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Currency Watch			
USD	EUR	GBP	JPY
83.13	90.93	106.37	0.55

INTERNATIONAL NEWS

Global cotton production forecast to reach 112.96 mn bales: WASDE

The US Department of Agriculture (USDA) has increased the forecast for world cotton production by 130,000 bales of 480 pounds to 112.96 million bales in its latest report released last week. World cotton production was estimated at 112.82 million bales in the February 2024 report.

According to the World Agricultural Supply and Demand Estimates (WASDE) report, world cotton imports increased from 42.88 million bales to 43.23 million bales.

The report indicated that the forecast for domestic consumption also increased to 112.94 million bales this month from 112.46 million bales in February 2024. Cotton exports are projected at 43.26 million bales, up from 42.87 million bales in the previous month. However, the world's ending stocks are projected to decrease to 83.34 million bales in March 2024 from 83.70 million bales.

The US' cotton production estimates were lowered to 12.10 million bales from 12.43 million bales in the previous month. However, cotton exports from the US remained steady at 12.30 million bales. The outbound shipments from the US provide guidance to the global cotton market.

World production is higher as lower crops in the US and Argentina are offset by a 500,000-bale increase in India. Global consumption is almost 500,000 bales higher as gains for China and India more than offset lower estimates for Turkiye and a number of smaller countries.

World trade is approximately 400,000 bales higher as China's 2023-24 imports are raised by 900,000 bales, more than offsetting lower estimates for Turkiye and several smaller countries. Exports are projected to be higher for India, Australia, and Turkiye.

Source: fibre2fashion.com– Mar 21, 2024

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Biden Admin Expands Supply Chain Data-Sharing to Track Inland Ports

The Biden administration is expanding a supply chain data-sharing partnership consisting of U.S. retail and logistics businesses and foreign ocean carriers in an effort to better track both the global and domestic movement of goods.

First launched in March 2022 in response to massive congestion at West Coast ports, the Freight Logistics Optimization Works (FLOW) platform was designed so major American supply chain stakeholders can have real-time insight of port congestion and monitor unexpected cargo shifts caused by world events—with the ultimate goal to better inform supply chain planning and mitigate supply chain delays and fees.

Two years to the date of its inception, FLOW has now begun to publish data on inland freight hubs, including rail terminal and warehouse end-destination data, that can enable its more than 60 members to gain an enhanced view of future container import volumes and traffic.

Andrew Petrisin, an advisor for multimodal freight for the Department of Transportation (DOT), told CNBC that the total volume of cargo captured by FLOW at some major U.S. ports is nearly 80 percent.

The additional data will enable users to track container import volumes and traffic from the point of export origin into a U.S. port before eventually being picked up by truck or rail and delivered to a warehouse or another inland port.

Inland ports are critical to the flow of trade, as they facilitate the pickup and drop-off of loaded containers as well as the movement of empty containers so they can be loaded onto vessels at the coastal ports.

FLOW includes retailers like Walmart, Target, The Home Depot, Nike, Ikea, Ralph Lauren, Dollar General and Gap Inc. among others, as well as ocean carrier giants like Mediterranean Shipping Company (MSC), Maersk, CMA CGM and Hapag-Lloyd.

Logistics providers within FLOW include UPS, FedEx, DHL and C.H. Robinson, alongside rail carriers BNSF and Union Pacific. The initiative also includes terminal operators at the Ports of Los Angeles, Long Beach, New York & New Jersey, Houston and Savannah.

Through FLOW, the DOT collects, aggregates and anonymizes key information shared by participants on inbound containerized freight, starting with importer purchase orders or bookings. Members can also share available supply-side assets such as terminal slots, tractors, chassis and warehouse space. This information is provided on a daily basis if automated, or weekly if manual.

From there, the platform is built to align future demand volumes against current regional capacity so shippers can better determine where they should be moving ocean containers.

Incoming demand is shared up to 90 days in advance of cargo arrival, according to the Bureau of Transportation Statistics (BTS).

FLOW members can access the data through a shared online portal or API hosted by the BTS.

According to the CNBC report, this data is currently helping logistics decision makers manage and mitigate trade uncertainties such as the recent Red Sea diversions and Panama Canal backlogs.

“FLOW members are getting more granular views of their supply chain allowing them to consider not only alternate routings but also potential shifts in their distribution networks,” Jesse Whitfield, director of global ocean freight with UPS, said in a statement. “That directional insight is invaluable when it comes to being able to pivot during times of disruption.”

The DOT has held regular listening sessions with the freight industry and marine labor groups since the Houthi attacks in the Red Sea began last year, the CNBC report said. Additionally, the department is currently working with FLOW participants to leverage data on cargo shifts from the Suez Canal to going around Africa’s Cape of Good Hope.

