TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
ISO 9001:2015
TÜVRheinland CERTIFIED
www.tuv.com ID 9105079408
TEXTILE INTELLIGENCE CENTRE IBTEX
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. 45 of 2024 March 19, 2024

Currency Watch			
USD	EUR	GBP	JPY
82.94	90.11	105.37	0.55

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	India's overall exports surge to $73.55 bn in February 2024
2	Exporters need to follow new UK rules to avail duty benefits: DGFT
3	India, Peru set to thrash out issues on free-trade agreement document
4	Trade puzzle: On exports and global trade
5	Weathering the storm: Strategies for Indian exporters amidst the Red Sea crisis
6	India imposes MIP on undervalued imports of synthetic knitted fabric
7	Odisha eyes ₹10,000 crore investment in textiles
8	Kerala creates over 1 lakh MSMEs for second year in a row

INTERNATIONAL NEWS

China's industrial production gains pace in Jan-Feb 2024

Industrial production in China accelerated in the first two months this year along with faster growth in the high-tech and consumer goods manufacturing sectors, according to the National Bureau of Statistics (NBS).

The growth accelerated by 0.2 percentage points from December 2023.

Industrial output increased by 0.56 per cent month on month in February. The industrial output is used to measure the activity of enterprises each with an annual main business turnover of at least 20 million yuan (~$2.82 million).

Value-added industrial output rose by 7 per cent year on year (YoY) during the two-month period.

The consumer goods manufacturing sector saw its value-added industrial output rise by 4.7 per cent year on year, accelerating by 4.4 percentage points from that in December 2023, NBS spokesperson Liu Aihua was cited as saying by a state-controlled media outlet.

Liu cautioned about the remaining challenges faced by industrial enterprises arising out of a lack of orders and rising costs, and also highlighted the rising innovation capacity in the industrial sector.

Source: fibre2fashion.com– Mar 19, 2024

HOME

****

EU & Philippines resume FTA talks with focus on sustainability

In a significant development aimed at strengthening economic ties and promoting sustainable trade, the European Union (EU) and the Philippines have officially resumed negotiations for a comprehensive, modern, and balanced free trade agreement (FTA). This move, announced recently, seeks to leverage the Philippines' strategic position in the Indo-Pacific region and its booming economy of 115 million people, making it a key player in the region's economic landscape.

The proposed FTA is envisioned to encompass wide-ranging provisions, including ambitious market access for goods, investment, and government procurement, as well as the elimination of barriers to digital trade and trade in energy and raw materials.

This initiative is poised to support the digital and green transitions, streamline sanitary procedures, protect intellectual property rights, and ensure robust disciplines on trade and sustainable development. These efforts align with the European Commission's Trade and Sustainable Development (TSD) review communication from June 2022, aiming to uphold high standards for workers' rights, environmental protection, and climate goals.

Current EU-Philippines trade relations are already substantial, with trade in goods valued at over €18.4 billion (approximately $20.03 billion) in 2022. The EU stands as the Philippines' fourth-largest trade partner, while the Philippines ranks as the EU's seventh most significant trading partner in the ASEAN region and 41st worldwide. Notably, the Philippines is projected to experience the second-highest economic growth in ASEAN with a 5.9 per cent GDP increase in 2024.

The EU is among the largest investors in the Philippines, with foreign direct investment stock reaching €13.7 billion in 2021. The Philippines' vast reserves of critical raw materials, such as nickel, copper, and chromite—essential for green technology manufacturing—further enhance its value as a strategic partner in the green transition. Recent efforts to harness renewable energy potential and liberalise the sector for foreign investors underscore the Philippines' role in advancing sustainable development.

The next steps in this pivotal partnership involve both parties making technical preparations for the first round of resumed negotiations, expected to occur later this year.

"The conditions are right to take our trade relations to the next level. Trade between the EU and the Philippines is already strong and has been growing at an impressive pace over the past decade. But we can do more to realise the full potential of our trade relationship. After concluding an extensive joint stocktaking exercise at the end of last year, we are reassured that we share a commitment to strive for a state-of-the art agreement, with sustainability at its core," said European Commission's executive vice-president Valdis Dombrovskis.

Source: fibre2fashion.com– Mar 19, 2024

HOME

****

Beyond Imports: China's domestic yarn producers rise to the challenge

China's dominance in the global yarn market was reaffirmed recently by the Shanghai Yarn Expo, which drew international participation from March 6 to 8. However, the post-Covid era has brought significant changes to the industry, presenting both challenges and opportunities.

Challenges for China

Rising costs of yarn imports: Global raw cotton prices have surged, leading to a significant increase in imported yarn prices, particularly cotton yarn. A report by Textile Exchange indicates a 25 per cent increase in cotton prices year-on-year (YoY) as of December 2023. This trend is expected to continue in the short term, outpacing domestic yarn price hikes in China.

Falling profits for overseas mills: High cotton prices are squeezing profits for yarn mills in countries like Vietnam and Pakistan, traditionally major exporters to China. "We're seeing Vietnamese mills struggling to maintain margins," said a yarn manufacturer at the recent Yarn Expo in Shanghai, highlighting the need for these mills to find alternative markets or transition to blended yarns.

