TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

IBTEX TEXTILE INTELLIGENCE CENTRE
INFORMATION BUREAU TEXPROCIL

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. 37 of 2024 — March 05, 2024

Currency Watch			
USD	EUR	GBP	JPY
82.90	89.98	105.20	0.55

INTERNATIONAL NEWS

No	Topics
1	Global manufacturing shows signs of renewed vigour in Feb: S&P Global
2	Xinjiang cotton industry maintaining good momentum despite US crackdown: CPPCC National Committee member
3	G-20 economies to see stabilised growth at slightly lower rates in '24
4	European Commission proposes amendment to EU budget 2024
5	German companies to reduce hiring amid economic slowdown
6	Speculation, not fundamentals, driving higher cotton prices: ICAC
7	Clean Clothes Campaign Turkey Calls for Stronger Potassium Permanganate Regulations
8	VIATT 2024 highlights Vietnam's strategic position as textile and apparel powerhouse, and claim for China+1 strategy
9	Bangladesh: Exports rise 12% in Feb
10	New board for Bangladesh Garment Buying House Association

11	Pakistan: Textile exports hit $1.41 billion in February, up 20pc year-on-year

NATIONAL NEWS	
No	**Topics**
1	India bargaining hard with EFTA countries for creation of 1 million jobs
2	Trade pact with EFTA may be the first for India with committed investments, jobs, says official
3	Finance Minister Sitharaman asks CBIC to settle classification issues
4	Expeditious roll-out of PM MITRA to help attract large investments, FDI in textiles: Experts
5	‘Ukraine war dulled goods exports’
6	Grasim consolidates gain: How curbs on a key input for textiles helped one industry, and hurt several small players
7	Maharashtra Launches 18 Mini Textile Parks, Signs MoUs to Bolster Sector, Eyeing ₹1800 Crore Investment

SAYING NO TO CHILD LABOUR

G20 भारत 2023 INDIA

INTERNATIONAL NEWS

Global manufacturing shows signs of renewed vigour in Feb: S&P Global

Global manufacturing showed signs of renewed vigour in February, according to S&P Global. Output expanded for the second successive month, supported by the first increase in new order intakes since June 2022.

The J.P.Morgan global manufacturing purchasing managers' index (PMI)–a composite index produced by J.P.Morgan and S&P Global in association with the Institute of Supply Management and the International Federation of Purchasing and Supply Management (IFPSM)–posted 50.3 in February, up from 50.0 in January, its first reading above the neutral 50 mark in 18 months.

Three of the five PMI sub-indices—new orders, output and stocks of purchases—signalled growth, S&P Global said in a release.

The outlook remained broadly positive overall, with optimism regarding the year ahead staying close to January's nine-month high.

Although the rate of expansion in output remained only mild in February, it was still the second-fastest during the past 20 months. All three of the sub-sectors covered by the survey saw output increase, S&P Global said in a release.

Consumer goods producers saw solid growth, whereas rates of expansion were marginal in both the intermediate and investment goods categories.

China, the United States, India and Brazil were among the nations that witnessed a rise in manufacturing output during the month, in contrast to declines in places like the euro area, Japan and the United Kingdom.

The increase in global manufacturing production was supported by growth in new business intakes and efforts to complete backlogs of work.

Total new orders rose for the first time in 20 months, albeit only marginally. Although the downturn in new export orders continued—international trade volumes have fallen throughout the past two years—the rate of decline eased to its weakest since June 2022.

Meanwhile, the cyclically sensitive ratio of new orders-to-stocks of finished goods edged up to its highest level since May 2022.

February data indicated that average supplier lead times were broadly unchanged over the month. However, the aggregate reading masked divergent trends beneath the surface.

Some nations, including Germany, the United States and Austria, saw marked improvements in vendor lead times. In contrast, the United Kingdom, France and Australia saw much longer times.

Source: fibre2fashion.com– Mar 05, 2024

HOME

****

Xinjiang cotton industry maintaining good momentum despite US crackdown: CPPCC National Committee member

The US and its Western allies' relentless crackdown against Xinjiang's cotton industry since 2020 has failed, as the industry has been maintaining sound development momentum, and is seeing rising competitiveness not only in the Chinese market but also internationally, Liang Yong, a member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and a member of the China Association for Promoting Democracy, one of China's eight noncommunist political parties, told the Global Times. Liang is also the director of Xinjiang cotton industry development leadership office.

"Despite a drop in China's textile and clothes exports to the US that are made with Xinjiang cotton, the country is still the world's largest cotton consumer as well as textile and clothes exporter. China is also the world's largest cotton importer," Liang said.

According to Liang, the competitiveness of Xinjiang's cotton industry has been rising year by year, fueled by tech innovation and the promotion of large-scale cultivation. In 2023, the overall mechanization rate for cotton harvesting hit 89 percent in Xinjiang, compared with 21 percent in 2014.

Also, the Xinjiang cotton per unit yield averages 143.85 kilograms per mu, which is twice that of the US and almost the same level as in Australia. In 2023, the output of Xinjiang cotton was 5.11 million tons, representing 91 percent of the national yield, and one-fifth of global output.

