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IBTEX No. 61 of 2024 | **April 16, 2024**

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INTERNATIONAL NEWS

US' retail sales steady in March, clothing sector slightly down: NRF

Retail sales in the US maintained a steady pace in March, according to the latest data from the CNBC-NRF Retail Monitor. Although overall growth was robust, the clothing and accessories stores experienced a slight dip, decreasing by 0.01 per cent month-over-month (MoM), but still managed a 2.13 per cent increase year-over-year (YoY) on an unadjusted basis.

Total retail sales, excluding automobiles and gasoline, increased by 0.36 per cent MoM when seasonally adjusted, and saw a rise of 2.72 per cent on an unadjusted YoY basis. This continues the trend observed in February, which showed a 0.4 per cent MoM and a 2.7 per cent YoY increase.

Core retail sales, which exclude restaurants as well as automobiles and gasoline, grew by 0.23 per cent MoM and by 2.92 per cent YoY in March. These figures slightly trailed February's increases of 0.27 per cent MoM and 2.99 per cent YoY, as per the retail sales monitor.

For the first quarter as a whole, total retail sales showed a YoY increase of 2.65 per cent, while core sales rose by 3.12 per cent.

The standout performers for the month included online and other non-store sales, which led the gains with a robust 2.48 per cent increase MoM, seasonally adjusted, and an impressive 15.47 per cent jump YoY, unadjusted.

Additionally, the sporting goods, hobby, music, and bookstore sector performed strongly, posting a 0.86 per cent MoM increase and an 8.33 per cent rise on a YoY basis.

Overall, March sales were up in six out of nine retail categories on a yearly basis, led by online sales and sporting goods stores. On a monthly basis, five categories reported increases.

"As inflation for goods levels off, March's data demonstrates steady spending by value-focused consumers who continue to benefit from a strong labour market and real wage gains," said NRF President and CEO

Matthew Shay. “In this highly competitive market, retailers are having to keep prices as low as possible to meet the demand of consumers looking to stretch their family budgets.”

Source: fibre2fashion.com– Apr 15, 2024

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Profits of major textile firms in China hits $2.56 bn in Jan-Feb 2024

Total profits of major textile enterprises in China rose to 18.2 billion yuan (~$2.56 billion) in the first two months this year, according to official data.

The combined operating revenue of these firms stood at 675 billion yuan (~$95 billion), rising by 13.7 per cent from a year ago, the ministry of industry and information technology said.

Industrial output of major textile companies increased by 7.7 per cent year on year (YoY), a state-controlled media outlet reported.

The country's textile and garment exports hit $45.1 billion in the two-month period—up by 14.3 per cent YoY.

Source: fibre2fashion.com– Apr 14, 2024

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Cotton Highlights from April 2024 WASDE Report

USDA has released its April 2024 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The U.S. 2023/24 cotton supply and demand projections are unchanged this month, with ending stocks forecast at 2.5 million bales or 18% of total disappearance. The marketing year price received by upland cotton producers is projected to average 76 cents per pound, a decrease of 1 cent from last month.

The global cotton supply and demand estimates for 2023/24 show higher trade and lower ending stocks compared with last month. World production and consumption are mostly unchanged.

World trade for 2023/24 is projected 700,000 bales higher this month to nearly 44 million, as a 1.3-million-bale increase in China's imports is only partially offset by reductions for Pakistan and Indonesia. Brazil, Australia, and Turkey exports are all projected higher.

Ending stocks for 2023/24 are projected down nearly 300,000 bales this month as lower stocks across West Africa, Australia, and Brazil more than offset higher supplies in China.

Source: cottongrower.com– Apr 14, 2024

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German export conditions continued to strengthen towards Q1 2024 end

German export conditions continued to strengthen as the first quarter (Q1) this year came to a close, building on the improvement seen in February, according to S&P Global.

At 51 in March, up from 50.7, the headline Hamburg Commercial Bank (HCOB) Germany manufacturing purchasing managers' index (PMI) export conditions index recorded its highest reading for almost a year, albeit remaining at a level indicative of only modest growth of international economic activity on a trade-weighted basis.

The upturn in export conditions was led by renewed momentum across Asian markets, where growth on a trade-weighted basis accelerated to the quickest since May 2023.

Central to this were faster increases in business activity in China, Japan and India. North America also saw a sustained expansion in economic output during March, but growth there slowed for the first time in four months.

Export conditions across Europe, meanwhile, stabilised at the end of Q1 2024, after having deteriorated in every month since May last year, an S&P Global release noted.

The broad stagnation continued to mask contrasting performances between the region's national economies, with strong growth in the likes of Greece and Spain being offset by ongoing weakness in some of Germany's neighbouring countries, including France and Austria.

Source: fibre2fashion.com– Apr 14, 2024

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Japan allocates $8.4 mn for Sri Lanka's BIA, Colombo Port upgrade

The Japanese government has donated a set of state-of-the-art scanners, valued at $8.4 million, to Katunayake International Airport and the Port of Colombo.

The first instalment of equipment was handed over to Nimal Siripala de Silva, the minister of Ports, Shipping, and Aviation, by Japanese Ambassador to Sri Lanka, Mizukoshi Hideaki, at Katunayake International Airport recently.

The project, facilitated by the International Organization for Migration (IOM), includes disease-detecting scanners, baggage scanners, full-body scanners, foreign passport scanners, and a biometric access control system.

Additionally, a smart toilet system comprising 150 units will be installed at Katunayake International Airport.

Ambassador Mizukoshi Hideaki affirmed Japan’s unwavering commitment to Sri Lanka’s economic progress and development, expressing continued support.

Minister Nimal Siripala de Silva conveyed gratitude for the provision of high-tech equipment, emphasising the significance of ensuring health protection at Katunayake International Airport, which serves as the primary gateway to Sri Lanka.

The donation underscores Japan’s commitment to enhancing safety and efficiency at Sri Lanka’s key transportation hubs, contributing to the country’s overall development and prosperity.