Resistance to high-cost yarn in China: Downstream Chinese weaving mills, which use yarn to produce fabrics, are hesitant to accept the high prices of imported yarn. This resistance could lead to a shift towards domestically produced yarn. The high import prices are simply not sustainable for our production," said a representative of a Chinese weaving company. "We're looking at domestically produced yarn more seriously now."

What it means for China, India and Pakistan

China: Downstream mills in China might prioritize domestic yarn or delay purchases, waiting for import prices to stabilize. This presents an opportunity for domestic yarn producers like Shanghai DiW, which have ramped up production and can offer competitive pricing. However, high domestic cotton prices remain a challenge. We've seen a significant increase in demand for our yarn lately," says a spokesperson for Shanghai DiW, "particularly due to the price advantage compared to imports."

While domestic yarn prices initially rose, they have since corrected, making them even more attractive."

India & Pakistan: These major yarn exporters face dampened demand from China, their primary market. While some Indian mills are offering yarn at break-even prices in hopes of tax benefits, Pakistani mills might have a temporary buffer due to earlier export orders placed before the price hike. However, the overall reduced demand from China is impacting their current export opportunities.

Others: Yarn exporters from Vietnam and Indonesia are also feeling the pinch of rising cotton prices. These countries are now exploring alternative markets or focusing on blended yarn production to stay competitive.

Emerging opportunities

Cost-effectiveness is king: Both domestic and overseas mills are prioritizing cost-effective production. This focus has led to increased competition and a rise in the popularity of domestically produced yarn in China, particularly Xinjiang cotton yarn, which offers a price and quality advantage.

Diversification and innovation: Overseas mills are exploring blended yarn production and niche markets to differentiate themselves. This trend allows them to cater to specific customer needs and potentially command premium prices.

Technological advancements: Domestic yarn producers like Shanghai DiW are investing in advanced equipment to reduce production costs and improve efficiency. This focus on innovation will be crucial for maintaining competitiveness in the long run.

The shifting yarn landscape in China presents both challenges and opportunities. While rising cotton prices pose a threat to profitability, the industry is adapting with a focus on cost-effectiveness, diversification, and technological advancements. These trends will likely shape the future of the global yarn market.

Source: fashionatingworld.com– Mar 18, 2024

HOME

****

Turkish apparel industry eyes US boost via IHKIB-WRAP partnership

In a strategic move poised to significantly bolster Turkish apparel exports to the US, the Istanbul Apparel Exporters' Association (IHKIB) has signed a collaboration agreement with the Worldwide Responsible Accredited Production (WRAP). This partnership aims to elevate Turkiye's standing in the global apparel market by ensuring that its exports meet the highest standards of ethical and sustainable production.

Highlighting the significance of this partnership, Selcuk Mehmet Kaya, chairman of the International Relations and Sustainability Committee of IHKIB, and Avedis Seferian, president and CEO of WRAP, signed a Good-Will Agreement.

This pact inaugurates a pilot project targeting the elevation of Turkish apparel companies' profile in the US market. Selected companies will be encouraged to pursue WRAP certification, with WRAP providing comprehensive support through both in-person and virtual training, free of charge. This initiative not only aims to streamline the certification process for Turkish exporters but also seeks to fortify the commercial and cultural ties between Turkiye and the US.

IHKIB, which represents the lion's share—80 per cent—of Turkiye's apparel export sector, has long been at the forefront of initiatives designed to enhance the industry's global reach and operational excellence. The association's proactive engagement in facilitating market access and fostering sectoral innovation underscores its pivotal role in Turkiye's economic landscape.

The collaboration with WRAP, a prestigious US-based non-profit organisation, underscores a mutual commitment to advancing safe, legal, and ethical practices within the textile and apparel sector.

WRAP certification, revered globally, signifies adherence to rigorous standards in workers' rights, health and safety, environmental stewardship, and legal compliance. This certification is instrumental in mitigating audit fatigue and propelling competitive advantage on the world stage, a boon for the over 3,500 WRAP-certified facilities worldwide.

"This partnership with WRAP aligns seamlessly with our mission to guide IHKIB members towards excellence, sustainability, and global competitiveness, ultimately contributing to our goal of increasing Turkish apparel exports in the lucrative US market," said Selcuk Mehmet Kaya.

"WRAP is committed to promoting responsible and ethical practices in the global textile and apparel industry. Partnering with organisations like IHKIB allows us to extend our reach and contribute to the success of Turkish exporters, reinforcing our shared values," said Avedis Seferian.

Source: fibre2fashion.com– Mar 18, 2024

HOME

****

China’s apparel market poised for recovery in 2024

China's domestic apparel market is poised for recover in 2024. With Government policies supporting consumption, stable employment, and income growth are expected to boost consumer confidence. Furthermore, expansion into second-tier markets and the emergence of new consumer groups and trends are likely to drive market vitality.

In 2024, China’s apparel market is expected to remain stable, with increased inventory driving demand in developed countries and emerging markets, alongside the growth of cross-border e-commerce. However, challenges will continue to persist, including trade tensions, geopolitical risks, and the potential impact of currency fluctuations.