Liang said that in the next step, the office will work on setting up a homegrown cotton quality tracing system and certification system as well as building a number of homegrown brands.

Meanwhile, he said that the Xinjiang cotton industry is actively expanding into overseas markets, in particular markets along the route of the Belt and Road Initiative (BRI), to promote the stability of the global textile supply chain.

Liang has also submitted a proposal for this year's two sessions titled "building a joint cotton market with Shanghai Cooperation Organization (SCO) members." According to the proposal, which he shared with the

Global Times, the Xinjiang region, along with neighboring India, Pakistan and five Central Asian countries, are the main cotton producers in the world and they together represent nearly 60 percent of global cotton output.

He suggested a number of measures that could lay a foundation for building the joint market, including studying import and export tariff policies concerning cotton and textile products, as well as setting up a mutual recognition mechanism among SCO members for products such as cotton and cotton yarn.

“Setting up a joint cotton market with other SCO members is an effective way to counter the US-led crackdown and increase market demand. It will also elevate the global influence of China’s cotton industry, while deepening economic and trade ties,” Liang explained.

“Xinjiang has a geographic advantage as it borders eight countries including Kazakhstan, Russia, India and Pakistan. The region is also home to about 20 border ports, including 17 land border ports and three aviation ports. The majority of China-Europe freight trains also pass through Xinjiang,” Liang added.

In November, the Xinjiang Pilot Free Trade Zone (FTZ), the first in China's northwestern border regions, officially started operation.

Liang believes that this geographic edge, plus the relatively cheap cost of production and policy support, will create conditions for Xinjiang to become the center of China’s western textile industry cluster, which mainly exports to Central Asia, West Asia, South Asia and Europe. “Such a scene is foreseeable in the next five years,” Liang said.

In 2023, the value of textile products exported from Xinjiang rose 34.6 percent to 107.59 billion yuan, according to data provided by Liang.

Xinjiang is also speeding up the building of a Silk Road Economic Belt core area. It is expected that under the BRI, Xinjiang will further leverage its advantageous industries and accelerate regional cooperation to make itself a bridgehead in China’s westward opening-up process, Liang said.

Source: globaltimes.cn– Mar 05, 2024

HOME

****

G-20 economies to see stabilised growth at slightly lower rates in '24

Moody's anticipates a moderation in the Group of Twenty (G-20) economies' growth, projecting expansions of 2.4 per cent in 2024 and 2.6 per cent in 2025, down from 2.9 per cent in 2023, according to Moody's recent Global Macro Outlook for 2024-25. The slowdown is expected across both advanced and emerging market countries, with Argentina predicted to be the only contracting economy.

The report highlights a transition towards policy normalisation among major central banks, including the Federal Reserve (Fed), European Central Bank (ECB), and Bank of Japan (BoJ), contingent on continued inflation decline. The Fed is expected to cut the federal funds rate by a cumulative 100 basis points in 2024, with further reductions in 2025, while the ECB may start policy normalisation in the second quarter.

Amid subsiding macroeconomic risks, geopolitical tensions remain a concern, potentially impacting commodity markets and global trade. The ongoing Russia-Ukraine conflict and tensions in the Middle East and Asia contribute to uncertainty affecting regional and global growth, as per the report.

Despite these challenges, the global economy is showing signs of stabilisation, supported by strong performances in large economies and recovery in emerging markets like India, Indonesia, Brazil, and Mexico. These countries are well-placed to benefit from global manufacturing and supply chain reorganisations. China's recovery is uneven, but support measures could stabilise its economy. Europe is expected to see gradual economic stabilisation, particularly as the ECB begins policy normalisation.

Moody's revised upwards the 2024 US growth forecast to 2.1 per cent from 1.0 per cent, reflecting the economy's resilience.

India's growth estimate for 2024 has also been raised to 6.8 per cent from 6.1 per cent, making it the fastest-growing G-20 economy. However, growth estimates for Germany, the UK, and Saudi Arabia have been adjusted based on recent data.

The outlook suggests a steady normalisation in economic activity, with most G-20 emerging markets expected to grow close to potential in 2024 and 2025.

The US economy's strong performance has been a key driver of global growth, while Europe's economies have managed to avoid deep recessions despite various shocks.

Source: fibre2fashion.com– Mar 05, 2024

HOME

****

European Commission proposes amendment to EU budget 2024

The European Commission late last month adopted a proposal to amend the European Union (EU) budget this year to reflect the changes made following the agreement between the European Parliament and the Council on the revision of the Multiannual Financial Framework (MFF) for 2021-2027.

The amendment will enable the EU to continue delivering this year on the EU's common priorities, for the benefit of the bloc's citizens and beyond.

In particular, it will reinforce EU support to Ukraine, boost investments in critical technologies and defence, and provide additional resources to support partners in the Western Balkans.

The EU budget will now also be better equipped to help member states affected by natural disasters and countries facing humanitarian crises, an official release said.

This amendment amounts to a raise of over €5.8 billion covering several elements.

The Commission has submitted the draft amending budget to the European Parliament and the Council, for their approval.

