Central Taxes and Levies (RoSCTL) scheme is issued as a scrip, which can be used to pay basic customs duties at the time of import.

The scrip can be sold to other importers, who can later use the scrip instead of cash for payment of basic customs duty.

These schemes refund select central and state levies to Indian exporters.

"Refund RODTEP and ROSCTL dues to exporters in cash and not in the form of scrips. This will immediately improve the cash flow of thousands of exporters facing a weak export outlook for 2024," the Global Trade Research Initiative (GTRI) said.

The RoSCTL refunds taxes for apparel and made-up sectors. RoDTEP covers most of the remaining products covered under about 8,500 tariff lines or product categories.

It said that since the average RoDTEP rate is low at about 2.5 per cent, it is suggested that the refund amount can be transferred in cash to exporters' bank accounts post-export, as done in the case of the duty drawback scheme.

Both the RoDTEP and duty drawback schemes refund unrefunded duties and are similar.

Also, most small exporters do not import and have to sell the scrips to large importers who buy the scrips at varying discounts of up to 10 per cent of the scrip value, it added.

"Many small value scrips remain unutilised also. The small exporter thus gets less than the announced incentive," GTRI Co-Founder Ajay Srivastava said.

He added that the cash refund will help thousands of exporters in employment-oriented sectors like marine, leather, gems and jewellery, agriculture, and other sectors like electrical/electronics, automobiles, machinery, and plastics.

"Cash refunds would immediately improve the financial stability of exporters. Direct cash disbursements would eliminate the need for discounted scrip sales, ensuring that exporters receive the full value of their refunds," Srivastava added.

Small firms, which form a significant part of India's export economy, would be particularly advantaged by this, helping them to compete more effectively on a global scale, he said.

Source: economictimes.com– Jan 16, 2024

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Jump in cargo rates to hurt trade, India needs own shipping line: Exporters

Freight rates have skyrocketed by up to 600 per cent due to the Red Sea crisis which would hurt the world trade, say Indian exporters while suggesting the government should start its own shipping line of global repute.

The freight hike issue was flagged in the meeting of the Board of Trade (BoT) chaired by Commerce and Industry Minister Piyush Goyal on Tuesday, Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said.

He said "It is a serious issue" and the problem will hurt the global demand for goods besides pushing inflation in different countries. The situation around the Bab-el-Mandeb Strait, a crucial shipping route connecting the Red Sea and the Mediterranean Sea to the Indian Ocean, has escalated due to recent attacks by Yemen-based Houthi militants.

Due to these attacks, the shippers are taking consignments through the Cape of Good Hope, encircling Africa, resulting in delays of almost 14-20 days and also higher freight and insurance costs.

"At some places, the freight rates have jumped by 600 per cent," Sahai said adding "We request for developing an Indian Shipping Line of global repute". Kolkata to Rotterdam freight increased from USD 500 to USD 4,000 now due to the Red Sea crisis. According to the FIEO, India's outward remittance on transport services is increasing with rising exports.

"We remitted over USD 80 billion as transport service charges in 2021. As the country moves towards the goal of USD 1 trillion in exports, this will touch USD 200 billion by 2030. A 25 per cent share by the Indian Shipping Line can save USD 50 billion year on year basis," he added.

The Indian private sector may be engaged to develop such shipping lines as this will also reduce arm twisting by foreign shipping lines, he said.

Around 80 per cent of India's merchandise trade with Europe passes through the Red Sea and substantial trade with the US also takes this route. Both these geographies account for 34 per cent of the country's total exports.

The Red Sea strait is vital for 30 per cent of global container traffic and 12 per cent of world trade. About 95 per cent of the vessels have rerouted around Cape of Good Hope adding 4,000-6,000 nautical miles and 14-20 days to journeys.

The commerce ministry has called an inter-ministerial meeting on the crisis on Wednesday. Senior officials from five ministries -- external affairs, defence, shipping and finance (department of financial services) and commerce -- will participate in the deliberations.

Exports to Europe, the east coast of the US and Latin America are facing problems due to the crisis.