In 2023, China's clothing industry faced a complex and challenging external environment marked by global economic slowdown and reduced international market demand. The industrial added value of apparel enterprises declined by 7.6 per cent, with garment production falling by 8.69 per cent. However, the retail sales of apparel showed resilience, growing by 15.4 per cent driven by events like the Singles Day shopping carnival. Despite this, apparel exports decreased by 7.8 per cent, with declines in major markets like the United States and the European Union, though some growth was observed in regions along the Belt and Road.

Investment in fixed assets decreased by 2.2 per cent, but digital transformation accelerated, focusing on intelligent equipment, factory construction, and supply chain optimisation. Despite a 5.4 per cent decline in main business income, the operating margin improved slightly to 5.07 per cent, though 20.8 percent of enterprises operated at a deficit.

Internationally, apparel exports faced challenges due to trade protectionism and geopolitical risks, alongside increased competition from Southeast and South Asian countries. Domestically, however, China's economic stabilisation and policies promoting consumption fueled optimism. With stable employment and income growth, consumer confidence remained robust.

Source: fashionatingworld.com– Mar 18, 2024

HOME

****

Global fashion markets shift to non-cotton materials: Study

Driven by their enhanced functionality, competitive pricing and sustainability credentials, fashion markets across the globe are pivoting towards non-cotton materials, as per a recent study by Wazir Advisors. There is a burgeoning demand for a diverse array of fibers like polyester and nylon, regenerated fibers such as viscose rayon, animal fibers like wool and silk, as well as other vegetable fibers like linen.

Around 75 per cent of global apparel consumption and 57.5 per cent of textile trade worldwide now comprise non-cotton materials, according to the report. However, despite this, the proportion of non-cotton apparel in the export portfolio of countries historically lagged behind. Encouragingly, there's been a notable uptick in this figure, with the share of non-cotton apparel in export from some countries, including Bangladesh, rising to 30 per cent in the last three years.

Faruque Hassan, President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA), highlights, since 2021, the association has spearheaded three research initiatives geared towards envisioning future growth prospects. Notably, one such initiative resulted in the launch of a comprehensive report titled ‘Establishing a Virtual Marketplace Platform for the Apparel Sector’ by LightCastle Partners.

Faruque Hassan underscores the industry’s vision to elevate its share in the global market from the current 7.87 per cent to 12 per cent by 2030, with an export target of $100 billion. However, achieving this demands departing from conventional business models, he adds. The recent surge in investments in non-cotton sectors signals a promising trajectory for the industry. Yet, challenges loom large, including dependence on imported raw materials, technology gaps, skill shortages, and the need for substantial capital and energy investments. In response, experts advocate for a strategic roadmap that would help galvanise manufacturers, investors, policymakers, development partners, and other stakeholders towards establishing a robust foothold in the non-cotton textile and apparel market.

Source: fashionatingworld.com– Mar 18, 2024

HOME

****

US' CBP launches dashboards to boost trade enforcement transparency

The US Customs and Border Protection (CBP) has announced the launch of two innovative statistics dashboards aimed at bolstering the transparency and efficiency of its trade enforcement initiatives. These dashboards, which focus on the Enforce and Protect Act (EAPA) and e-Allegations programmes, represent the latest effort by the CBP to enhance its trade enforcement mechanisms.

For the first time, members of both the public and trade community have the opportunity to access and navigate through updated data and global trends concerning trade violations directly.

These include detailed insights into the countries of origin, as well as the volume and types of trade violation allegations processed by CBP via the Trade Violations Reporting Tool.

The EAPA dashboard serves as a transparent platform for stakeholders to monitor the scope, nature, and geographic specifics of antidumping duty (AD) and countervailing duty (CVD) evasion allegations. The EAPA programme itself is designed to facilitate the trade community in submitting allegations of AD and CVD evasion and to engage in an on-the-record investigative process.

Simultaneously, the e-Allegations programme extends an invitation to both the trade sector and general public to report various commercial trade violations. This collaborative process enables the CBP and its partners to shield the US economy from the detrimental impacts of unfair trade practices and prevent the entry of goods that could potentially harm public health and safety.

These new dashboards underscore CBP's commitment to maintaining the integrity of international trade practices by ensuring an open and accountable trade enforcement environment.

Through these tools, CBP aims to foster a more informed and cooperative relationship with global trade participants, thereby enhancing the overall security and fairness of trade operations.

“With the launch of these dashboards, we are empowering the trade community and the public with clear insights into the scope and nature of trade violation allegations,” said CBP’s executive director of trade remedy law enforcement Eric Choy. “These tools underscore our dedication to fair and effective trade enforcement by making key data accessible.”

Source: fibre2fashion.com– Mar 19, 2024

HOME

****

EU to invest $5.44 bn in Egypt in multiple fields of modern economy

Egypt and the European Union (EU) recently agreed to elevate their relationship to the level of a strategic and comprehensive partnership.

The EU will support Egypt's ongoing efforts to enhance its business and investment environment, facilitating trade and investment flows in line with its international obligations, in particular those in relation to the EU.