To ensure the EU budget can continue to deliver on the most essential objectives, the Commission proposed in June last year to reinforce the EU's long-term budget.

On February 1 this year, EU leaders confirmed all priorities of the Commission's proposal and agreed on the first-ever revision of the EU's long-term budget.

Source: fibre2fashion.com– Mar 04, 2024

HOME

****

German companies to reduce hiring amid economic slowdown

German companies are showing a decreased inclination towards hiring new staff, as the ifo Employment Barometer dropped to 94.9 points in February from 95.5 points in January.

The downturn reflects a cautious approach by businesses in light of the current economic sluggishness, with some companies even considering layoffs.

The manufacturing sector, in particular, is signalling potential job cuts across nearly all industries, including trade. The situation is further exacerbated by weak consumer spending, which poses a significant challenge for stationary retailers.

These businesses are particularly affected and are seeking to navigate through the period of reduced consumer activity with a leaner workforce, according to ifo Institute.

Source: fibre2fashion.com– Mar 04, 2024

HOME

****

Speculation, not fundamentals, driving higher cotton prices: ICAC

The latest 'Cotton This Month' report by the Washington, D.C-based International Cotton Advisory Committee (ICAC) has revealed a significant surge in the price of cotton, transcending initial market projections. ICAC attributed this unexpected rise primarily to a wave of speculative buying on the futures market.

The actions of speculative buyers have significantly increased the demand for futures contracts, ultimately exerting an upward force on cotton prices, ICAC noted in a recent release.

A common pattern emerges as speculators invariably attract additional participation in the market, creating a feedback loop that escalates buying pressure, and consequently, prices.

The real story will start to unfold in the next few months when planting intentions are solidified, at least in the Northern Hemisphere, the ICAC report noted.

Planting intentions have been lower than in previous years, and it remains to be seen whether the recent higher prices will incentivise farmers to raise the area under cotton cultivation.

If the planted area remains below previous seasons' levels, and consumer sentiment improves—thus driving demand up in the 2024-25 cotton season, then higher prices can be certainly expected, especially given the lower stocks in many of the largest countries.

The ICAC secretariat's current price forecast of the season-average A-index for 2023-24 cotton season ranges from 83.5 cents to 102.3 cents, with a midpoint of 91.73 cents per pound.

Source: fibre2fashion.com– Mar 04, 2024

HOME

****

Clean Clothes Campaign Turkey Calls for Stronger Potassium Permanganate Regulations

Potassium permanganate bleaching, commonly known as PP spray in the denim industry, and the harmful effects it has on worker health and the environment are the focus of a new report by Clean Clothes Campaign Turkey (CCC Turkey).

PP spray was introduced in Turkey following the 2009 ban of denim sandblasting which afflicted garment workers with silicosis. However, the report argues is it just as harmful, yet the country has no legislation limiting or regulating its use.

Though there are various alternatives to PP spray like ozone and laser technology, many brands continues to use it to achieve the vintage-inspired washes that are in high demand by consumers.

The garment worker advocacy claims the odorless, sand-like solid chemical is the cause for face skin problems, blurred vision, respiratory issues, chest tightness, and lung inflammation, and long-term exposure to the substance can damage the liver and kidneys.

The chemical's environment impact damages sea life and results in wastewater. Over five tons of PP used worldwide daily cause severe damage to the surrounding environment due to manganese, a heavy metal that does not biodegrade, according to the report.

In the report, CCC Turkey examined 44 brands that bleach jeans and produce in Turkey—12 of which are committed to the Manufacturing Restricted Substances List (MRSL) of the Zero Discharge of Hazardous Chemicals (ZDHC). However, instead of prohibiting PP spray, MRSL urges brands to take occupational health and safety measures when using it.

This results in signatories taking various approaches to PP spray in their supply chain. For example, CCC Turkey said H&M implemented a PP spray ban at the start of this year and that Diesel is using alternative chemicals. Ralph Lauren is gradually removing it from production by 2025.

In a questionnaire, Zara-owner and MRSL signatory Inditex confirmed to CCC Turkey that it uses PP spray but that periodic checks are made on its factories to examine whether sufficient safety measures are being made.

Other brands are less specific about their use of PP spray, but they call out other sustainable technologies, CCC Turkey found. Guess and Pepe Jeans—both of which are not MRSL signatories—highlight their use of Wiser Wash technology instead. However, the report says it is unclear if the technology is used in all jeans production.

CCC Turkey recommends brands to improve their supply chain transparency, including information about production locations and chemicals used in their products. The organization also calls for companies to develop and implement policies regarding chemical usage in their supply chains, including health and safety measures and environmental damage mitigation.

Moreover, CCC Turkey call for brands producing in Turkey to immediately reduce the use of PP, "understanding that environmental damage and occupational diseases develop over many years."

Source: sourcingjournal.com– Mar 04, 2024

HOME

****

VIATT 2024 highlights Vietnam's strategic position as textile and apparel powerhouse, and claim for China+1 strategy

The recently concluded Vietnam International Trade Fair for Apparel, Textiles, and Textile Technologies (VIATT 2024) served as a powerful platform to showcase Vietnam's meteoric rise in the global textile and apparel (T&A) industry. Held in Ho Chi Minh City from February 28th to March 1st, the event attracted over 400 exhibitors and a significant number of visitors, highlighting the sector's growing importance to the Vietnamese economy.