Due to attacks, shipping lines have reduced their movement through the Red Sea and are taking the longer route via the Cape of Good Hope, encircling the African continent.

The trade route of Bab-el-Mandeb Strait, the Suez Canal, and the Red Sea is shorter and faster than the Cape of Good Hope route, making it the preferred option for most shipping companies.

The route starts from major Indian ports like Mumbai, JNPT, or Chennai, heads westward through the Arabian Sea, enters the Red Sea, and navigates through the Suez Canal into the Mediterranean Sea.

From there, ships can reach various European ports, depending on their destination. The Cape of Good Hope route is longer and slower, but it avoids the potential for delays or disruptions at the Suez Canal.

It is typically used for bulk cargo shipments where time is less critical or when political instability in the Middle East raises concerns about using the Suez Canal.

The route starts from the same Indian ports, heads southward across the Indian Ocean, rounds the Cape of Good Hope at the southern tip of Africa, and then sails northward along the west coast of Africa before entering the Mediterranean Sea and reaching European ports.

Source: business-standard.com– Jan 13, 2024

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India Inc revenue estimated for 8-10% growth in Q3, supported by consumer discretionary, auto, airlines, hospitality sectors

Revenue of Indian corporates is projected to have increased by 8-10 per cent on-year during the December quarter but declined 100-150 basis points (bps) sequentially, said a report by CRISIL. In the September quarter, on-year revenue growth had improved after easing for four quarters on the trot. Of the 47 sectors CRISIL Market Intelligence and Analytics (MI&A) Research tracks, all but 13 recorded an on-year pick-up in revenue growth. In all, the analysis covered ~350 companies (excluding financial services and oil and gas sectors).

Growth across sectors

Revenue growth, the report stated, would have been stronger but for the decline in agri-linked sectors such as fertilisers, consumer staples such as edible oils, industrial commodities such as chlor-alkalis and commodity chemicals, and aluminium. Also, revenue growth seemed to be propelled by volume, particularly in the domestic market, while realisation either declined or grew at a sedate pace. Aniket Dani, Director- Research, CRISIL Market Intelligence and Analytics, said, “Construction-linked sectors, which together account for 20 per cent of overall revenue, grew 5-7 per cent as construction activity picked up post the lean monsoon season, thereby augmenting growth in the cement and steel industries as well.

Corporate revenues continued to be driven by consumer discretionary products and services, and consumer staples, which contribute over a third of total revenue. Automobiles, airlines, retail and hospitality supported growth. Led by the healthy performance of pharmaceuticals and IT services, export-linked sectors rose 16 per cent and outpaced overall revenue growth.”

The automobiles sector likely grew 13-15 per cent during the quarter, steered by 16-18 per cent growth in passenger vehicles on healthy demand sentiment, supported by new model launches, greater variety in the product portfolio, and supply chain improvements. Two-wheelers also picked up despite an erratic monsoon, and buoyed by a strong festive season demand, volume likely grew 20-25 per cent, it said.

Within consumer discretionary products, retail maintained its momentum, growing 18-20 per cent. Airlines and hotels, which make up the hospitality segment, grew by 25 per cent and 44 per cent, respectively, led by strong domestic tourism, particularly during the festive and wedding seasons.

This, coupled with a steady 8-10 per cent growth in the media and entertainment industry, pushed up revenue of the consumer discretionary services vertical by 13-15 per cent.

Construction companies, meanwhile, likely saw 7-9 per cent growth, supported by a healthy rise in order inflows due to the government's thrust on infrastructure and urban development. Among construction-linked segments, cement companies likely recorded 8-10 per cent growth on a high base of the year-ago quarter, backed by 12-14 per cent volume growth clocked by large and mid-sized players, while realisation inched up a modest 1-3 per cent. Realisation of small and mid-sized players remained under pressure though.

Steel contributed to 16-18 per cent growth in the revenue of steel products during the quarter. Volume expanded by a healthy 8-10 per cent following higher offtake of long steel products for infrastructure, construction projects and the auto industry, though this was lower than the 16 per cent growth seen in the second quarter. However, competitive global markets resulted in exports contracting by over a third and capped flat and long steel prices as well.