The EU will invest up to €5 billion (~$5.44 billion) in Egypt in multiple fields of modern economy, including renewable energy and renewable hydrogen, advanced industrialisation, agriculture, connectivity and digitalisation. It will also offer guarantees under the European Fund for Sustainable Development and Economic Investment Plan.

Both sides agreed to step up cooperation with a particular focus on renewable energy sources, energy efficiency actions as well as the cooperation on other safe and sustainable low-carbon technologies.

The EU is also committed to supporting the work of the East Med Gas Forum with a view to strengthen energy cooperation and security of gas supply in the region and gas trade with the EU.

The strategic partnership will enhance cooperation to fully implement and unleash the potential of the Free Trade Area of the Association Agreement.

Source: fibre2fashion.com– Mar 18, 2024

HOME

****

Vietnam to examine fares charged by shipping firms to stop violations

Vietnam recently instructed port authorities and maritime inspectorates to review fares charged by shipping companies and scrutinise surcharges to prevent any violations amid the surge in additional fees for container transportation services in import-export shipping.

The Vietnam Maritime Administration is concerned over a possibility of shipping firms intentionally exploiting global market fluctuations to raise service prices. Hence, it will take measures, including penalties, to monitor and tackle this issue.

There has been a 10-22-per cent rise in the operational fees by foreign shipping companies—thrice more than the adjusted fees for container handling at Vietnamese seaports.

Shipping firms charge $140-200 from cargo owners, but reimburse the ports only $36-66.

The maritime services department at the Administration will closely work with relevant state management agencies to control the activities of shipping firms regarding freight rates and surcharges, ensuring transparent and publicly-disclosed pricing, a domestic media outlet reported.

Source: fibre2fashion.com– Mar 18, 2024

HOME

****

BGMEA chief pushes digital advancement in Bangladesh RMG sector

Recently, managing director and executives from a leading technology firm specialising in digital solutions met with Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), to delve into opportunities for advancing digital capabilities within the nation's garment sector.

The meeting, held at the BGMEA Complex in Dhaka, centred on the shifting global landscape of digital technologies and their profound implications for the readymade garment industry.

Acknowledging the pivotal role of IT solutions, both parties recognised the imperative of integrating these technologies to bolster the efficiency and productivity of Bangladeshi garment factories, thereby securing their competitiveness in the digital age.

Faruque Hassan, emphasising the industry's commitment to technological advancement, particularly through software solutions, stressed the importance of collaborative endeavours to furnish garment factories with cutting-edge software and technical expertise for seamless integration.

The discussions emphasised a shared optimism regarding collaborative initiatives aimed at equipping garment factories with innovative software solutions to enhance operational efficiency and drive sustainable growth.

The focus remained on streamlining manufacturing processes through advanced digital tools, fostering an environment conducive to progress and adaptation in an increasingly digitalised global economy.

Source: fibre2fashion.com– Mar 18, 2024

HOME

****

NATIONAL NEWS

India's overall exports surge to $73.55 bn in February 2024

India's overall exports (merchandise and services combined) in February 2024 are estimated to reach $73.55 billion, exhibiting a positive growth of 14.20 per cent over the exports of February 2023. Overall imports in the second month of the current year are estimated at $75.50 billion, exhibiting a positive growth of 10.13 per cent over February 2023.

The overall trade deficit improved by 37.80 per cent to $72.24 billion in April-February 2023-24. The trade deficit was recorded at $116.13 billion in April-February 2022-23. The merchandise trade deficit improved by 8.43 per cent from $245.94 billion in April-February 2022-23 to $225.20 billion in April-February 2023-24.

India's monthly merchandise exports in February 2024 reached the highest level in the current fiscal year 2023-24. India's merchandise exports in the month under review were noted at $41.40 billion, with an increase of 11.86 per cent over $37.01 billion in February 2023.

The main drivers of merchandise export growth in February 2024 include engineering goods, electronic goods, organic & inorganic chemicals, drugs & pharmaceuticals, and petroleum products. Engineering Goods exports in February 2024 recorded an increase of 15.9 per cent to reach $9.94 billion over $8.58 billion in the same month of the last year.

The exports of electronic goods registered an increase of 54.81 per cent to $3 billion in February 2024 against $1.94 billion in February 2023. The shipment of organic and inorganic chemicals increased by 33.04 per cent from $2.22 billion in February 2023 to $2.95 billion in February 2024. Petroleum products exports in February 2024 registered a growth of 5.08 per cent to $8.24 billion from $7.84 billion in February 2023.

Source: fibre2fashion.com– Mar 18, 2024

HOME

****

Exporters need to follow new UK rules to avail duty benefits: DGFT

Exporters seeking to avail duty concessions on shipments to the UK will have to adhere to the new British rules under the Developing Countries Trading Scheme (DCTS).

In a trade notice, the Directorate General of Foreign Trade said that the United Kingdom (UK) has replaced its existing origin declaration process under Generalised Scheme of Preferences (GSP) with the UK DCTS effective from June 19, 2023.

The transition period for this change was extended until December 31, 2023.