Bud Darr, executive vice president of MSC, which has seen its operations shift drastically due to the Red Sea disruptions, called FLOW “an excellent example of how government can make a genuine difference in collaboration with industry, without imposing compulsory measures.”

The expansion of FLOW is one of multiple initiatives by the Biden administration with the intent to bolster national supply chain operations. In 2021, the White House established the Supply Chain Disruptions Task Force as Covid-era bottlenecks caused challenges for supply chain stakeholders. Late last year, the administration launched the White House Council on Supply Chain Resilience in an effort to shore up U.S. agricultural and food systems, and improve access to medicine and critical economic data.

Most recently, the Biden administration unveiled it would invest $20 billion into U.S. port security to help foster the domestic manufacturing of cranes amid concerns that current China-made cranes could present an espionage or disruption risk.

Source: sourcingjournal.com– Mar 20, 2024

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EU Chamber of Commerce suggests policy support for China's demand side

Some momentum for China's economic recovery can be regained by providing policy support for the demand rather than supply side, according to the European Union (EU) Chamber of Commerce in China.

In a recent position paper titled 'European Business in China 2023/2024', the chamber said this is particularly important given that supply-side policies have been a contributor to the significant trade imbalances China has accumulated with both the EU and the United States.

"There is a danger that, if not addressed, this may lead to reactions by overseas governments—the growing trade imbalance and the lack of reciprocal market access are often cited by European politicians as key grievances and reasons for dissatisfaction with the relationship with China," the paper noted.

Implementing policies that can help companies attract and retain foreign talent to work in China is another area that needs to be addressed if China wants foreign companies to optimise the contributions they can make to the country's development, it said.

This challenge was exacerbated by the pandemic, during which many companies experienced an outflow of foreign workers.

Furthermore, the number of foreign workers from developed economies that work in international companies was shown to be falling in some key cities.

This trend is not beneficial to China's economy, as high-level foreign talent tend to make significant contributions to innovation, efficiency and productivity in areas that are important to the country's high-quality development, the chamber observed in its paper.

Some market access challenges in certain sectors are due to 'one-size-fits-all' regulations, and can act as a deterrent to foreign investment across multiple industries, it added.

While economic indicators at the beginning of 2023 showed momentum was gathering, as the year progressed, China's recovery began to wane, with many areas of the economy not performing as expected.

A key factor in this was that the much-anticipated release of pent-up demand simply did not take place, resulting in an extended contraction of manufacturing activity, producer prices and industrial profits.

China's demographic dividend is also fading, and urban youth unemployment broke historic records for several months in a row in 2023, adding more pressure to the country's recovery.

Source: fibre2fashion.com– Mar 21, 2024

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Spain's Largest Unions Plan Strike Against Inditex

Spain's two largest unions, Comisiones Obras (CCOO) and Unión General de Trabajadores (UGT) have called for retail associates employed by Inditex to gather in front of Zara and Bershka stores on March 22 at noon. The action will happen in eight of the country's major cities, including Madrid, Barcelona and Seville.

The strikers, who, according to Reuters, will gather in front of the stores outside of their normal hours and will not cause store closures, have made demands that Zara allot increased hours to part-time store associates and that those employees have the ability to take off a certain number of weekends each year. UGT has also proposed that Inditex employees receive seniority bonuses after they have worked with the company for four years.

The new demands come on the heels of Inditex reporting high profits for fiscal year 2023. The company stated it had seen a 23.5 percent increase in net income in 2023 and boasted that, for 2024, performance is off to a rosy start.

On Wednesday, Inditex stock hit a lifetime high.

Inditex data shows its employees in Spain saw a wage increase of roughly 20 percent. It also agreed to give its workers in Spain a pay raise averaging 3.5 percent in 2024, according to Reuters.

Alvaro Cajigal, leader of the UGT union, said the company's well being is encouraging but advocated for that wealth to be shared with the employees that make it possible.
"We are happy with Inditex's results, but having seen them, they can't make excuses to the workers and need to discuss more benefits," the union boss said in a statement.

Workers' rights could become increasingly important for the 3DLook partner in the coming years, as it continues to expand its real estate in Europe and other geographic regions.

For instance, the company reported Zara had opened 192 new stores, some in first-time markets, like Cambodia.

Workers' interests could become a point of discussion not just in retail locations but also in distribution centers. The company announced last week it would build a new Zara distribution center in Zaragoza, Spain, as well as two Valencia facilities—one for Bershka, and a second for its footwear manufacturer. The logistics spending will cost Inditex nearly $2 billion over the next two years.