While merchandise exports continued to be weighed down by weak global demand, essentials such as pharmaceuticals likely logged 17-19 per cent on-year growth owing to strong 8-10 per cent growth in the domestic markets, continued momentum in exports to regulated markets and easing pricing pressure in the United States. Semi-regulated markets, too, witnessed a recovery. IT services saw 15 per cent growth, but could have been stronger had it not been for a seasonally weak quarter.

Aluminium industry revenue contracted by ~2 per cent on moderation in global growth. Global prices fell marginally and reflected in the premiums of major export destinations. Global headwinds impacted the chemicals segment as well. Prices of commodity chemicals saw downward pressure owing to China's slow recovery and widespread destocking, resulting in a likely 17-19 per cent fall in revenue.

Cotton textiles benefitted from strong volume growth amid competitive pricing, but soft realisation restricted further improvement in revenue. In the case of gems and jewellery, export demand remained weak amid modest purchasing power in the United States, the key market for cut and polished diamonds.

However, operating profitability likely expanded by a smart 100-150 bps on-year in the quarter. Subsequently, overall earnings before interest, tax, depreciation and amortisation (Ebitda) margin for ~350 companies are estimated at 19- 20 per cent during the first nine months this fiscal, up from 17-19 per cent a year ago.

Arindam Pal, Associate Director- Research, CRISIL Market Intelligence and Analytics, said, "Corporate India has continued to benefit from softening input costs this fiscal, which are likely to give a leg-up to volume growth. Prices of key commodities such as coal and crude oil have eased, as have power and freight costs. This, coupled with continued volume growth in the domestic market, will support operating profitability in the near term."

Barring the steel products sector, where margins remained broadly at year-ago levels, the top nine industries recorded an expansion in operating profitability on-year. Cement, power and aluminium industries gained the most. Margins of the power sector were driven by a combination of higher demand, and a simultaneous decline in Indonesian coal prices and stable domestic coal prices.

The telecom industry managed to clock a 150-200 bps improvement in profitability due to stable costs and higher realisation from tariff revisions and migration of customers from 2G and 3G to 4G and 5G. Easing commodity costs helped the automobiles industry expand margin by 100-150 bps, while moderation in costs of some active pharmaceutical ingredients and simultaneous bolstering of revenue supported margin expansion in the pharma sector.

In the fourth quarter, CRISIL said, revenue is likely to continue its growth trajectory to close the fiscal with 9-12 per cent growth. However, slower-than-expected recovery in export demand and weak rural demand following an inadequate monsoon remain monitorable. Against this backdrop, favourable input costs may provide corporate India a much-needed respite.

Source: financialexpress.com– Jan 17, 2024

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Knitwear Imports From Bangladesh Under FTA Hurt Domestic Industry

The local textile industries, adversely impacted by the India-Bangladesh Free Trade Agreement (FTA), are urgently seeking government intervention to curb the imports of garment and knitwear fabric from Bangladesh.

Simultaneously, the industry is urging the government to facilitate opportunities for exporting goods to European countries without imposing custom duties, reported TOI.

Describing the surge in imports as a "serious threat" to the survival of local and domestic businesses, industry representatives highlight the need for immediate action.

The industry representative emphasises that affordable and high-quality clothing from Bangladesh has dominated the domestic market for over a decade due to the absence of custom duties.

The rise in imports from Bangladesh, as per an industry association, has resulted in a sustained decline in domestic production, leading to substantial revenue losses over the years. The situation is deemed critical, with the industry facing an escalating crisis.

Vinod Thapar, President, Knitwear Club, underscores the challenges posed by the significantly lower labour costs in Bangladesh and the superior quality of their products compared to the domestic industry.

“Despite that the local industry has the strength to compete with them. But we need the intervention of the Union government,” Thapar stated.

Thapar stresses the necessity of government intervention to enhance competitiveness and calls for initiatives to improve the production quality of the domestic industry and the establishment of mechanisms to restrict imports from Bangladesh, ultimately safeguarding the interests of the Indian textile sector.

Source: knnindia.co.in– Jan 16, 2024

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