"Starting from January 1, 2024, onwards, Indian exporters to the UK are required to adhere to the new rules under DCTS to avail concessions on their exports to the UK," the trade notice to the exporters community said.

It added that goods that meet the UK DCTS Rules of Origin (RoO) requirements would be eligible to claim a concessional rate of import duty for exports to the UK.

"Consequently, the origin criteria necessary for satisfying the Rules of Origin to avail tariff concessions on exports from India to the UK must be filled in through self-certification," it added.

Accordingly, it said, Indian exporters are directed to use origin declaration wording under DCTS scheme, in place of origin declaration wording under GSP.

Certain labour-intensive sectors such as leather, carpets, chemicals, iron and steel and textiles were the major beneficiaries of the GSP scheme.

The US, European Union (EU), Australia, Japan and many other developed countries grant unilateral import duty concessions to developing countries under their GSP schemes.

As per estimates, India's exports worth $2.5 billion were entitled for the GSP benefit in the UK.

India and the UK have been negotiating a free trade agreement since January 13, 2021. As many as 14 rounds of talks have been completed and both sides are aiming to conclude the negotiations at the earliest.

Economic think tank Global Trade Research Initiative said that Indian exporters need to follow the new DCTS rules starting 1st January 2024 to get lower tariffs on their exports to the UK.

The DCTS benefits 65 developing and least developed countries, including India, but not China. These countries enjoy lower tariffs on their exports to the UK, provided they meet certain origin rules.

The Directorate General of Foreign Trade (DGFT) Trade notice, it said, highlights the need to use a new way of declaring the origin of goods under DCTS.

The key features of DCTS, it said, include reduced tariffs on many products from India and an easier process to qualify for these lower tariffs with clear origin rules.

"Exporters can use materials from various DCTS countries (like fabric from India in Bangladeshi apparel) and still get duty-free access to the UK," GTRI Founder Ajay Srivastava said.

He said that India is in the "Standard Preferences" category, enjoying benefits but not as much as the "Comprehensive Preferences" given to the poorest countries.

Products from India that exceed a certain limit in exports to the UK don't get the lower tariffs and are removed from the scheme.

"The new limit is set at 6 per cent of the UK's total imports for most goods, affecting some Indian products like textiles. As a result, £748 million worth of Indian exports are now taxed at the regular rate instead of the preferential rate under DCTS," he added.

Source: thehindubusinessline.com– Mar 19, 2024

HOME

****

India, Peru set to thrash out issues on free-trade agreement document

India and Peru are looking to iron out major issues on the text of the proposed free-trade agreement (FTA) that both nations are eyeing, government officials said.

The two nations are aiming to share the document and offer a list of services as well as goods before the seventh round, scheduled to begin in New Delhi on April 8, they said.

Negotiations for the India-Peru Trade Agreement commenced in 2017 and the fifth round concluded in August 2019. However, the negotiations came to a pause due to Covid. Talks between the two nations resumed in February 2024 and the sixth round was completed in the same month in Lima. “The agreement will create more trade opportunities for the citizens and enterprises, and also strengthen economic and commercial ties,” said a joint statement released last month.

Peru is India’s 43rd largest trading partner, and also the third-largest export destination for India in the Latin America and Caribbean (LAC) region, after Brazil and Chile.

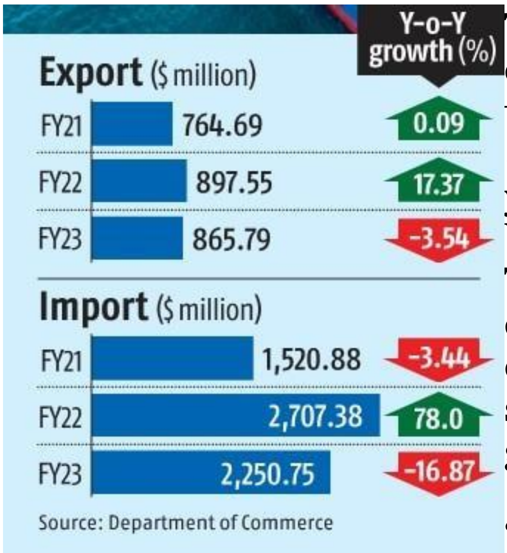
Focus on a trade agreement with Peru also comes at a time when India has been trying to diversify its exports in terms of products as well as region.

Considering that goods exported from India constitute less than 2 per cent of LAC nations’ total imports, government officials believe that there is a scope for expansion of India-LAC bilateral trade.

In the past, India had signed a limited trade deal with Chile and Mercosur nations, comprising Argentina, Brazil, Uruguay and Paraguay. Apart from Peru, India is currently negotiating trade deals with Oman, the United Kingdom (UK) and the European Union (EU).

Last week, India signed a trade agreement with the four-member European Free Trade Association (EFTA) nations.

Trade between India and Peru was $3.2 billion in FY23. Key Indian exports to Peru include cars, cotton yarn and pharmaceuticals.



The Latin American nation primarily exports gold, copper ores and concentrates to India. India exported goods worth $865.91 million during the last financial year and imported goods stood at $2.25 billion. According to think tank Global Trade Research Initiative (GTRI), gold could be a major concern for India since even minor tariff concessions may lead to a surge in imports. Peru is the fifth-largest gold supplier to India.