Source: sourcingjournal.com– Mar 20, 2024

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France Proposes EU Ban on Used Clothing Exports

As unwanted clothing piles up in landfills across Africa, one of the sources of that waste has proposed a solution to stop garment pollution on the continent. Last week, France's environment ministry proposed a European Union ban on exports of used clothing, much of which gets funneled to African countries. The call for a used clothing export ban also is supported by Sweden and Denmark.

According to United Nations trade data, the EU exported 1.4 million metric tons of used textiles in 2022, more than double the amount it sent in 2000. The European Commission estimates Europe produces 5.2 million tons of clothing and footwear waste each year.

Much of that discarded clothing and footwear comes from "fast fashion," which France's environmental industry says cultivates overconsumption and a throwaway attitude toward clothing.

While some fast fashion companies, such as H&M and Zara, have incorporated sustainability practices in recent years, the rise of online brands such as Shein, Fashion Nova and Temu have marked an uptick in inexpensive, lower-quality garments, footwear and accessories entering the marketplace. According to market research firm Gitnux, the global fast fashion market grew by a compound annual growth rate of 8.8 percent from $91.23 billion in 2021 to $99.23 billion in 2022.

Typically, fast fashion pieces tend to be trendy and inexpensive, reducing their shelf life in a consumer's wardrobe. Gitnux found that in the past 15 years, the number of times a garment is worn before being discarded has declined by around 36 percent to just 7-10 wears.

While some of those pieces end up recycled or resold, much of the discarded clothing ends up in landfills. In the United States, more than 9 million of the nearly 13 million tons of clothing and footwear produced in 2018 went into landfills.

Last month, French Parliament member Antoine Vermorel-Marques of the Les Républicains (LR) party proposed a bill calling for a penalty of 5 Euros ($5.42) per product for companies that put more than 1,000 new models on the market each day. The bill aims to slow the constant churn of product coming from brands such as Shein, which adds thousands of items to its assortment daily.

While a portion of European clothing exports get sold or donated in Africa, France's environment ministry said much of those discarded garments end up clogging landfills.

"Africa must no longer be the dustbin of fast-fashion," France's environment ministry said in a statement to Reuters. "We must reduce waste, and manage our own waste."

Source: sourcingjournal.com– Mar 20, 2024

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Xintang apparel industry in Guangdong to build a 1.25-billion project

Recently, a consortium led by Guangzhou Construction Municipal Engineering Company, in conjunction with Guangdong Provincial Institute of Architectural Design and Research and Guangzhou Geological Survey Foundation Engineering Company, successfully won the bid for the survey, design, and construction general contracting project for the demonstration base of intelligent manufacturing of denim clothing in Zengcheng District, with a bid amount of 1.25 billion yuan.

The project is located in Xintang Town, Zengcheng District, Guangzhou, north of Shixin Road and south of Lixin Road. The total land area of the project is about 127,100 square meters (about 190.6mu), and the planned total construction area is about 337,600 square meters. The construction content mainly includes production workshops, exhibition center hall, research and development center building, dormitory building, sewage treatment workshop, and washing workshop, etc.

Xintang Town is a key industrial and commercial town in the southern part of Zengcheng District, Guangzhou. With its location and advantages in logistics and industrial agglomeration, the denim clothing industry in Xintang has gained international reputation and is moving towards transformation and upgrading.

The demonstration base of intelligent manufacturing of denim clothing in Zengcheng District is committed to creating an industry production benchmark that integrates "intelligent production, green ecology, and convenient living," providing a better platform for development and exchange, and creating more employment opportunities for the clothing manufacturing industry in Xintang. Additionally, Xintang Town will undertake more industrial functions from the central urban area of Guangzhou, enhancing the scale and capacity of the town.

Source: ccfgroup.com– Mar 21, 2024

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More Chinese companies to explore investment opportunities in Tanzania

About 60 investment companies from China will participate in the China-Tanzania investment forum to be held in the port city of Dar es Salaam on March 27, officials said Wednesday.

Diana Ladislaus Mwamanga, the Tanzania Investment Center Investment Promotion officer at the China desk, said the forum is aimed at promoting China's investment opportunities in Tanzania.

Mwamanga said nearly 60 entrepreneurs from Jinhua City, east China's Zhejiang province, will visit Tanzania from March 24 to March 29 to strengthen communication and exchanges between the two sides and seek potential opportunities for cooperation.

Janson Huang, chairman of the Sino-Tanzanian Industrial Park in Dar es Salaam, said the main investment opportunities will include industries in pharmaceuticals, textile and clothing, agricultural machinery and hardware tools, engineering construction and construction materials, as well as mining and environmental protection equipment.

Other areas will include auto and motorcycle accessories, daily necessities, general trade, film and television culture, logistics services and magnetic materials.