Source: fibre2fashion.com– Apr 14, 2024

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Global cotton prices experience mixed movements over last month

Cotton prices have shown varied movements across different benchmarks over the past month, with significant price adjustments noted particularly in the futures contracts on the New York Intercontinental Exchange (NY/ICE), as per Cotton Incorporated.

The May and July futures contracts for the 2023-24 delivery season observed a notable decline, breaking through the previous support level of 90 cents per pound in early April. The prices for these contracts further decreased to approximately 85 cents per pound in recent trading sessions.

This movement places the current prices squarely within the long-term range observed from November 2022 to early February 2024, which fluctuated between 78 and 90 cents per pound, Cotton Inc said in its Monthly Economic Letter - Cotton Market Fundamentals & Price Outlook April 2024.

On the other hand, the December futures contract, which reflects market expectations post the 2024-25 northern hemisphere harvest, remained relatively stable.

Despite a recent surge in prices for the 2023-24 season, the December futures failed to rise above 85 cents per pound, while the July futures briefly exceeded one dollar.

This disparity initially widened the gap between the July and December futures to as much as 15 cents per pound. However, following the sharp fall in July futures prices, this gap has now narrowed to less than five cents per pound.

The A Index also reported a decrease, dropping from 102 to 92 cents per pound from early February to the present, with its recent peak being 107 cents per pound at the end of February.

The China Cotton Index (CC 3128B) remained steady at around 108 cents per pound, despite slight fluctuations in the exchange rate, which saw the Chinese yuan weaken from 7.19 to 7.23 RMB/USD.

In India, spot prices for Shankar-6 quality cotton declined modestly from 95 to 92 cents per pound. The Indian rupee remained stable at approximately ₹83 per USD, with the domestic cotton prices adjusting from ₹61,500 to ₹60,300 (~$737.12 to $722.73) per candy.

Pakistani cotton prices remained unchanged at 94 cents per pound in international markets, with domestic prices holding steady at 21,500 PKR (~$77.32) per maund, and the Pakistani rupee stable at 278 PKR/USD.

Source: fibre2fashion.com– Apr 15, 2024

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Asian Apparel Exports: A tale of four tigers, one lagging behind

The apparel industry in Asia presents a fascinating picture of contrasting fortunes. While Bangladesh, Vietnam, and Sri Lanka have seen their garment exports soar in recent years, India, a traditional powerhouse in textiles, struggles to keep pace. This analysis delves into the reasons behind this disparity and explores potential solutions for India to reclaim its export dominance.

Why India lags behind

Table: Export trends

Country	2021 ($ billion)	2022 ($ billion)	2023 (estimated, $ billion)
India	30.5	29.8	29
Bangladesh	42.6	45.7	48
Vietnam	39.7	44.4	48.5
Sri Lanka	6.1	6.8	7.2

Despite having a strong domestic cotton industry and a large workforce, India's apparel exports are losing ground. Several factors are responsible for this.

Productivity gap: Bangladesh and Vietnam boast of higher productivity due to several factors.

Specialization: These countries focus on specific garment segments, allowing for efficient production lines and skilled workers. India's broader product range can lead to inefficiencies.

Investment in automation: Bangladesh and Vietnam are actively adopting automation technologies for cutting, sewing, and packaging, leading to faster turnaround times. India lags in this area.

These investments and streamlined production processes, lead to higher output per worker. India's garment industry remains fragmented, with many smaller players relying on less efficient technologies.

Labor cost advantage: While wages are rising across Asia, Bangladesh still offers a significant cost advantage compared to India. This attracts buyers seeking value-driven apparel.

Often perceived as having a labor cost advantage, India's edge is diminishing. Although base wages might be lower, factors like complex regulations, fragmented infrastructure, and lower skill levels can negate the cost benefit.

Table: Average Monthly Garment Worker Salary ($)

Country	Salary
Bangladesh	190
Vietnam	230
India	250

Emerging market focus

There's a silver lining. While traditional markets like the US and EU remain important, a shift towards emerging markets like Southeast Asia and Africa presents an opportunity for India.

These regions offer potential for growth due to rising disposable incomes and a growing middle class. All four countries are looking to tap into these new markets with their growing middle class and rising apparel demand.

Table: Export destinations

Country	Traditional Markets (US & EU)	Emerging Markets
India	65%	35%
Bangladesh	70%	30%
Vietnam	60%	40%
Sri Lanka	80%	20%

The road ahead for India

To regain its competitive edge, India needs a multi-pronged approach. First, it needs to invest in skill development. Upgrading worker skills through targeted training programs can significantly boost productivity.

Second is focus on modernizing infrastructure. Streamlining logistics and reducing bottlenecks can improve efficiency and lead times.

Third, focus on automation as embracing automation in specific areas can help bridge the productivity gap.

And fourth, moving beyond basic garments and focusing on higher-value products can help India command premium prices.

Fifth is streamlining regulations and simplifying labor laws and export procedures can attract investments and reduce operational costs.

India has the potential to reclaim its position as a leading apparel exporter. By addressing productivity gap, labor cost competitiveness, and focusing on strategic areas, India can capitalize on its raw material advantage and skilled workforce to regain its export dominance in the global apparel market.

Source: fashionatingworld.com– Apr 15, 2024

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China-Europe freight train services grow 9% in Q1 2024

In the first quarter (Q1) of 2024, the China-Europe freight train services have shown a notable increase, according to the data by the China State Railway Group (China Railway). There were 4,541 trips made between China and Europe in this period, marking a 9 per cent rise compared to the same timeframe last year.

The volume of goods transported also saw a substantial rise, with approximately 493,000 twenty-foot equivalent units (TEUs) of goods being moved, which is a 10 per cent increase from the previous year.

As of March 2024, the cumulative number of China-Europe freight train trips reached 87,000, extending logistics services to 222 cities across 25 European countries, according to Chinese media reports.

Source: fibre2fashion.com– Apr 15, 2024

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Sustainable Transformation: Navigating the Future of Asia Pacific's Textile and Apparel Industry

The Asia Pacific countries are experiencing a significant shift towards sustainability, driven by collaborative efforts and technological advancements aimed at enhancing transparency and traceability. With key garment export markets such as the US and the European Union (EU) increasingly prioritising sustainability, Asian textile giants are endeavouring to align with evolving standards.