“Tariff concessions on gold, accounting for $1.8 billion or 80 per cent of India's imports from Peru in FY23, is the most challenging issue for India. Gold, a high-value product with low volume, attracts 10 per cent basic Customs duty in India. For instance, after tariff concessions under the India-UAE Free Trade Agreement, gold imports from the UAE, India’s second-largest gold supplier, doubled in 2023 compared to 2022,” said a GTRI report released last month.

Source: business-standard.com– Mar 18, 2024

HOME

****

Trade puzzle: On exports and global trade

Towards the end of a tumultuous trading year, India's goods exports jumped 11.9% in February, marking the healthiest uptick in 20 months. The $41.4 billion tally is the highest in 11 months, and only the third occasion in two years that the $40 billion mark has been breached.

It is remarkable that this spurt, significantly higher than the average export tally of $35.4 billion in the first ten months of this year, comes amid persistent concerns about disruptions in the Red Sea and the drought-hit Panama Canal that have throttled vital trading routes and spiked the time and cost of moving consignments.

While the last two months' trade numbers suggest that India is yet to feel the full impact of the logistics challenges for servicing key markets in Europe and the Americas, it may be too simplistic a conclusion. It is plausible that some of February's numbers may reflect shipments that were probably despatched earlier and reached their destinations only last month using longer routes.

Economists believe a combination of backlogged orders attaining fruition and demand improvements may be at work. However, with interest rates still high, global demand conditions are yet to demonstrate the rebound the World Trade Organization (WTO) had hoped for in 2024.

The WTO expects global trade to rise 3.3% this year after a 0.8% crawl in 2023. But by its own reckoning, using a gauge called the Goods Trade Barometer, things are yet to perk up. As of March 8, the barometer, where a reading of over 100 reflects above-trend exim volumes, had a reading of just 100.6.

The export orders parameter was marginally higher at 101.7 but container shipping slipped to 98.6. Some modest gains in the first quarter of 2024 may be seen owing to the base effects of a weak 2023, but any such gains could be easily derailed by regional conflicts and geopolitical tensions, the WTO has warned.

Policymakers may have turned upbeat about surpassing last year's record overall exports (merchandise and services combined), but must not lose sight of the lingering risks and challenges, including the impact of freight hikes on margins. While electronics goods exports have been an outlier in

2023-24’s weak exports narrative (-3.5% so far), the WTO’s latest barometer reading for electronic components trade has plummeted to 95.6. This is visible in February’s numbers as both electronics imports and exports grew just fractionally over 1%.

For now, the trade deficit should not be a concern, despite imports jumping at a 17-month high pace last month, led by a spike in inflows of increasingly pricey gold. Finding better ways to support exporters, especially in adversely hit employment-intensive sectors such as textiles, and gems and jewellery, remains critical.

Source: thehindu.com– Mar 19, 2024

HOME

****

Weathering the storm: Strategies for Indian exporters amidst the Red Sea crisis

Amidst the dynamic rhythms of global commerce, a new challenge emerges: the Red Sea crisis. Political turmoil in the Middle East and subsequent Houthi attacks in the Red Sea has forced shipping companies to redirect their vessels from the region.

This decision, triggered by security concerns, is having a ripple effect across businesses, impacting Indian exporters in several ways, including delayed payments and increased financial pressure.

According to India Ratings and Research (Ind-Ra), the ongoing disruptions along the Red Sea route may raise freight and forwarding costs for businesses engaged in international trade by 25-30%.

The Red Sea Crisis: Causes and Consequences

The Red Sea, a vital oceanic artery connecting Asia and Europe, has witnessed a rise in piracy and military activities in recent times. To mitigate these risks, leading shipping companies have opted to reroute their vessels, primarily around Africa's Cape of Good Hope.

While this measure may enhance maritime safety, it disrupts the established routes and operations of global supply chains. As a result, exporters are facing increased transportation costs and longer transit times, leading to diminished global demand for their products.

For Indian exporters, the consequences are twofold. Firstly, the increased costs associated with the longer route make Indian goods less competitive in the international market, potentially leading to a decline in demand.

Secondly, the longer journey times result in delayed deliveries, which means Indian exporters have to wait longer for their payments to be cleared. This puts significant strain on their working capital, as they have to pay for production and other expenses upfront before receiving payment.

Troubled Waters: Impact on Indian Exporters

Indian exporters, known for their competitive edge, are particularly susceptible to the challenges posed by the Red Sea diversions. The delays in receiving payments can disrupt their cash flow, impacting their ability to invest in raw materials, production, and marketing. This can be particularly detrimental to Micro, Small and Medium-sized enterprises (MSMEs) with limited financial reserves.

Specific industries like pharmaceuticals and agricultural products, which rely heavily on timely deliveries, are facing significant challenges. The perishable nature of these products, combined with extended shipping times, can lead to increased spoilage and wasted resources.

Perhaps the biggest impact, however, has been on India's rice exports. India is the world's biggest rice exporter, shipping over 4.5 million tonnes of basmati rice every year. Majority of the ships carrying rice out of India go through the Red Sea. With ships rerouted, adding 6,500 km to the journey, the freight costs for Indian exporters have shot up 5x.