He said during the forum more than 120 Tanzanian companies will have business meetings with their Chinese counterparts.

"Jinhua has maintained friendly cooperative relations with Tanzania in trade, investment, and people-to-people exchanges," said Kelvin Ogodo, development manager for the Tanzania Chamber of Commerce, Industry and Agriculture.

Source: english.news.cn– Mar 21, 2024

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Tale of Two Titans: Why retail brands diverge in financial fortunes

The retail landscape is a story of two halves, with established brands facing contrasting financial realities. For example, sportswear giant Adidas is facing financial struggles while fashion leader Inditex, owner of Zara, reports record profits. This contrast raises the question: what factors are driving these contrasting fortunes?

A shift in consumer trends

While sportswear giant Adidas reported its first annual loss in over 30 years in 2023, Zara owner Inditex, the world's biggest fashion retailer, enjoyed record profits for the same period. This disparity highlights the complex interplay of factors influencing brand performance. A look at Adidas stats show, in 2023, it reported a net Loss of €58 million, first since 1992. What's more it expects 5 per cent North American sales decline in 2024. By contrast, Inditex net profit in 2023 was €5.4 billion, its highest ever. Sales growth was 10.4 per cent.

Adidas is grappling with a decline in North American demand for sportswear, impacted by overstocked retailers and potentially a waning appetite for athletic apparel. Brand management and inventory control is another issue. The severing of ties with Kanye West and the Yeezy line, once a major revenue driver, further complicates matters. Conversely, Adidas might be struggling to adapt its offerings to meet changing consumer shifts.

Inditex, on the other hand, seems to be benefiting from a shift towards value fashion. Their strategy of price increases appears to be well-received, with consumers prioritizing affordability without sacrificing style. Focus on dynamic sales strategies and price adjustments to maintain profitability despite inflation has worked well. Inditex, also demonstrates success in managing inventory levels, a crucial factor in today's economic climate. It also capitalizes on current fashion trends like "low-rise suede sneakers" to drive sales growth. Moreover, Inditex highlights a strong recovery in China, a significant market. In contrast, Adidas acknowledges a weaker North American market but anticipates growth in the second half of 2024. Geographic diversification seems to be a crucial factor for success.

Strategic manoeuvres

For course correction, Adidas is taking corrective measures. CEO Bjorn Gulden is focusing on core brands like Samba and Gazelle, aiming to recapture market share and improve retailer relationships. Inventory reduction efforts are underway, with plans for at least 10 per cent underlying business growth in the latter half of 2024. Inditex's success on the other hand can be attributed to its focus on dynamic sales strategies and a willingness to adjust pricing. Their diverse brand portfolio, catering to various consumer segments, seems to be another winning factor. Their global reach and focus on a wider range of apparel appear to be advantages.

Analysts weigh in. As Thomas Joekel of Union Investment highlights Adidas' positive trajectory under new leadership, while Cristina Fernandez of Telsey Advisory Group acknowledges lingering uncertainty surrounding Yeezy sales. The future remains to be seen. Adidas projects recovery, while Inditex enjoys a strong position.

Indeed, the contrasting fortunes of Adidas and Inditex highlight the dynamic nature of the retail industry. Adaptability, strategic inventory management, and responsiveness to consumer trends are key differentiators. While the future remains uncertain, both companies offer reasons for cautious optimism, with Adidas seeking to regain lost ground and Inditex building on its record-breaking year.

Source: fashionatingworld.com– Mar 20, 2024

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Bangladesh: Garment export to USA falls 2.58%

Garment exports to the USA, the single largest export destination for Bangladesh, fell by 2.58 percent year-on-year to $5.46 billion in the July-February period of the current fiscal year.

American retailers and brands imported 23 percent lower amount of clothing items last year compared to the previous year because of high inflationary pressure, which impacted Bangladesh's shipment to the US markets.

Thanks to the presence of competitive pricing and long-time trade relations, Bangladesh is the third largest garment supplier to the USA after China and Vietnam.

Bangladesh's performance has been strong compared to its peers in case of garment export to the USA despite being slapped with a 15.62 percent tariff, the highest in the world in this particular market.

However, clothing sales have started increasing in the US economy thanks to the recent recovery of the market.

The National Retail Federation (NRF), the largest retailers' platform in the USA, said sales in the clothing and accessories stores were up 0.51 percent month-over-month and up 8.05 percent year-on-year in February.

"February retail sales indicate continued momentum from consumers," NRF President and CEO Matthew Shay said.

"While the future direction of interest rates and inflation remains uncertain, it's clear that a strong job market and increases in real wages are continuing to support spending."