Vietnam’s claim to success

Vietnam's T&A exports reached a record-breaking USD 44.5 billion in 2022, exceeding the Ministry of Industry and Trade's (MoIT) target and reflecting a remarkable 21.4% growth compared to 2021.Vietnam is currently the world's ‘second-largest’ T&A exporter, trailing only China. The T&A industry employs over 2.7 million workers in Vietnam, accounting for roughly 14% of the nation's total manufacturing workforce.

Strategic advantages propelling Vietnam

Beyond showcasing Vietnam's robust production capabilities, VIATT 2024 emphasized the nation's strategic advantages in the global T&A landscape like favorable trade agreements as Vietnam enjoys preferential access to major markets like the US and the EU through free trade agreements, making it an attractive destination for foreign investors. Cost-Competitive Production is another advantage as Vietnam offers competitive labor costs and a well-developed infrastructure, making it a cost-effective manufacturing location. The Vietnamese workforce is renowned for its diligence and adaptability, readily acquiring new skills to meet evolving industry demands.

Capitalizing on the "China+1" strategy

VIATT 2024 also understated Vietnam's strategic position in the context of the "China+1" strategy. This strategy sees companies diversifying production bases beyond China to mitigate risks and explore new opportunities. Vietnam's rise coincides with challenges faced by China, including rising tariffs because of trade disputes with major markets have resulted in significant tariffs on Chinese textiles and apparel. And Anti-dumping sentiments, concerns about intellectual property theft and unfair labor practices in China have led to a growing anti-China sentiment in some Western markets.

What makes Vietnam a compelling "China+1" alternative?

Several factors make Vietnam a compelling alternative for companies pursuing a "China+1" strategy; its proximity and integration, as Vietnam shares a border with China, facilitating easier movement of goods, materials, and expertise. Vietnam has complementary strengths as China excels in high-volume, low-cost production, while Vietnam is increasingly focusing on mid-range apparel and value-added services, creating a complementary production ecosystem within Southeast Asia. Vietnam offers favorable investment environment like attractive tax breaks, streamlined regulations, and a young, trainable workforce, making it a cost-effective alternative to China.

Chinese outbound foreign direct investment in Vietnam's T&A sector surpassed $1.8 billion between 2015 and 2020 . And major apparel brands like Nike and Adidas are reportedly increasing production in Vietnam further solidifying the country's position

Challenges and the road ahead

While Vietnam offers significant potential, challenges remain like infrastructure development, Vietnam's infrastructure needs further development to handle large-scale manufacturing efficiently. And skill development needed for upskilling the workforce to meet the demands of a more sophisticated T&A industry is crucial.

Source: fashionatingworld.com– Mar 04, 2024

HOME

****

Bangladesh: Exports rise 12% in Feb

Exports grew 12 percent year-on-year to $5.18 billion in February this year, as the global economy has been gradually recovering from the high inflationary pressure.

The February export is 0.98 percent lower than the month's target of $5.24 billion, according to Senior Commerce Tapan Kanti Ghosh.

In the July-February period, exports hit $38.45 billion, registering a 3.71 percent year on year growth, he said.

However, the July-February export figure was 6.48 percent lower than the target of $41.12 billion.

The export has been bringing over $5 billion each in the last three months, which has happened for the first time in the history of Bangladesh.

Source: thedailystar.net– Mar 04, 2024

HOME

****

New board for Bangladesh Garment Buying House Association

The Bangladesh Garment Buying House Association (BGBA), which stands as a non-profit, nationwide intermediary organisation within the country's readymade garment (RMG) sector, fostering self-discipline and cohesion, recently held election for the 2024-2026 term under the watchful eye of the ministry of commerce.

This is as per media reports which added the electoral battlefield saw two major factions vying for control of the buyer's body, namely the Progressive Alliance and the Buyer's Council.

In a decisive outcome, 12 leaders from the Buyer's Council secured victory alongside 3 from the Progressive Alliance.

With 570 votes cast out of 600, the election witnessed robust participation, yielding 563 valid votes.

The newly elected board members are poised to assume their roles shortly, aspiring to invigorate BGBA's activities and collaborate with the government to advocate for policy support, benefitting both its members and the industry at large.

This election marks a significant milestone, occurring after a 12-year hiatus at the behest of its members.

The BGBA, recognised as one of the foremost trading bodies for buying houses in Bangladesh's RMG sector, reportedly holds approval from the Director of Trade Organisations (DTO) of the Ministry of Commerce, bolstering its position as a vibrant member of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

Functioning as a safeguard for all buying houses in the nation, BGBA is committed to realising the aspirations of its 1300-plus members.

Source: fibre2fashion.com– Mar 05, 2024

HOME

****

Pakistan: Textile exports hit $1.41 billion in February, up 20pc year-on-year

The increase marked the third straight month of positive growth for the sector

The textile exports rose by nearly a fifth in February from a year earlier, as improved gas supply and strong demand boosted production, industry data showed on Monday.