Finding a Lifejacket: Strategies for Mitigation

In this challenging environment, Indian exporters can adopt several strategies to navigate the crisis.

Diversifying transportation routes: Exploring alternative ports and shipping lines can reduce reliance on the affected route. By identifying and utilizing alternative modes of transport, such as air freight or land routes in tandem with maritime routes, businesses can not only mitigate disruptions but also gain access to expedited delivery options.

Diversification of Production and Sourcing: By establishing multiple production facilities across different regions, dependency on single locations can be reduced, mitigating the risk of disruptions.

Furthermore, identifying alternative sourcing options for critical materials or components adds an additional layer of security to the supply chain, ensuring continuity of operations even in the face of unforeseen challenges.

Partnering with Reliable Suppliers: This involves cultivating long-term relationships with suppliers known for their reliability and flexibility, fostering trust and collaboration. By working closely with suppliers, businesses can develop contingency plans and response strategies to effectively address unforeseen challenges.

Optimizing inventory management practices: It can help exporters mitigate the risks associated with delayed shipments and fluctuating demand. By maintaining adequate buffer stocks and leveraging advanced forecasting techniques, exporters can enhance their agility in responding to supply chain disruptions while minimizing inventory holding costs.

Robust financial planning and liquidity management: It is also imperative for exporters to navigate the cash flow challenges stemming from delayed payments. Exploring financing options such as trade finance facilities or supply chain financing can provide exporters with the necessary liquidity to sustain their operations during turbulent times.

Leveraging Information Technology: By implementing advanced supply chain management systems, businesses gain real-time tracking and monitoring capabilities, enabling better visibility into the movement of shipments. Additionally, investing in predictive analytics and automation equips organizations with the tools to anticipate disruptions and optimize supply chain operations proactively.

Government Initiatives and Support Keeping Afloat

In response to the challenges faced by exporters, the Indian government has taken proactive measures. Union Commerce and Industry Minister Piyush Goyal recently informed parliament of the establishment of a task force under the Department of Commerce.

This task force aims “to identify, categorise and develop tailored strategies” for resolution of non-tariff barriers. Additionally, the government is providing financial assistance through schemes like the Export Credit Guarantee Corporation (ECGC), which offers insurance against export risks.

Moreover, collaborative efforts with international partners are underway to address security concerns in the Red Sea and encourage shipping companies to resume normal operations.

While these initiatives are a step in the right direction, the effectiveness can be further improved by streamlining bureaucratic processes for accessing financial assistance and actively engaging with shipping companies to understand their concerns and find collaborative solutions.

Conclusion

The Red Sea diversions have presented Indian exporters with a significant hurdle. However, through a combination of proactive measures, government support, and building long-term resilience, they can navigate the current crisis and emerge stronger. By diversifying supply chains, strengthening partnerships, and embracing technology, businesses can build resilience to withstand future shocks.

Collaboration among all stakeholders, including exporters, shipping companies, and the government, is crucial to ensure the smooth flow of global trade. There is a clear need to build more robust and adaptable supply chains that can withstand future challenges.

Source: financialexpress.com– Mar 19, 2024

HOME

****

India imposes MIP on undervalued imports of synthetic knitted fabric

The Indian government has implemented a minimum import price (MIP) of $3.50 per kg on five specified HS codes of synthetic knitted fabric with immediate effect. The domestic industry had been consistently demanding the imposition of MIP to restrict the influx of cheaper synthetic fabric. The industry had alleged that there was dumping of synthetic fabric, especially from China, based on under-invoicing practices, which had caused significant damage to the domestic synthetic fabric industry.

Industry bodies have welcomed this step and stated that it is a crucial measure to protect the domestic industry from the flooding of the product.

The Directorate General of Foreign Trade (DGFT) issued a notification on Saturday, imposing an MIP of $3.50 per kg on five specific HS codes of synthetic knitted fabrics, namely 60063100, 60063200, 60063300, 60063400, and 60069000. This notification is effective immediately and will remain in place until September 15, 2024.

It is noteworthy that the Minister for Commerce and Industry and Textiles, Piyush Goyal, during a Textile Advisory Group (TAG) meeting in January 2024, assured that the issue of undervalued imports of knitted fabrics would be addressed within a few months.

Earlier last week, a meeting was held to further discuss the matter, which ultimately led to the decision to safeguard the industry by imposing a minimum import price on the relevant HS codes.

Sanjay Garg, president of the North India Textile Mills Association (NITMA), extended his wholehearted appreciation to the Minister for Commerce & Industry and Textiles, Piyush Goyal, and the Ministry of Textiles for the MIP on synthetic knitted fabrics. He mentioned that NITMA had actively pursued this critical issue, engaging with all relevant ministries over the past year. He welcomed the recent decision to impose MIP on synthetic knitted fabrics, expecting it to effectively curb the import of undervalued synthetic knitted fabrics being dumped into India, thus providing much-needed relief to an industry that has suffered from this practice for years.