In the July-February period of 2023-24 fiscal year, garment export to the European Union, the biggest trade block for Bangladesh, reached $16.23 billion, posting a 3.27 percent year-on-year jump, according to data compiled by the Export Promotion Bureau and Bangladesh Garment Manufacturers and Exporters Association.

Apparel shipment to Spain, France, Netherlands, Poland and Denmark showed 8.68 percent, 4.72 percent, 14.55 percent, 21.82 percent and 32.81 percent growth respectively.

However, the apparel export to Italy declined by 0.93 percent year-on-year in the July-February period.

On the other hand, RMG export to Germany, the largest market in the EU, declined by 11.63 percent year-on-year to $4.09 billion.

At the same time, the garment export to the UK and Canada reached $3.85 billion and $998.77 million, posting a 14.64 percent and 1.81 percent year-on-year growth respectively.

Meanwhile, apparel export to the non-traditional markets grew by 10.83 percent year-on-year to $6.30 billion.

Among the major non-traditional markets, exports to Japan, Australia and South Korea increased by 7.12 percent, 21.29 percent and 17.16 percent respectively.

However, apparel export to India declined by 22.99 percent year-on-year in the July-February period.

Source: thedailystar.net– Mar 20, 2024

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German retail firm Otto urged to source more high-value RMG: BGMEA

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) today urged German retail company Otto Group for sourcing more high-value garment products from Bangladesh.

BGMEA President Faruque Hassan made the plea at a meeting with the senior officials of the group held at the BGMEA's office at Uttara in Dhaka.

A delegation of Otto Group, including Sergio Bucher Rodriguez, member of the executive board for retail and brands at Otto Group; Heidi Sabina Stevens, CEO at the Otto International Hong Kong; Weronika Sosulska, key account manager of Team Bon Prix; Raksha Nanerjee, key account manager at Team Witt and Merchandising Otto Lascana, and Mehtap Mir, head of HR and workplace solutions, met Hassan at the BGMEA office.

Hassan stressed the need for strengthening partnerships with Otto's Bangladeshi suppliers to facilitate the design and manufacture of high-end apparel items.

The BGMEA chief also highlighted the advancements made in the workplace safety, environmental sustainability, circularity, and workers and welfare in the country's garment sector.

He also highlighted the industry's ongoing initiatives and efforts to diversity product offerings, with a particular focus on non-cotton and high-end product segments, as well as innovation in product development and process optimisation.

Source: thedailystar.net– Mar 20, 2024

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Pakistan: APTMA presents plans to target $50 billion in textile exports by 2029

The All Pakistan Textile Mills Association (APTMA) has presented an ambitious plan to Commerce Minister Jam Kamal, aiming to boost the country's textile exports to $50 billion by 2029. This plan focuses on aligning energy tariffs with regional competitors and making key policy adjustments to rejuvenate the textile sector.

Emphasising the crucial role of export-led growth in sustaining Pakistan's economy amidst significant external financing needs, APTMA stresses the urgency for immediate action. With the country's annual gross external financing needs projected at over $25 billion for the next five years, export-oriented strategies become paramount for economic sustainability.

APTMA's policy roadmap revolves around three main pillars: diversification, expansion, and competition. These pillars are supported by a multifaceted approach to harness Pakistan's textile potential fully.

Firstly, the roadmap emphasises incentivising product diversification to broaden the range of exportable goods. This includes rationalising import duties on essential inputs like purified terephthalic acid and polyester staple fiber to enhance competitiveness.

Additionally, encouraging investment in manufacturing capacity for man-made fibers (MMF) and promoting higher value-added original brand and design manufacturing are considered crucial.

Secondly, significant investments are proposed for upgrading and modernising manufacturing facilities. APTMA aims to establish 1,000 new garment plants to pivot towards higher value-added production, thereby increasing export capacity and global competitiveness.

Furthermore, APTMA advocates for specialised industrial and export processing zones with modern facilities to attract investment and foster growth and innovation. These zones aim to reduce barriers for new ventures and stimulate export expansion through domestic and foreign investment.

Addressing the energy issue, APTMA stresses the need to align power tariffs with regional norms to boost sectoral competitiveness. Currently, Pakistan's industrial power tariffs are higher than those of regional competitors, making exports less competitive internationally. APTMA proposes solutions such as reducing power tariffs for industrial consumers and enhancing solar net-metering for industrial use.

In a joint letter to the Commerce Minister, APTMA leaders Asif Inam and Shahid Sattar highlighted that achieving this ambitious export target would not only strengthen the textile industry but also drive economic prosperity and job creation.