The predominant use of cotton, a major pollutant in the textile value chain, coupled with extensive dyeing and chemical processes leading to water pollution, underscores the urgent need for sustainability measures. Moreover, qualitative factors such as labour welfare, environmental protection, and corporate social responsibility (CSR) are integral to sustainability considerations.

In response to these imperatives, numerous companies and textile manufacturers are establishing partnerships with organisations to establish funds that promote sustainable textiles and production practices.

The growing trade between Asia and the Western world, facilitated by agreements like the EU-Singapore FTA and the EU-Vietnam FTA, highlights the significance of meeting stringent environmental regulations. The EU's forthcoming Sustainability, Circular Economy, and Carbon Border Adjustment Mechanism aims to impose stricter environmental standards by 2030, emphasising the elimination of hazardous materials and maximising recyclable materials in textile and apparel production.

Textiles, recognised as major environmental polluters globally, are also significant employers in Asian countries such as Bangladesh, India, Vietnam, and Indonesia, with emerging markets like Cambodia, Myanmar, and the Philippines on the horizon.

The EU's sustainability policies mandate sustainable and socially responsible value chains, placing pressure on East Asian textile manufacturing hubs. While circular economy principles, transparency, and traceability are central to the EU's textile value chain, their implementation remains inadequate in the industry.

Despite the pioneering efforts of some Western brands in sustainable textile solutions, mass manufacturing nations face challenges in compliance due to the absence of such companies. Governments must enact policies to ensure adherence to sustainability norms, emulating initiatives like the New York Sustainability and Social Accountability Act in the US, which advocates for circularity in the textile value chain to address climate change and waste disposal. As the world's largest importer of apparel, the EU's sustainability laws wield significant influence, necessitating global adaptation and implementation across textile supply chains.

Click here for more details

Source: fibre2fashion.com– Apr 15, 2024

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Cambodia's trade with RCEP members up 14.6% in Q1 2024

Cambodia's trade with member countries of the Regional Comprehensive Economic Partnership (RCEP) was worth $8.36 billion in the first quarter (Q1) this year—up by 14.6 per cent YoY, according to the commerce ministry.

The figure was 65.8 per cent of its $12.7 billion total trade volume during the January-March period this year, a report by the ministry said.

The nation's goods exports to the RCEP countries were worth $2.69 billion in Q1 2024—up by 25.7 per cent year on year (YoY). Its imports from RCEP members were worth $5.66 billion during the quarter—up by 10 per cent YoY.

Its top five trading partners under the pact are China, Vietnam, Thailand, Japan and Singapore, a global newswire reported.

The ministry feels despite rising protectionism and weakening global demand, RCEP has boosted regional trade and investment cooperation, bringing tremendous benefits to all the member countries.

Source: fibre2fashion.com– Apr 14, 2024

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Vietnam's economic growth expected to be 6% in 2024: AMRO

Vietnam's economy is expected to strengthen to 6 per cent growth this year from 5.1 per cent last year on the back of improving external demand, a pickup in domestic demand and robust foreign direct investment (FDI) inflows, according to the ASEAN+3 Macroeconomic Research Office (AMRO).

However, the recovery is facing a drag from the financial distress in the housing market. The policy mix should therefore be recalibrated to support growth while preserving financial stability, according to AMRO's 2023 Annual Consultation Report on Vietnam.

AMRO is an international organisation set up to contribute toward securing macroeconomic and financial resilience and stability of the ASEAN+3 region, comprising 10 members of the Association of Southeast Asian Nations (ASEAN) and China, Hong Kong, Japan and South Korea.

After weakening in the first half of 2023, the Vietnamese economy gathered momentum in the second half of the year.

External demand is projected to increase, attributed to stronger US appetite for retail goods, the recovery of the global semiconductor market and a rise in economic activities in the EU. Furthermore, an upsurge in tourist arrivals is expected to bolster consumption, the AMRO report noted.

Inflationary pressure is expected to remain under control, owing to softening domestic demand, declining oil prices and sufficient domestic food production, it said. Consumer price inflation is expected to increase to 3.6 per cent in 2024. Continued strong FDI inflows, a moderate export recovery, and an improvement of tourist arrivals will continue to support the balance of payments, contributing to a further accumulation of foreign reserves, the report said.

Risks to the growth outlook are tilted toward the downside. Key downside risks stem from a recession in the European Union (EU) or the United States, a slower-than-expected economic recovery in China and the prolonged sluggishness in Vietnam's housing market.

Risks in the financial sector primarily arise from the deterioration of asset quality.

From a longer-term perspective, Vietnam's growth potential faces a confluence of structural challenges, including the slow development of a manufacturing ecosystem, a shortage of skilled labour and rapid population aging, it added.

Source: fibre2fashion.com– Apr 15, 2024

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Bangladesh eyes unexplored RMG markets in Brazil

Bangladesh is seeking to tap into the untapped Readymade Garments (RMG) market in Brazil to reduce the widening trade gap between the two countries, according to sources.

A senior official in the Ministry of Foreign Affairs informed this correspondent that during a recent meeting between Brazilian Foreign Minister Mauro Vieira and Bangladeshi Foreign Minister Hasan Mahmud held in Dhaka, Bangladesh urged Brazil to address the widening trade gap.

Brazil was the fifth-largest import source for Bangladesh in the 2022-23 fiscal year, with imports recorded at $2,592.5 million (3.80 percent of total imports), according to data from the Bangladesh Bank. The total import value for Bangladesh was $68,459.9 million during this period.

In the 2021-22 fiscal year, Brazil was the eighth-largest import source for Bangladesh, with imports recorded at $2,245.1 million (3.00 percent of total imports). The total import value for Bangladesh was $75,604.4 million during this period.

Bangladesh exported goods worth $175 million to Brazil, while its imports from Brazil amounted to $2,592.5 million, resulting in a trade gap of over $2.4 billion.

During the July-February period of the 2023-24 fiscal year, Bangladesh exported goods worth $136 million to the Latin American country.