Garg emphasised that the enforcement of MIP on synthetic knitted fabrics is a crucial step in protecting the domestic man-made fibre (MMF) industry and ensuring a fair marketplace for all stakeholders. He encouraged everyone to continue upholding these standards to foster growth, innovation, and prosperity within the textile sector.

Source: fibre2fashion.com– Mar 18, 2024

HOME

****

Odisha eyes ₹10,000 crore investment in textiles

NEW DELHI :Odisha has set an ambitious target of attracting an investment of ₹10,000 crore for its textiles sector over the next five years, with the aim to bolster the state's economy by creating more than 100,000 job opportunities.

In a conversation with Mint, Bhupendra Singh Poonia, managing director, Industrial Promotion & Investment Corporation of Odisha (IPICOL), said, “The state government has approved projects in the textiles sector under the revised Industrial Policy Regulation (IPR) that offers a 30% reimbursement facility to investors in the textiles sector."

Investors can expect this incentive to be disbursed in five equal annual installments, translating to a 6% reimbursement each year, starting after the commencement of commercial production.

This strategy is part of a broader push, encapsulated in the technology-focused IPR introduced in December 2022, to draw investments into a range of textiles categories, including apparel and technical textiles, across both synthetic and natural fibres.

"As of now, Odisha has a negligible presence in textiles export and is working to increase its share, particularly in technical textiles and apparel, given the potential that the state has," he said. “We have approved 26 proposals in this sector, and they are in different stages of commissioning, land allotment, design drawing, approval, etc.," Poonia said.

The state, which previously had limited activity in this sector, now boasts significant investment commitments from both national and international players, said Poonia, a 2008 batch IAS officer.

Companies like Shahi, Aditya Birla, local entity White Lotus, and Welspun Living are among those who have pledged investments ranging from ₹50 crore to ₹4,000 crore.

Shahi, Welspun Living and Trident refused to comment on the development.

In addition to these incentives, the state government will provide a ₹2 per unit electricity cost reimbursement for the next decade, based on a base rate of ₹6 per unit, specifically for firms in the textile sector.

Furthermore, the state will cover ESIC (Employees' State Insurance Corporation) and EPFO (Employees Provident Fund Organisation) contributions for Odia workers, promoting employment within the state, he said.

An additional initiative to construct hostels for women workers, aiming to house 35,000 workers at minimal rent, will ensure better access to manufacturing units and transport connectivity, Poonia added.

The Indian market for technical textiles is projected to reach a massive ₹1.81 trillion in FY24 from ₹1.33 trillion in 2019. The domestic market has expanded at an annual rate of 12%, compared to the global rate of 4%. With India's exports of technical textiles, including medical apparel, at $2.5 billion, there are plans to push up this figure to $10 billion over the next five years, capitalizing on India's 4% share of the global textiles and apparel trade in the 2021-22 financial year.

Despite a slight dip in textiles exports from $32.33 billion in the previous year to $30.96 billion between April 2023 and February 2024, India remains a global leader in cotton and jute production, is the second-largest producer of silk, and produces 95% of the world's hand-woven fabric, underscoring the vast potential for growth and innovation within the sector.

Source: livemint.com – Mar 18, 2024

HOME

****

Kerala creates over 1 lakh MSMEs for second year in a row

Kerala's MSME sector has made a big leap by adding over one lakh ventures for the second consecutive year in 2023-24, taking the total number of newly set up units to 2,40,396 since the launch of the Year of Enterprises in 2022-23.

The initiative also netted a total investment of ₹15,167.36 crore and created 5,09,740 jobs in the MSME sector in the last two years.

The programme had yielded an investment of ₹8,422 crore and generated 3,00,51 jobs in 2022-23. Keeping the momentum of growth, in 2023-24 (till March 15) the initiative netted an investment of ₹6,745.36 crore and created 2,10,776 jobs.

"This is an amazing achievement about which Kerala could be really proud of. The resounding success of the Year of Enterprises initiative and other projects of the Department of Industries and Commerce show that the right policy initiatives and their prompt implementation will yield handsome returns," said P. Rajeeve, Industries Minister.

The Government declared 2022-23 as Year of Enterprises, setting a target of creating at least one lakh new enterprises and 3 to 4 lakh jobs. The project was launched by the Department of Industries & Commerce (DI&C) with the co-operation of Local Administration, Co-operation, Fisheries and Animal Husbandry departments.

Significantly, one-third of the units (31,419) started in 2023-24 were promoted by women entrepreneurs while 3375 enterprises were started by entrepreneurs from the Scheduled Caste/ Scheduled Tribes communities.

Ernakulam district led in having the largest number of units followed by Malappuram and Thiruvananthapuram.

Of the total units started under the programme, 13,790 are in the manufacturing sector accounting for an investment of ₹1,428.15 crore, 44,468 units in the service sector with an investment of ₹2,705.13 crore and 42,298 commercial enterprises with an investment of ₹2,612.14 crores.

The ventures that put up excellent performance during a short span included agro & food processing, garments & textiles while the service sector enterprises related to hotels and restaurants, catering and garment designing and dress making.

Source: thehindubusinessline.com – Mar 17, 2024

HOME

****