Source: fashionatingworld.com– Mar 20, 2024

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NATIONAL NEWS

India’s March business activity ends fiscal year on strong note: S&P Global

India's business activity ended this fiscal year on a high note, expanding at the fastest rate in eight months in March, according to a business survey, suggesting the country would remain the fastest growing major economy.

HSBC's flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 61.3 this month from February's final reading of 60.6.

That extended the streak of expanding activity to 32 months. The 50-mark separates expansion from contraction on a monthly basis.

"Led by the strongest manufacturing output in nearly three-and-a-half years, the composite output index rose quickly," said Pranjul Bhandari, chief India economist at HSBC.

"New orders rose at a faster pace than in the previous month, and within that both domestic and export orders showed improved vigor."

Growth was led by the manufacturing sector, which has been one of the primary economic drivers over the past few quarters. The index tracking factory activity rose to 59.2, its highest since February 2008, from 56.9 last month.

Demand in Asia's third-largest economy for factory goods remained strong with new orders recording the fastest expansion in over three years.

Meanwhile, services activity also remained robust although the index eased slightly to 60.3 in March from 60.6 last month.

Overall exports expanded at the fastest pace in seven months.

That solid demand alongside expectations that economic conditions will remain supportive of growth led business optimism for the coming year to increase this month. Companies also stepped up hiring at the strongest pace since September.

However, overall price pressures rose this month. Input costs at services firms rose at the quickest pace in seven months, while prices charged saw the sharpest rise since July 2017.

Although prices charged by manufacturers appreciated at the weakest pace in over a year in March, input costs rose faster this month than in February.

That indicates overall inflation could remain sticky, giving less incentive to the Reserve Bank of India to cut interest rates anytime soon.

Source: thehindubusinessline.com– Mar 21, 2024

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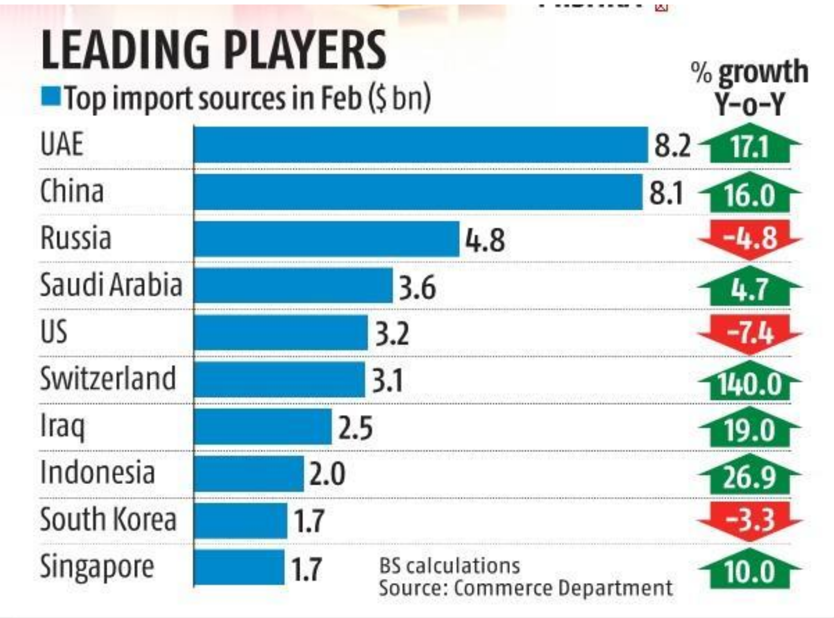
Switzerland, UAE, China lead double digit imports growth in February



A jump in imports from Switzerland, the United Arab Emirates (UAE) and China led to a double-digit increase in India's imports in February, propelling them to a 17-month high.

After growth in merchandise imports remained in negative territory for most of 2023, inbound shipments have turned positive for two consecutive months since January. While the UAE ($8.2 billion) crossed China ($8.1 billion) as the top source of imports in February, Switzerland (140 per cent) topped the list in terms of annual growth, likely due to a jump in gold imports.

In February, imports from Russia (-4.8 per cent) contracted due to lower imports of crude oil, while inbound shipments from USA (-7.35 per cent) and South Korea (-3.3 per cent) also shrank during the month.

Source: business-standard.com – Mar 21, 2024

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Exporters seek exemption from 45-day payment to MSMEs rule

Exporters across sectors have sought exemption from a new rule that requires them to pay any pending bills to micro and small units within 45 days.

Around 150,000 exporters, represented by as many as 15 export promotion councils, including the Federation of Indian Export Organisations, have raised concerns over the provision, saying it will impact their liquidity as payments for exports are received with an average time lag of 120 days, although the Reserve Bank of India allows a nine-month period to realise export proceeds as sometimes it takes even longer.