Exports of textile products reached $1.41 billion in February, up 19.7 percent from $1.18 billion in the same month last year, according to the All Pakistan Textile Mills Association (APTMA).

The increase marked the third straight month of positive growth for the sector, which accounts for more than half of the country's total exports and is a key source of foreign exchange. However, textile exports in the first eight months of the fiscal year 2023-2024, which began in July, were still down 1 percent year-on-year at $11.15 billion.

Year on year, textiles exports in December 2023 increased 3.3 percent, in January 2024, they were up by 10.10 percent and in February they were up by 20 percent. Comparing the latest figures to the previous month, February 2024 saw a marginal decrease in exports. In January, exports stood at $1.46 billion, representing a decline of over 3 percent on a month-to-month basis.

APTMA attributed the growth in the textile goods to increased production of the textile goods during the month. "The gas supply improved to the textile units in the month of February, which boosted the productivity of the sector as well as its exports," Asif Inam, chairman APTMA, told The News.

Inam said that the growth trend in the export of textile goods was set in the last three months and this momentum didn't break even in February when the situation further improved in terms of gas supply to the sector, which resulted in increased productivity during the month. However, he sounded concerned about the high production cost, which might have an adverse impact on the growth trend. He pointed out that gas tariffs had increased, which had serious implications for the industry overall and for the textile sector in particular.

With the country grappling with a shortage of foreign exchange, textile exports play a pivotal role in bridging this gap. They constitute a substantial portion of the nation's exports, contributing significantly to its foreign exchange reserves. The reliance on textile exports to bolster reserves is crucial for Pakistan, which often resorts to borrowing to address its foreign exchange needs.

The textile manufacturers did not issue detailed figures for the exports of their products in February. Notably, in the previous month (January 2024), sales of most major components of the textile group increased. This includes bedwear, knitwear, towels, readymade garments, cotton cloth, and yarn.

During January 2024, exports of knitwear increased by 8.4 percent to $365 million, bedwear by 19.3 percent to $252 million, readymade garments by 13.85 percent to $333.4 million, and towels by 5.4 percent to $96.1 million. Likewise, cotton yarn exports increased 19.8 percent to $81.3 million and cotton cloth by 0.5 percent to $159.7 million compared to January 2023 exports.

February's promising growth signals optimism for Pakistan's economy, suggesting potential for further expansion despite challenges in maintaining steady growth amidst fluctuating global demand.

Efforts to bolster the textile sector are crucial for Pakistan's economic stability and growth, requiring attention to structural issues, technology investment, and business environment improvement.

Source: thenews.com.pk– Mar 5, 2024

HOME

****

NATIONAL NEWS

India bargaining hard with EFTA countries for creation of 1 million jobs

India is bargaining hard with the European Free Trade Association (EFTA) for the creation of at least 1 million jobs in sectors such as medical devices and food processing, and for the purpose, it is eyeing an investment of $100 billion.

EFTA comprises four nations — Iceland, Switzerland, Norway, and Liechtenstein.

Discussions are at an advanced stage and both sides are looking to finalise a trade agreement before the general elections in India, a person aware of the development said.

“India is pushing for investment worth $100 billion over a period of 15 years. This could result in the generation of at least 1 million jobs in India. This could be part of the investment chapter in the proposed trade agreement and not a separate investment pact,” the person cited above told Business Standard. If this materialises, then it will be the first time that a free-trade agreement (FTA) will see such commitment.

“The European (EFTA) nations are also eyeing joint ventures with India firms. They see India as a large consumer base and India’s growth story is also giving a different picture,” the person said.

India and EFTA nations had launched negotiations on a broad-based trade and investment agreement over 16 years ago. As many as 13 rounds of negotiations were held, after which talks were put on hold around 2013-end. Thereafter, talks resumed in 2016 and four more rounds of negotiations took place.

The last round of negotiations took place from January 8-13 in New Delhi. It saw discussions on trade in goods and services, rules of origin, intellectual property rights (IPR), sustainable development, investment promotion and trade facilitation.

“The negotiations are at an advanced stage,” the commerce department had said last month.

Of the four EFTA nations, Switzerland is India's largest trading partner. During the previous financial year, India's trade with EFTA countries resulted in a substantial trade deficit. In FY23, India's trade deficit with EFTA stood at $14.8 billion, as exports and imports were $1.9 billion and $16.7 billion, respectively.

Delhi-based think tank Global Trade Research Initiative (GTRI) warned that 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 industrial goods from any country, and limited gains for India in services," according to the report released last month.

A DEAL IN SIGHT

- India, EFTA looking to finalise a trade agreement before the 2024 LS polls
- India eyes commitment of $100 billion investment over 15 years from EFTA nations
- The last round of talks was held from January 8-13 in New Delhi
- This saw discussions on trade in goods and services, rules of origin, IPR, sustainable development, investment promotion, and trade facilitation

"These factors raise questions about the fair distribution of benefits to India from the FTA with EFTA countries. The FTA, in its current format, will not help India's exports and will result in higher imports and wider trade deficit," according to the report released last month.