Former BGMEA Vice-president Shahidullah Azim emphasized the need for Bangladesh to penetrate deeply into the Latin American market, particularly Brazil, which is emerging as a key economy in the region.

“The competitiveness and strength of our textile and clothing industries have increased over the last 40 years since the journey began in the late ‘70s. Brazil is an important economy in Latin America. Our exporters have the capacity to tap into that market,” he said.

Shahidullah Azim, also Managing Director of Classic Fashion Concept Ltd, a leading readymade garment exporter, said increased exports of readymade garments to the Brazilian market would help reduce the widening trade gap with Latin America.

He further said Bangladesh should initiate talks on signing Free Trade Agreements (FTAs) with major importing countries to maintain present export growth.

In 2022, Brazil imported textiles and clothing worth $5.9 billion. China was the top exporter with $3,476.1 million, followed by India with $317.7 million, Paraguay with $230.3 million, the USA with $156.3 million, Vietnam with $151.6 million, Bangladesh with $150.6 million, and Indonesia with $138.1 million.

Asif Ibrahim, former DCCI president, said Latin American markets like Brazil, Argentina, and Uruguay remain untapped, even though Bangladesh is the second-largest exporter of clothing in the global market. He added that some Bangladeshi garment products are being exported to Brazil through top global markets, but Bangladesh hardly directly exports readymade garments (RMG) to Brazil.

He emphasized that collective efforts of BGMEA, Export Promotion Bureau (EPB), Bangladesh missions in Latin America, and Latin American missions in Dhaka could play a key role in penetrating Latin American markets.

A top official of the commerce ministry, while speaking to this correspondent, said that Bangladesh would explore the pros and cons of exporting goods to the Brazilian market.

Brazil is the fourth-largest cotton producer and second top exporter, while Bangladesh is the second-largest cotton importer in the world.

Bangladesh and Brazil have increased their engagement in multilateral sectors, especially in trade and investment, as bilateral trade between the two countries has shown higher growth in recent times, the official said.

Meanwhile, Prime Minister Sheikh Hasina recently called upon Brazil to directly import Readymade Garment (RMG) products from Bangladesh.
“RMG goods from Bangladesh have been exported to Brazil on a limited scale through a third party. It will be more affordable for Brazil if the country directly imports RMG items from Bangladesh,” she said.

The premier made these remarks during a courtesy call by a delegation from Brazil led by its Foreign Minister Mauro Vieira at her office.

Stressing the need to ensure trade balance between Bangladesh and Brazil, Sheikh Hasina said the trade balance between the two countries has highly tilted toward Brazil.

She suggested that Brazil could import more products, including jute goods and leather items, from Bangladesh to ensure trade balance.

As Bangladesh has become an emerging economy in the region and has maintained steady economic growth over the years despite the pandemic, Brazil's President Luiz Inácio Lula da Silva has decided to expand multilateral engagements, especially in trade and investment, with Bangladesh, according to diplomatic sources.

As part of this strategy, a high-powered trade delegation from Brazil visited Bangladesh in May 2023 with the aim of strengthening bilateral trade.

Meanwhile, Bangladesh's exports to Brazil, the largest market in Latin America, posted a 60 percent growth over the previous fiscal year, according to data from the Export Promotion Bureau (EPB).

In the 2021-22 fiscal year, Bangladesh exported goods valued at $109.20 million to Brazil. The main products exported to Brazil were jerseys, pullovers, cardigans, shirts, and suits, among others.

Exports from Bangladesh to Brazil have increased at an annualized rate of 9.08 percent from $15.1 million in 1995 to $132 million in 2020.

In the 2021-22 fiscal year, Brazil exported goods valued at $2,245.1 million to Bangladesh. The main products exported to Bangladesh were cane or beet sugar, cotton, and soybeans.

Brazil, as the largest economy in South America, is keen to increase trade relations with Bangladesh, as Bangladesh has emerged as a new economic giant in the South Asian region, said Brazil Ambassador to Bangladesh Paulo Fernandos Dias Feres.

Source: dailyindustry.news– Apr 15, 2024

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Bangladesh sees slight rise in national wage

In March, Bangladesh witnessed a slight uptick in its national nominal wage, as revealed by the recently released Wage Rate Index (WRI) from the Bangladesh Bureau of Statistics (BBS).

The WRI for March reached 118, marking a modest increase of 0.60 per cent from February's 117.30. Notably, this figure reflects a more substantial growth of 7.80 per cent compared to March of the previous year.

Despite this nominal increase, the reality is tempered by the backdrop of inflation, which soared to 9.81 per cent in March, highlighting a significant erosion in real wages. The WRI serves as a vital tool for tracking the movement of nominal wages for both skilled and unskilled labour across various sectors.

Additionally, it aids in gauging changes in real wages over time.

The BBS data underscored sector-specific trends in wage growth.

In March of this year, nominal wages in the agriculture sector surged by 8.19 per cent compared to the same period last year. Meanwhile, the industrial sector recorded a 7.32 per cent annual growth in WRI, and the services sector witnessed an even higher jump of 8.40 per cent.

The WRI encompasses data from the three primary sectors of the economy—agriculture, industry, and services—spanning 63 different occupations. Among these, 17 occupations are from the agriculture sector, 30 from industry, and 16 from services. These occupational wage data are meticulously collected from 64 district statistical offices, categorised by gender and whether food is provided or not. The resulting measurement is a geometric wage average based on male and female occupations.

Explaining the methodology, the BBS clarified that the Wage Rate Index is derived from the weighted average of eight divisional wage rate indices. The monthly average wage rates for both male and female workers across the 63 occupations reflect the total daily wages distributed accordingly.

Source: fibre2fashion.com– Apr 15, 2024

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NATIONAL NEWS

Global turmoil pulls down India's goods exports by 3.1% to $437 billion in FY24

Geo-political conflicts, slowdown in global demand and fall in commodity prices took its toll on India's foreign trade with goods exports falling 3.11 per cent (year-on-year) in April-March 2023-24 to $437.06 billion as items including petroleum products, gems & jewellery, readymade garments, chemicals, leather and marine products faced the heat, per government figures.