"Our exporters provide such credit terms to remain competitive internationally as countries, having much lower credit rates, offer more generous terms of payment with longer tenure," the exporters' bodies said in a representation to the finance ministry.

Section 43B(h) of the Income Tax Act, which comes into effect on April 1, mandates payments to UDYAM-registered micro and small entities within 45 days, a move aimed at addressing the issue of delayed payments faced by such units.

Exporters have sought this to be extended to 120 days and supplies to micro, small and medium enterprises (MSMEs) to be kept outside the scope of this provision.

Micro manufacturing and services units are defined as businesses with ₹ 1 crore of investment and ₹5 crore of turnover, while small enterprises have investment worth ₹10 crore and turnover of₹50 crore.

According to the new rule, if payment is delayed to an MSME registered unit, the buyer will have to pay interest on the amount due.

As per the representation, exporters who receive supplies from micro and small units have been affected as it has impacted their liquidity. The additional liquidity, which comes at a cost, blunt their competitiveness.

"The fallout of this is that small businesses will lose business and face return of goods. They are giving up on MSME certificates and benefits, which come with the registration," said Sanjay Jain, managing director, TT Textiles, which has 10-15% dependence on micro and small enterprises for goods inputs. "Other countries don't have such laws and such a move will encourage imports and discourage buying from micro and small enterprises. Exporters may instead buy from medium enterprises," said an industry representative.

Exporters maintain larger inventories due to economic and demand factors in the destination market. "While exporters agree to such a move aiming to enhance liquidity of micro and small companies, they feel a longer time frame with phase-wise reduction in time would address the concerns of both the sides," said Ajay Sahai, director general, FIEO. Exporters said that recently this has increased further due to geopolitical uncertainties. Overall, exporters face more cash flow challenges compared to domestic companies.

Stressing that to provide a level playing field to Indian exporters compared to exporters from other countries, this provision should not apply to exports, the councils said that the supply of goods from the micro and small units to exporting units, either for manufacturing of export products or for further exports , should be exempt from this provision.

"A supplier declaration to this effect should suffice for this purpose," they said, adding that these exemptions may be provided only for a few years to help exporters adjust to the new provision.

"Making payments to MSMEs within 45 days is challenging for the handicrafts industry, wherein the credit periods often last 180 days," said Rakesh Kumar, chief mentor, Export Promotion Council for Handicrafts.

Kumar added that handicrafts export shipment usually takes 90 days to arrive at the destination port and further 90 days for payment realisation. Buyers generally pay after receiving the goods, which, with an additional 30 days, makes it 120 days for exports.

Source: economictimes.com– Mar 20, 2024

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Export of textiles up 17% YOY in Feb

Ahmedabad: The textiles industry has reason to celebrate as it records a robust performance in exports for Feb, marking positive growth trends for the 11-month period of the current financial year.

According to the data released by the Confederation of Indian Textile Industry (CITI), key segments such as cotton yarn, fabrics, and made-ups have witnessed a significant surge in exports, registering a remarkable 17% growth in Feb compared to last year.

This promising uptick suggests a favourable outlook for Gujarat's textiles sector.

Over 11 months, exports of these products have also shown resilience, boasting a commendable 6.7% increase compared to the corresponding period in the previous year.
In Feb 2024, exports of Indian textiles grew 19.54% year-on-year, while apparel exports also saw a respectable uptick of 4.88% during the same timeframe.

The cumulative exports of textiles and apparel during Feb 2024 showed a growth of 12.49% over the preceding year.

However, the overall scenario for the April 2023 to Feb 2024 period paints a mixed picture, with Indian textiles exports registering a modest growth of 1.75% year-on-year, juxtaposed with a notable decline of 11.42% in apparel exports during the same timeframe.

The cumulative exports of textiles and apparel during this period showcased a decrease of 4.25% compared to the corresponding period in the previous fiscal year.

Industry experts attribute this positive trajectory in cotton yarn and fabric exports to India's competitive cotton prices throughout the current financial year, which have bolstered demand in international markets.

Gujarat has notably benefited from this trend, with its substantial share in cotton yarn, fabric, and made-up exports.

The surge in demand, particularly from countries like Bangladesh and China, has driven this growth.

Conversely, the apparel segment has faced challenges, experiencing a decline primarily due to heightened input costs and subdued demand in various countries amidst soaring inflation.

Bharat Chhajer, former chairman of Powerloom Development and Export Promotion Council (PDEXCIL), said, “The ongoing conflict between Russia and Ukraine, coupled with the Red Sea crisis, has compounded the situation, resulting in increased business costs and pricing pressures. Moreover, stiff competition from nations like Vietnam and Bangladesh, coupled with the reduction in cotton prices, has decreased the value of apparel exports from India.”