Source: business-standard.com – Mar 04, 2024

HOME

****

Trade pact with EFTA may be the first for India with committed investments, jobs, says official

The proposed free trade agreement between India and the European Free Trade Association (EFTA) countries, with a commitment of $100-billion investments from the four-country bloc into India over the next 15 years generating an estimated 1 million jobs, may be formalised soon as the pact "is ready" and going through legal scrutiny, sources have said.

"This is the first FTA for India where it has been able to get a commitment on investment and employment from the partner nations. The EFTA countries are looking at investing in joint ventures in areas such as pharmaceuticals, especially medical devices, certain chemicals, food processing and engineering products," an official tracking the matter told businessline.

Free trade pact

EFTA countries, which include Switzerland, Finland, Norway and Leichtenstein, re-started their negotiations for a free trade pact with India, formally called a broad-based Trade and Investment Agreement, in October 2016.

The various chapters contained in the proposed pact include trade in goods, rules of origin, trade in services, investment promotion & cooperation, trade & sustainable development, and customs & trade facilitation.

The promised investments that will flow into India from the EFTA countries is likely to be made from their provident funds, the official said. The JV areas that the countries have short-listed mainly include areas where there is no competition from India.

"EFTA has agreed to the condition of investments being made in India because they are getting market access. Also, they are not our competitors in the identified sectors.

For instance, in India most of the medical devices are being imported from China. The pact will lead to diversification of imports which is absolutely necessary," the official added.

Exports to EFTA

India's exports to the EFTA bloc in 2023 (calendar year) were at $1.87 billion, with items such as chemicals, pharmaceuticals, apparel and pearls, precious & semi-precious stones, dominating the export basked.

On the other hand, it imported goods worth $20.45 billion from the EFTA countries in 2023 with inflows of pearls, precious or semi-precious stones, precious metals, and coins valued at $16.7 billion.

A senior government official had earlier clarified that India will not go against the interests of its generic drugs industry in any of the Free Trade Agreements (FTA) it is negotiating with its partner countries, and had rejected the demand for `data exclusivity' provision in the free trade pact with the EFTA bloc.

"There is a likelihood that the free trade pact between India and the EFTA can be formalised before the Indian elections are announced as all the ground work has been done," the official said.

Source: thehindubusinessline.com– Mar 04, 2024

HOME

****

Finance Minister Sitharaman asks CBIC to settle classification issues

Finance Minister Nirmala Sitharaman has asked enforcement heads of state and central goods and services tax (GST) to settle tax cases linked to classification at its earliest.

In her address at a conference of enforcement chief of the state and the central GST formations in New Delhi, she told officials to engage with stakeholders to understand their concerns, enhance compliance, streamline processes, and work collaboratively towards making the tax system more transparent and efficient.

"Clarity on classification related issues should be looked into at the earliest through appropriate channels," the Finance Ministry said in a statement quoting Sitaraman. In the last few months large number of notices were sent to offices where there is lack of clarity on classification, attracting negative feedback from the industry.

The finance minister asked both states and centre to share the best practices, and leverage technology for better coordination for stopping tax evasion and fake invoices. The conference was aimed at discussing ways to detect tax evasion and the leverage of technology to identify any fraudulent claim. According to the finance ministry statement nationwide crackdown on fake registrations and bogus billing from May 2023 alone has resulted in detection of input tax credit (ITC) evasion of ₹49,623 crore involving 31,512 bogus firms.

The tax officials under GST has detected fake ITC evasion of ₹.1.14 lakh crore from the year 2020 till date. "Fake entities and GST evasion not only erode our national revenue but also distort fair competition and fuel an underground economy," Sanjay Kumar Agarwal, chairman Central Board of Indirect Taxes (CBIC) told the field formations. He highlighted the importance of strong data analytics and use of technology and the need to stay ahead of the perpetrators of GST evasion.

Agarwal reminded the officers to follow the instructions issued by CBIC in respect of procedure to be followed during enforcement action.

Source: economictimes.com– Mar 05, 2024

HOME

****

Expeditious roll-out of PM MITRA to help attract large investments, FDI in textiles: Experts

Expeditious implementation of the ambitious scheme to develop seven PM Mega Integrated Textile Regions and Apparel (PM MITRA) parks will help in attracting large investments, including FDI, in the sector besides generating huge employment, said industry experts.

After inaugurating 'Bharat Tex 2024', one of the largest-ever global textile events to be organised in the country, Prime Minister Narendra Modi threw light on the government's expansive plans to create seven PM MITRA parks in various states and underlined the emphasis on the creation of opportunities for the entire textile sector.

The parks are coming up in Tamil Nadu, Telangana, Gujarat, Karnataka, Madhya Pradesh, Uttar Pradesh and Maharashtra. Nearly Rs 70,000 crore investment and 20 lakh employment generation is envisaged through these parks.

Source: ptinews.com– Mar 04, 2024

HOME

****

'Ukraine war dulled goods exports'

Merchandise export growth has not been as robust in FY24 as in the past three years, said Vipul Bansal, joint secretary, Department of Commerce, in Coimbatore on Monday.

Speaking at the International Engineering Sourcing Show, organised by Engineering Export Promotion Council of India (EEPC India), he said exports have been impacted by several external factors.