Trade deficit during the fiscal, however, narrowed 9.33 per cent to $240.17 billion as contraction in imports in FY 2023-24 was a higher 5.41 per cent at $677.23 billion. There was a significant fall in imports of products such as petroleum, coal & coke, pearls, precious and semi-precious stones, transport equipment and chemicals, according to quick estimates released by the Commerce & Industry Ministry on Monday.

"This year was difficult from trade point of view. Not only did the Ukraine-Russia conflict continue, other conflicts also came up. We faced huge issues related to Red Sea and Panama Canal...We have beaten all odds," Commerce Secretary Sunil Barthwal said pointing out that overall exports of goods and services (estimated figures) in FY 2024 were marginally higher than the previous year's.

India's overall exports (merchandise and services combined) in FY 2023-24, was projected by the Commerce & Industry Ministry almost flat at $776.68 billion with services exports projected to grow at 4.39 per cent to $339.62 billion during the fiscal. (RBI will share its estimates on services exports for the fiscal later).

Things may have now started looking up for the coming months with goods exports in March 2024, valued at $41.68 billion, registering the best monthly performance in fiscal 2023-24.

It was lower by a marginal 0.67 per cent than exports in March 2023. Imports of goods in March 2024 fell 5.98 per cent to $ 57.27 billion with trade deficit during the month at $15.6 billion.

Export sectors

Barthwal said that as global trade was looking up this year, going by projections made by both UNCTAD and the WTO, Indian exports were also looking up.

Export sectors that continued to do well in 2023-24 despite the geo-political tensions include electronic goods, engineering goods, drugs & pharmaceuticals and cotton yarn.

In fact, non-petroleum and non-gems & jewellery exports during FY 2023-24 at $320.21 billion was higher than the previous fiscal's exports of the same at $315.64 billion.

"FY24 closed on a strong note with engineering exports rising 10.66 per cent to $11.28 billion... With more Free Trade Agreements (FTAs) in the pipeline, engineering exports wuld certainly increase its share in the global market in coming years," according to a statement from EEPC India.

According to exporters' body FIEO, the need of the hour was to address the Middle East geopolitical situation and Red Sea crisis challenges by ensuring availability of marine insurance and rational increase in freight charges.

"The sector also needs easy and low cost credit and marketing support, besides timely conclusion of some of the key FTAs with the UK, Peru and Oman," per a statement issued by FIEO.

Acknowledging that exports of certain items, like gems & jewellery, had got hit due to regional conflicts, including the Russia-Ukraine war, the Commerce Secretary said that the government was focussing on diversification of both markets and products.

Source: thehindubusinessline.com– Apr 15, 2024

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FY 2023-24 closes with highest monthly merchandise exports of the current FY in March 2024 at USD 41.68 Billion

For the month of March 2024, under merchandise exports, 17 of the 30 key sectors exhibited positive growth in March 2024 as compared to same period last year (March 2023). These include Handicrafts Excl. Hand Made Carpet (128.39%), Spices (51.01%), Coffee (40.3%), Organic & Inorganic Chemicals (39.67%), Tobacco (35.81%), Tea (27.05%), Electronic Goods (23.12%), Carpet (16.23%), Drugs & Pharmaceuticals (12.73%), Plastic & Linoleum (11.16%), Engineering Goods (10.66%), Meat, Dairy & Poultry Products (8.72%), Cereal Preparations & Miscellaneous Processed Items (8.23%), Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (6.78%), Fruits & Vegetables (2.92%), RMG Of All Textiles (1.7%) and Ceramic Products & Glassware (0.22%).

Under merchandise imports, 18 out of 30 key sectors exhibited negative growth in March 2024. These include Gold (-53.56%), Newsprint (-36.42%), Fertilisers, Crude & Manufactured (-36.23%), Leather & Leather Products (-25.67%), Vegetable Oil (-24.29%), Metaliferrous Ores & Other Minerals (-22.15%), Chemical Material & Products (-20.26%), Artificial Resins, Plastic Materials, Etc. (-19.87%), Organic & Inorganic Chemicals (-19.29%), Pearls, Precious & Semi-Precious Stones (-17.69%), Textile Yarn Fabric, Made-Up Articles (-12.17%), Cotton Raw & Waste (-11.29%), Transport Equipment (-10.7%), Iron & Steel (-10.1%), Wood & Wood Products (-9.84%), Coal, Coke & Briquettes, Etc. (-6.6%), Petroleum, Crude & Products (-4.4%) and Medicinal & Pharmaceutical Products (-2.85%).

For FY 2023-24 (April-March), under merchandise exports, 17 of the 30 key sectors exhibited positive growth during FY 2023-24 (April-March) as compared to FY 2022-23 (April-March). These include Iron Ore (117.74%), Electronic Goods (23.64%), Tobacco (19.46%), Ceramic Products & Glassware (14.44%), Fruits & Vegetables (13.86%), Meat, Dairy & Poultry Products (12.34%), Spices (12.3%), Coffee (12.22%), Drugs & Pharmaceuticals (9.67%), Cereal Preparations & Miscellaneous Processed Items (8.96%), Oil Seeds (7.43%), Oil Meals (7.01%), Handicrafts Excl. Hand Made Carpet (6.74%), Cotton Yarn/Fabs./Made-Ups, Handloom Products Etc. (6.71%), Carpet (2.13%), Engineering Goods (2.13%) and Tea (1.05%).

Under merchandise imports, 16 of the 30 key sectors exhibited negative growth in FY 2023-24 (April-March) as compared to FY 2022-23 (April-March). These include Cotton Raw & Waste (-58.39%), Fertilisers, Crude & Manufactured (-39.23%), Sulphur & Unroasted Iron Pyrites (-37.51%), Vegetable Oil (-28.63%), Pearls, Precious & Semi-Precious Stones (-22.37%), Coal, Coke & Briquettes, Etc. (-21.81%), Organic & Inorganic Chemicals (-20.13%), Newsprint (-18.39%), Project Goods (-17.56%), Petroleum, Crude & Products (-14.23%), Transport Equipment (-14.02%), Textile Yarn Fabric, Made-Up Articles (-12.98%), Pulp And Waste Paper (-12.33%), Wood & Wood Products (-11.31%), Leather & Leather Products (-11.26%) and Artificial Resins, Plastic Materials, Etc. (-5.51%).