Source: timesofindia.com– Mar 21, 2024

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Decoding consumer resistance to biotechnology food crops

All of us consume food, but not many are likely to be aware of food production systems. Yet consumers hold strong opinions on biotechnology food crops and their possible impact on human and environmental health. Even rural and semi-urban communities closely connected to farming have a negative perception of biotechnology food crops and treat them with scepticism, if not outright rejection.

Biotechnology food crops refer to crop strains produced by altering the genomic sequence of existing strains.

Given the rapidly increasing population and climate change, food production systems are under stress. Biotechnology interventions have shown immense potential in ensuring food security. Improvements include yield enhancement for rice, increased nutritional content for tomatoes, and longer shelf-life for bananas and apples.

The background

For centuries, humans have been selecting and/or developing superior crop traits by identifying and propagating seeds/strains with desired characteristics. Conventional breeding relied on physically connecting two parental crops with specific characteristics and relying completely on chance to produce next-generation plants. The new plants were then individually screened for the physical appearance of the desired characteristic(s). Shortlisting of improved crop varieties hence required 8-10 years and extensive resources.

As biotechnology advanced, molecular-assisted breeding (MAB) accelerated the selection by using genetic markers for desirable characteristics. While this helped hasten the screening of new strains, the process still relied on manually connecting plant strains to grow new strains, and the transfer of characteristics was completely by chance. There was no significant reduction in time and resources.

The next big change arrived with transgenesis, which enabled genetic modification of crops. In addition to infusing desirable traits from other plant species, genetic modification allowed the incorporation of genetic sequences from bacterial species into plants to express desirable proteins.

Bt cotton is the most popular example, where the genes for a toxic protein produced by a bacteria called Bacillus thuringiensis were inserted into the cotton plant to make it resistant to the bollworm pest. Except for Bt cotton, no other genetically modified (GM) edible crop is cultivated in India to date due to public resistance. Groups like GM Free India and Greenpeace have brought to light human and animal health, ecological, financial, and ethical issues associated with the adoption of GM crops.

The way forward

Gene-editing technologies, which have gained traction over the last decade, are being explored las a safer means of changing crop traits. These techniques can alter genetic sequences without adding sequences from foreign species, while they can also add them whenever needed.

Gene-edited rice, fish, mustard, mushroom, and tomatoes have already reached consumer plates in Japan, China, and the US. The government of India has also opted for a relatively liberal path for monitoring and releasing gene-edited crops in comparison to GM crops. However, going by the unsuccessful adoption of GM crops in India, the eventual success of biotechnology food crops will depend on consumer acceptance. Responsible and transparent innovation by technology developers will be instrumental in creating public faith and understanding.

This would entail effective stakeholder engagement from the initial stages of technology development and objectively assessing the potential risks associated with gene-edited crops. Loss of biodiversity and the threat of monopoly in seed ownership are issues that warrant attention. Social science studies are needed to understand the complex issue of people's resistance to the use of gene technology in food cultivation, even as it is perceived as life-saving in the area of medical science

Holistic structures to monitor the release and distribution of such products in the food market can help garner community support and ensure safe deployment. Context-specific development and deployment of crop strains will play a crucial role in the demonstration of early successes, which could lead to increased acceptance of biotechnology crops among the masses.

Source: thehindubusinessline.com– Mar 20, 2024

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India's Rajasthan state drafts policy to boost exports

Aiming to boost exports through ease of doing business, faster clearances, and digital infrastructure, the government of Rajasthan has recently prepared a draft policy and is seeking views and suggestions from trade bodies, industrialists, and exporters on it.

Media reports claimed this citing the sources from within Rajasthan government in this regard, who added the code of conduct being in force on account of the upcoming Lok Sabha polls, dates for which have been announced recently, the policy will be implemented after the elections get over.

Striving for competitive export logistics in Rajasthan for all modes while also focussing on skill development programmes to encourage entrepreneurship, the draft Export Promotion Policy 2024 held with exports valued at $9.69 billion, which was 2.15 per cent of the India’s total exports, Rajasthan has been the 11th largest exporting state in the country in FY23 even as it underlined considering the sectoral advantages within Rajasthan’s economy, foreign trade would help uplift its economic prospects and create jobs on a large scale.

The draft policy focusses primarily on textiles, apparels, handicrafts, gems & jewellery, dimensional stone, agro and food processing, and auto & auto components, among other products.

It may be mentioned here Rajasthan recorded a compound annual growth rate (CAGR) of 8.22 per cent between FY19 and FY23, which surpassed India’s overall export growth rate of 8.11 per cent during the period.

Source: fibre2fashion.com– Mar 20, 2024

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