Exports from sectors like gem and jewellery have been impacted by the Ukraine war, while engineering exports constituting almost 26% of merchandise, has maintained its composition this year too.

A $1 trillion merchandise export target by 2030 requires a 12% growth rate, but challenges like the war persist Mr. Bansal said. He sought EEPC to add more people in the export value chain to achieve growth.

Mr. Bansal said India's Production Linked Incentive scheme must not only serve as import substitution, but become a tool to grow exports as well.

Source: thehindu.com– Mar 04, 2024

HOME

****

Grasim consolidates gain: How curbs on a key input for textiles helped one industry, and hurt several small players

IN LESS than a year since India enforced a strict quality control order (QCO) in April on viscose staple fibre (VSF), a key raw material in the textiles supply chain, its imports dropped 65 per cent, helped Aditya Birla Group-owned Grasim Industries consolidate its market share to 95 per cent from 90 per cent, and has started hurting the operations of small and medium sized spinning mills since it restricted access to cheaper raw material imports.

A QCO is a non-tariff trade barrier that bars manufacturers, importers, and distributors from storing or selling a product without a licence from BIS that certifies specific quality standards being met. Grasim Industries, the largest VSF producer, had about 18 months before the QCO, lobbied the Ministry of Textiles complaining of substandard imports from Indonesia and China.

Since the QCO was imposed, midstream VSF buyers like small- and medium-sized spinning mills have repeatedly raised concerns with the textiles ministry that such orders have held them back from cheaper VSF, which otherwise, helped them competitively export spun yarn and fabric. For MSME mills, these challenges come at a time when the textiles industry is reeling from a prolonged period of economic distress due to weak global demand.

They also allege that Grasim is delaying the production of certain specialty VSF variants unavailable in the domestic market and engaging in unfair trade practices by giving arbitrary discounts and dealing with select buyers.

In August, 2021, the Competition Commission of India (CCI) issued an order stating that Grasim had abused its dominant position in the VSF market “by charging discriminatory prices to its customers, denying market access and imposing supplementary obligations upon its customers”. Grasim had appealed the order before the National Company Law Appellate Tribunal (NCLAT) and the case is currently ongoing.

In a letter to the textiles ministry, included in documents accessed by The Indian Express through the RTI, Grasim has dismissed concerns raised by MSME mills as a "mischievous complaint by the vested interest group… more like a propaganda to malign the domestic industry at (the) behest of foreign suppliers".

"The QCO process has been driven by the Government of India and cuts across products in a bid to boost India's manufacturing competitiveness… There are more than 650 QCOs… The implementation of QCO holds significant importance in regulating the influx of sub-quality and cheaper imports to ensure customers get quality products… A QCO is already in place for polyester, jute and cotton, to name a few and the rest are work in progress," said a spokesperson from Birla Cellulose, a unit of Grasim, when sought for comments.

The Ministry of Textiles and the Bureau of Indian Standards (BIS) did not respond to emails asking for comments.

In September, 2021, Dilip Gaur, the then managing director of Grasim, Aditya Birla Group's flagship company, met Union Minister of Textiles Piyush Goyal and the company requested the textiles ministry to "kindly regulate the imports of such sub-standard VSF products from China & Indonesia by mandating the BIS Certification for complying to BIS VSF Standard", according to file notings obtained through RTI.

VSF is a semi-synthetic fibre made with cellulose and is used widely in the textiles industry. Following the meeting, Goyal, who is also the Union Minister of Commerce and Industry, "asked to support the BIS issue", a file noting made by an official in the textiles ministry revealed. Goyal's office did not respond to an email asking for comments.

Grasim's Gaur met with Goyal less than a month after an anti-dumping duty (ADD) on VSF, which had been enforced for eleven years, was removed by the Department of Revenue in August, 2021. The ADD was first recommended in 2010 by the Directorate General of Trade Remedies (DGTR) under the commerce ministry, when Grasim initiated an anti-dumping case against VSF producers in Indonesia and China.

The removal of ADD in the middle of FY22 led to a surge in VSF imports, which grew by 92 per cent in FY23 to Rs 2,033 crore compared to Rs 1,058 crore in the previous financial year, official trade data shows. In the earnings call for Q3FY23, Grasim's HK Agarwal, who replaced Gaur in

December 2021, said Indonesian suppliers "have been trying to get market share in India so they are giving aggressive prices... So, we have to contend with that and adjust our pricing accordingly. We cannot also lose market share beyond a point to any imports".

Agarwal had noted during an earlier earnings call that "total imports in FY22 have been around 90,000 tonnes, something like 7,500 tonnes per month and it is roughly about 10-11% of the total market". Notably, both CCI in its 2021 order and DGTR in its anti-dumping investigation found Grasim to be the "sole producer" of VSF in the country. In other words, Grasim's share in India's VSF market was 89-90 per cent in FY22.

In April 2023, the Central Board of Indirect Taxes and Customs (CBIC) started implementing the QCO, allowing VSF imports into India from only those producers approved by BIS.