Services exports is projected to grow positively at 4.39 percent during FY 2023-24 (April-March) over FY 2022-23 (April-March).

India's trade deficit has shown considerable improvement in FY 2023-24 (April-March). Overall trade deficit for FY 2023-24 (April-March)* is estimated at USD 78.12 Billion as compared to the deficit of USD 121.62 Billion during FY 2022-23 (April-March), registering a decline of (-) 35.77 percent. The merchandise trade deficit during FY 2023-24 (April-March) is USD 240.17 Billion compared to USD 264.90 Billion during FY 2022-23 (April-March), registering a decline of (-) 9.33 percent.

Click here for more details

Source: pib.gov.in– Apr 15, 2024

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India-UK FTA talks to continue in London this week

In continuation of efforts to close gaps in the negotiations for the proposed India-UK Free Trade Agreement, officials from the two sides will meet in London this week to move the talks forward.

“A team is going to the UK this week. In fact, some of them (Indian officials) have already gone. There are very few pending issues left in the negotiations,” Commerce Secretary Sunil Barthwal told reporters on Monday. The talks in London will be an extension of the 14th round launched earlier this year. The two countries are hoping to conclude the talks soon after the Indian general elections scheduled to begin later this month.

“A couple of key priority issues to seal the deal are being ironed out to have a balanced outcome,” according to a Commerce Ministry note. Teams have made good progress and majority of the difficult issues are towards resolution, it added.

Some of the differences that have persisted in the negotiations are in areas such as rules of origin, market access for vehicles (including EVs) and Scotch, easier work visas for Indian workers, liberalisation of financial services and tightening of intellectual property rights.

Once implemented, the India-UK FTA is expected to double bilateral trade to $100 billion by 2030.

Source: thehindubusinessline.com– Apr 15, 2024

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India monitoring impact of escalation in Iran-Israel tensions on its trade, says govt

The government is monitoring the impact of the escalation in Iran-Israel tensions on India's trade and will take "appropriate actions", a senior government official said.

"Policy interventions will only come after we understand the issues traders are facing. Based on consultations, we will do whatever needs to be done," Commerce Secretary Sunil Barthwal told reporters on Monday.

Iran launched hundreds of drones and missiles against Israel on Saturday in an unprecedented attack in retaliation against an alleged Israeli raid on the Iranian consulate in Damascus two weeks ago.

Export concern

This recent escalation in tensions between Iran and Israel, which has happened over six months after the start of the Israel-Hamas conflict that devastated Gaza and killed thousands of Palestinians, has left Indian exporters worried. Some fear that shipping and insurance costs are likely to go further up if the situation worsens.

Barthwal pointed out that the government had engaged in extensive stakeholder consultations earlier to understand the impact of militant group Houthi's attack on ships going through the Red Sea on exporters. "After the consultations, we had taken measures such as asking the ECGC not to increase insurance rates," the Commerce Secretary added.

The Ministry hoped to engage in similar consultations on the impact and mitigation of problems for Indian traders arising out of the Iran-Israel conflict. "We are monitoring the situation and we will take appropriate actions," Barthwal said.

Source: thehindubusinessline.com– Apr 15, 2024

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Centre to set up dedicated test labs in six states for Kasturi Cotton global brand push

NEW DELHI : New Delhi: The union government is planning to set up dedicated labs for testing high-grade cotton in Maharashtra, Tamil Nadu, Haryana, Punjab, Gujarat and Karnataka as part of a push to establish the Indian Kasturi cotton as a global brand, two persons aware of the matter said.

The labs would be set up in convergence with the Bureau of Indian Standards' (BIS) testing facilities, ensuring alignment with national quality standards.

India aims to compete with global cotton brands such as Supima and Giza, which are known for their exceptional softness, strength and durability.

While India has only recently branded its cotton despite being a major producer with the largest area under the crop, Egypt has successfully positioned its Giza cotton brand internationally with an annual output of a modest one million bales.

The Indian product, Kasturi Cotton Bharat, is produced to stringent standards, with a strict 2% cap on trash content to ensure its premium quality and 100% traceability.

Queries emailed to spokespersons of the textiles ministry, BIS and CEO of the National Accreditation Board for Testing and Calibration Laboratories (NABL) remained unanswered till press time.

“As of now, there are no dedicated labs for testing Kasturi cotton and the certification of this premier quality cotton is conducted through a limited number of NABL-accredited labs. Establishing dedicated testing facilities would not only ensure the quality of the product but also enhance its global acceptance," said one of the persons cited above.

The textiles ministry is planning to finalize a testing action plan for all textiles in the coming months, aiming to enhance the overall quality standards that will help in promoting Indian textiles on the global stage. Until the labs are NABL accredited, the authenticity of the reports may be in doubt, potentially limiting their global acceptance.

“To address this, a stakeholder consultation has been conducted to make all testing labs NABL accredited, ensuring that the testing facilities meet international quality standards and boosting the credibility of the reports," the second person said.

The technology upgradation plan is aimed at facilitating real-time testing and ensuring that testing is credibility oriented.

“This approach will not only streamline the testing process but also enhance the reliability and accuracy of the results, further bolstering the global acceptance of Indian textiles, including Kasturi cotton," the second person said.

The testing facilities under the textiles ministry are operated by the Cotton Corporation of India (CCI), the Cotton Association of India, and the Textiles Research Association. Most of the labs of CCI and others are not NABL-accredited. Out of four labs of CCI, only one is NABL-accredited.

The government has identified five key focus areas to strengthen India's textiles ecosystem. These are: addressing skill gaps and infrastructure through initiatives such as PM Mega Integrated Textile Regions and Apparel (PM-MITRA) parks, the production-linked incentive scheme, Technical Textiles Mission, Samarth and the National Handloom Development Programme.

The textiles ministry is also hoping to attract ₹95,000 crore in investments that will create about 2.25 million new jobs in the next 4-6 years.

The ministry is eyeing ₹25,000 crore in investments through the production-linked incentive scheme (PLI) and another ₹70,000 crore through the PM-MITRA parks scheme.

Source: livemint.com– Apr 15, 2024

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India's merchandise exports dip marginally in March, FY24 shipments at $437 bn

India's merchandise exports declined marginally in March to $41.68 billion, while for the entire 2023-24 it dipped 3.11 per cent to $437.06 billion, as geopolitical issues continued to hamper global shipments.

Imports, too, declined 5.98 per cent to $57.28 billion in March, taking the trade deficit to $15.6 billion during the month.

According to commerce ministry data released on Monday, the imports during 2023-24 stood at $677.24 billion, down 5.41 per cent from $715.97 billion in the preceding year.

The trade deficit or gap between imports and exports worked to be $240.17 billion.

Replying to a query on escalation of the crisis in the Middle east, Commerce Secretary Sunil Barthwal, who was briefing about the trade data, said the ministry was monitoring the situation and will take "appropriate action".

However, he did not elaborate due to the Model Code of Conduct in the wake of the ongoing Lok Sabha election.

The overall exports (merchandise + services) are estimated to surpass last year's highest record, the Secretary said.

It is estimated to reach $776.68 billion in 2023-24 as compared to $776.40 billion in 2022-23.

Barthwal said March witnessed the highest monthly merchandise exports during 2023-24 at $41.68 billion.

Main drivers of merchandise export growth in 2023-24 include electronic goods, drugs and pharmaceuticals, engineering goods, iron ore, cotton yarn/fabs/made-ups, handloom products and ceramic products and glassware.

Electronic goods exports increased 23.64 per cent from $23.55 billion in 2022-23 to $29.12 billion in 2023-24.

Drugs and pharmaceuticals exports increased 9.67 per cent from $25.39 billion in 2022-23 to $27.85 billion during the fiscal year.

Data showed that engineering goods exports increased 2.13 per cent to $109.32 billion in 2023-24.

The commerce ministry also said the overall trade deficit is estimated to significantly improve 35.77 per cent from $121.62 billion in 2022-23 to $78.12 billion in 2023-24.

Source: thehindubusinessline.com– Apr 15, 2024

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Israel outweighs Iran in trade with India since 2019, shows data

Trade links with Israel have strengthened in the past few years, even as the value of goods exchanged with Iran has diminished.

Iran accounted for $3.9 billion worth of India's exports in the four quarters ending December 2019, compared to $3.6 billion to Israel. However, India's exports to Iran dropped to $1.2 billion as of December 2023, on a rolling four-quarter basis, while exports to Israel grew to $6.1 billion in the same period.

In February 2024, India imported $126.8 million worth of manufactured goods from Israel. Other exports included pearls, precious and semi-precious stones ($55 million), and other manufactured goods such as handicrafts, sports goods, automobile tyres, tubes, and other rubber products worth $57.2 million in the same month.

From Iran, the top imported goods remain agricultural and allied products ($29 million), of which fresh fruit accounted for $28.2 million. Manufactured goods accounted for $19 million.

Iran's imports, which totalled over $10 billion in 2019, have since fallen to less than $1 billion, while imports from Israel have increased during this period.

The trade balance, the difference between the value of imports and exports, has become more favourable for India with both countries.

India's exports to Israel were around $2 billion more than imports in December 2019. This gap grew to $4 billion in December 2023. India also exports more to Iran than it imports.

On Monday, the trade secretary of India stated that the Indian government will make a policy decision to address any trade impact resulting from the conflict between Iran and Israel after thoroughly understanding its effects.

India is among Israel's 10 largest trading partners, even as trade with Iran has decreased.

Both countries have made limited investments in India. Between April 2000 and December 2023, Israel's foreign direct investment (FDI) in India was valued at $300 million, accounting for 0.04 per cent of the total FDI equity inflow into India.

Iran invested $1 million, according to data from the Department for Promotion of Industry and Internal Trade.

Source: business-standard.com– Apr 15, 2024

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Centre in a huddle to understand impact of the Iran-Israel tensions

Top government officials in New Delhi have started discussions with stakeholders ranging from shipping and container companies to export promotion councils to understand the impact of the Iran-Israel tensions and plan ahead. Inter-ministerial talks are also being lined up amid the crisis situation in West Asia, sources confirmed.

While the crude flows are not directly under any threat, elevated oil prices remain a concern, according to officials.

Commerce Secretary Sunil Barthwal told reporters at a press conference on Monday that the government is monitoring the situation and will take appropriate action or remedial measures.

“Whenever such conflicts occur, we start monitoring trade, conduct stakeholder consultation. Policy interventions will come when we understand what issues traders are facing,” Barthwal said. He pointed out that the government has been dealing with regional conflicts over the last couple of years and has devised a strategy to diversify exports to different regions.

Two days after Iran’s drone and missile attacks on Israel, finance ministry officials said they were taking stock of the situation and staying in touch with concerned ministries on the issue.

New Delhi-based think tank Global Trade Research Initiative (GTRI) said that India's trade problems due to shipping disruption in the Red Sea could get worse because of the new conflict between Iran and Israel.

While the hostilities between Israel and Iran are not expected to affect oil flows directly, the government remains concerned about the cascading impact on global prices.

"We have always maintained that prices crossing $100 per barrel would lead to a very difficult situation. There is still enough buffer before that is reached. But the impact of successive crises in West Asia may lead to oil prices remaining elevated for a period much longer than we had expected earlier," a top Petroleum and Natural Gas Ministry official said.

The GTRI report said that this conflict might not affect petrol prices in India. “The conflict makes the situation in West Asia very unstable, which could force projects like the India Middle East Corridor (IMEC) trade corridor to remain on paper for a long time,” the report said, adding that India’s trade with Iran and Israel are at higher risk due to potential escalations and disruptions in maritime security affecting Red Sea shipping routes.

Rice exporters, for instance, are a worried lot and are holding an internal meeting on Tuesday to discuss the transit issues in the Red Sea among other challenges, in light of the ongoing conflict, according to sources.