Between April and December, 2023, India's VSF imports fell 65 per cent to Rs 582 crore compared with previous year. During the same period in FY23, India imported VSF worth Rs 524 crore from Indonesia, the largest source of VSF imports until the implementation of the QCO, compared to less than Rs 4 crore in FY24, a 99 per cent drop.

Assessing Grasim's performance in the first quarter of FY24, which coincided with the first three months of the QCO's implementation, Agarwal said in the latest quarterly earnings call, "Currently, we have a market share of close to 95% because the imports are not taking place... because BIS has introduced quality control order."

Up until now, BIS has granted licences to only seven production units under its VSF standard, four in India and three abroad, according to details on its website.

Without a licence, both domestic and foreign producers are prohibited from selling VSF in the Indian market. All four domestic units with BIS licences are owned by Grasim and all three foreign units are owned by Austria-based Lenzing AG.

In September last year, BIS confirmed to the textiles ministry that it had received a total of ten applications from VSF exporters in the UK, Austria, Indonesia, Thailand, and China, a file noting revealed.

Industry representatives have argued that QCOs on raw materials should be reversed and instead be enforced on finished products only. "The Indian Government could have commenced the enforcement of Quality Control Orders from the finished goods as done for technical textiles rather than raw materials...," noted Dr K V Srinivasan, president of the Zurich-based International Textile Manufacturers Federation, in December last year.

Need for tariff re-balance

Barriers to imports — tariff or non-tariff — more often than not end up making domestic industry uncompetitive. In the case of viscose, it is also hurting small textile players including spinning mills who earlier had access to this raw material via cheaper imports, and could export yarn and fabric.

Moreover, the VSF QCO bundled all different variants of viscose fibre under one category. This posed additional challenges for spinners who have alleged that Grasim does not produce all kinds of VSF, including variants like EcoVero, Tencel, A100, and Refibra, as mentioned in letters sent by industry stakeholders to the textiles ministry. "The allegations are baseless and mostly all equivalent VSF variants are available in the market," the spokesperson from Birla Cellulose said.

Furthermore, industry representatives have also accused Grasim of following unfair trade practices by prioritising select buyers, offering arbitrary discounts, and signing varying sales contracts.

In August, 2021, CCI had issued an order in which it concluded that Grasim "abused its dominant position in the relevant market of 'the market for the supply of VSF to spinners in India' by charging discriminatory prices to its customers, denying market access and imposing supplementary obligations upon its customers".

"The matter is in public domain but is sub-judice. We don't normally comment on such matters. However, Grasim has filed an appeal against the said Order before the National Company Law Appellate Tribunal, New Delhi on the grounds, inter alia, that the CCI had erroneously determined the 'relevant market' which led to the incorrect finding for Grasim having a dominant position.

Grasim has challenged the said order before NCLAT and it is currently pending," the spokesperson from Birla Cellulose said.

In FY23, Grasim raked in revenue worth Rs 15,142 crore through the sale of viscose fibre and yarn, 56 per cent of its total operating revenue and up by 24 per cent from FY22.

Source: indianexpress.com– Mar 02, 2024

HOME

****

Maharashtra Launches 18 Mini Textile Parks, Signs MoUs to Bolster Sector, Eyeing ₹1800 Crore Investment

In a strategic move to consolidate its position as a leader in the textile industry, the Maharashtra government has embarked on an ambitious plan to set up 18 Mini Textile Parks across the state. These parks are expected to attract an investment of ₹1800 crore while generating employment for 36,000 individuals. Highlighting the state's commitment, eight Memorandums of Understanding (MoUs) were signed with key industry players for setting up textile units in Pune, Kolhapur, Nagpur, Amravati, and Wardha.

Continuing Focus on Research & Development and Skilling

The Maharashtra Textile Department has signed an MoU with the Maharashtra State Skills University, targeting the cultivation of young talent and the enhancement of skill sets in the textile sector. Additionally, an agreement with the Institute of Chemical Technology (ICT) aims to support the department's initiatives in the technical textiles sector through cutting-edge research and development.

Support to Traditional Artisans and Weavers

The state's partnership with ONDC aims to bring traditional weavers and artisans of Maharashtra to a larger customer base, embracing digital platforms to expand their reach. This initiative underscores the government's support for the traditional textile sector, ensuring its integration with modern e-commerce ecosystems.

Maharashtra at Bharat Tex 2024

The state's participation as a State Partner at Bharat Tex 2024, with Primus Partners as their Knowledge Partner, marks a significant milestone in revitalizing its textile sector.

The event showcased Maharashtra's rich cultural diversity and traditions, highlighting its advancements in textile manufacturing, craftsmanship, and innovation. A series of knowledge sessions provided insights into the technical textiles sector, sustainability, and digital interventions, demonstrating the state's holistic approach to sectoral development.

The initiative to establish Mini Textile Parks and the strategic partnerships forged with educational and research institutions reflect Maharashtra's comprehensive strategy to enhance its textile sector.

By fostering an ecosystem that supports traditional artisans and leverages modern technology, Maharashtra is poised to remain at the forefront of India's textile industry, contributing significantly to employment and economic growth.

Source: bnnbreaking.com– Mar 04, 2024

HOME

****