"The challenge is with the immediate neighborhood hosting several shipping routes. Freight charges for transporting crude already remain elevated, and further increase in shipping rates will negatively impact procurement by oil marketing companies. We are monitoring the situation," another oil ministry official said.

In 2023, India's trade with Iran included merchandise exports worth $1.7 billion and imports of $672 million. Key exports from India to Iran were rice at $1.03 billion and organic chemicals $113 million.

The wars in Ukraine and Gaza, and subsequent threats by Iran-backed Houthi militants to shipping in the Red Sea and Gulf of Aden have kept tensions elevated and the oil trade volatile.

Brent crude prices slid back below the crucial $90 per barrel level on Monday, ending at $89.77. Brent prices had risen to a six-month high of $92.09 per barrel last week.

Officials, however, say the latest flashpoint in West Asia does not threaten India's import channels directly as it does not import crude oil from Iran, given difficulties in payments to the heavily sanctioned Islamic regime in Tehran.

Iran was the third-largest source of crude oil for India till 2018-19, when imports had topped at $12.1 billion.

After more than a year of securing major shipments of Russian crude, India is increasingly looking to re-establish supplies from its traditional partners in West Asia. All crude delivered from these nations travel via the Persian Gulf and Gulf of Oman, often through Iranian economic waters.

As of January, Iraq and Saudi Arabia were the second and third-largest sources of crude for India, according to estimates made by London-based commodity data analytics provider Vortexa, which tracks ship movements to estimate imports. The share of crude coming from these nations has risen over the past few months.

Weighing options

>Officials say crude flows are not directly under any threat and elevated oil prices remain a concern

>Finance ministry officials said they were taking stock of the situation and staying in touch with ministries concerned on the issue

>According to GTRI, India's problems due to shipping disruption in the Red Sea could get worse

>Rice exporters holding an internal meeting on Tuesday to discuss the transit issues in the Red Sea

Source: business-standard.com– Apr 15, 2024

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India's exports to Europe may be affected due to Iran-Israel conflict

Exporters are in a wait-and-watch mode as they expect air freight volume to Europe to rise 10-15%, logistics and insurance costs to rise and engineering exports demand to Europe to get impacted following Iran's attack on Israel.

Already, the unfolding crisis in the Red Sea region is leading to shifting of large amount of cargo traffic to air mode such as leather goods, which were traditionally sent by ships, pushing up air freight volume. This has led to a surge in air cargo cost to Europe to about ₹140 per kg from ₹35 just three months ago.

"Air freight from India to Europe will rise 10-15%. Flying time will rise because you can't fly over Iran," said Ajay Sahai, director general, FIEO.

Longer routes have inflated shipping costs by 40-60% besides causing delays of around 20 days due to re-routing, higher insurance premiums of 15-20%, and potential cargo loss from piracy and attacks.

"Exports to the European market will be affected. While 40% engineering exports are for maintenance, 60% exports are for new projects that will get impacted. We expect a 30-35% reduction in new project exports," said a Kolkata-based exporter.

Source: economictimes.com– Apr 15, 2024

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Indian exporters revisit pacts amid disruption at high sea

Indian exporters, particularly those exporting to Europe and northern or eastern African countries are reaching out to lawyers to revisit their contracts and agreements in the wake of recent attacks on merchant ships by Houthi rebels in the Red Sea and Somali pirates in the Indian Ocean.

Exporters and shipping companies are revisiting clauses that deal with grounds of termination, indemnifications, limitations of liabilities and damages, carve-outs about any losses, delays, claims, defaults etc. arising due to such unforeseen events introduced to safeguard the interest of the exporters and shipping companies. Exporters have also sought lawyers' help to strengthen the 'force majeure' clauses.

The developments have hurt India's exports, especially of low-value products such as agriculture products and textiles with European countries, feel lawyers. Rerouting the shipments through the Cape of Good Hope (South Africa) is likely to increase the prices of Indian exports and this unprecedented crisis has forced companies to approach lawyers to revisit the shipping and charter-party contracts.

"We have noticed that many of the Indian buyers and sellers are looking to minimise their risks by contracting on DAP (delivered at place) and FOB (free on board) terms, respectively," said Zarir Bharucha, managing partner of law firm ZBA. "These terms are being insisted on by Indian traders obviously to mitigate marine risks, which have seen a sharp rise due to the recent crisis in the Red Sea and sudden re-emergence of pirate attacks in the Indian Ocean," added Bharucha.

Under a DAP contract, the seller bears the risk/liability of loss of cargo until the same is delivered at the port of discharge thereby insulating the buyer from any risks during transportation. Similarly, under an FOB contract, the buyer bears the risk/liability of loss of cargo as soon as the cargo is loaded on a vessel by the seller, thereby entitling the seller to payment as soon as the cargo is loaded on a ship for transportation.

The Red Sea route is crucial for India's trade with Europe, as about 80% of trade with Europe passes through the Red Sea. According to data provided by the Federation of Indian Export Organisations, India's exports to Europe constituted 16.6% of its total exports, in value terms, at $74.84 billion in 2022-23.

Sameer Tapia, founder of law firm ALMT Legal, said clients in the maritime industry are concerned not only about their contractual obligations but also about the safety and security of their employees on the vessel.

"They are engaging in discussions with banks and insurance companies to renegotiate the terms of financing/credit facilities (which includes letter of credit facilities), and insurance as the same are also likely to be impacted due to the rerouting of the shipping vessels through Cape of Good Hope," said Tapia, a veteran shipping and maritime lawer.

"Due to the present geopolitical crisis in the Red Sea, the insurance premium has escalated by as much as 1%. Insurance companies are also increasingly seeking help from governments across the world to intervene and help the situation," he said.

The Red Sea crisis has significantly impacted the operations of container shipping lines, which have had to discontinue their services over the Suez Canal and reroute their sailings over the Cape of Good Hope. This has not only led to extended transit times but also the rescheduling of their services with the inclusion of different ports of call and transshipment ports.

"Every year, during April/May, fresh contracts are signed between the exporters/importers and the shipping lines," said Sunil Vaswani, executive director of Container Shipping Lines Association (India), which represents foreign container shipping lines operating in India.

Source: economictimes.com– Apr 15, 2024

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