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Currency Watch			
USD	EUR	GBP	JPY
83.52	89.31	104.61	0.53

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

US imports shift towards closer shores as reshoring gains momentum

The US market is increasingly favouring goods manufactured closer to home, particularly in North America, while reducing its reliance on goods from Asian low-cost country regions (LCCRs), according to the 2024 Kearney Reshoring Index. This shift underscores a strategic pivot in US import patterns, influenced by ongoing industrial reshoring and nearshoring initiatives.

US imports from 14 Asian LCCRs fell sharply from $1.022 billion in 2022 to $878 billion in 2023, primarily due to a significant 20 per cent reduction in imports from China. Notably, for the first time since the inception of the Reshoring Index in 2013, other Asian nations like Vietnam and Malaysia also experienced declines in their export volumes to the US, as per Kearney's 'Made in America: Here to stay?' report.

Meanwhile, the trade landscape with North American neighbours has flourished. Canada's exports to the US have consistently increased post-pandemic, aligning closely with the trends in Asian LCCR imports. More strikingly, Mexico has emerged as a powerhouse, overtaking mainland China in 2023 as the largest exporter to the US Mexican imports have surged by 32 per cent since the pre-COVID period, climbing from $320 billion to $422 billion.

This reorientation towards North American manufacturing sources can be attributed to a combination of economic, geopolitical, and logistical factors that favour the proximity of supply chains. The stable output in domestic manufacturing gross output (MGO), despite the reduction in Asian imports, further signals a robust commitment to revitalising American industrial capabilities.

The movement towards bringing production closer to the US market reflects a broader strategy embraced by American corporations, driven by high-level executive interest in reshoring to enhance operational efficiency and market responsiveness. This trend, popularly encapsulated by the sentiment 'Born in the USA', marks a decisive shift in the landscape of global manufacturing and trade, positioning North America at the forefront of US industrial sourcing strategies.

"While it sounds like an election year bumper sticker, the phrase 'Made in America, for America' could describe the foreseeable future of industrial manufacturing in the Western hemisphere," said Patrick Van den Bossche, partner and lead author of the annual Reshoring Index report. "However, that doesn't mean mainland China and other producer nations are sitting idly by as more and more nearshored goods flow into the US market. Our research shows an emerging correlation between the uptick in US imports from Asian LCCRs other than mainland China and the rise in imports these countries see from mainland China. Mainland China is now running trade surpluses with Vietnam, India, and Thailand, which in turn are running widening surpluses with the US."

Source: fibre2fashion.com– Apr 30, 2024

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German firms show caution in hiring amid economic uncertainties: ifo

In Germany, businesses are adopting a more cautious approach to their staffing plans, as evidenced by the recent decline in the ifo Employment Barometer. According to the ifo Institute, the barometer dropped to 96 points in April from 96.3 points in March, indicating a slowdown in hiring intentions among companies.

This trend of cautious personnel planning is largely driven by a shortfall in orders, prompting companies across various sectors to reevaluate their recruitment strategies. Notably, the manufacturing sector, particularly those industries that are energy-intensive, is planning to scale back on recruitment and even reduce its existing workforce due to the economic pressures.

Similarly, the trade sector is also showing signs of a shift toward a smaller workforce. This aligns with the broader trend observed across other sectors, highlighting a potentially challenging period ahead for job growth in Germany, as per the ifo Institute.

Source: fibre2fashion.com– Apr 30, 2024

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China's e-commerce logistics index increases 1.1 pts in March

China's e-commerce logistics index, an indicator of logistics operations in the e-commerce sector, stood at 112.5 points in March, up 1.1 points from a month earlier, according to the China Federation of Logistics and Purchasing.

Specifically, the sub-index tracking total business volume in the sector went up 4.2 points month on month to 126.4 points, hitting a new high over the past two years.

The figure tracking business volume in rural areas also rose 3.4 points from the previous month to 127.7 points during the period.

As the weather warmed up and the Chinese New Year holiday ended in February, China's e-commerce logistics market logged steady expansion. The federation predicts that the growth is likely to continue in the next stage, driven by further consumption boom, according to Chinese media reports.

Source: fibre2fashion.com– Apr 30, 2024

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China-Ecuador FTA to be effective from May 1

The China-Ecuador free trade agreement (FTA) will become effective from May 1 as domestic approval processes are over on both sides, the Chinese commerce ministry announced recently.

The FTA signed in May 2023 is expected to promote comprehensive upgrading of bilateral economic and trade cooperation, and benefit enterprises and people on both sides, the ministry said.

According to the FTA, nearly nine-tenths of the products traded between China and Ecuador will be exempt from tariffs, while about 60 per cent of them will immediately enjoy zero tariffs, a state-controlled news outlet reported.

Source: fibre2fashion.com– Apr 29, 2024

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Year-to-Apr UK retail sales fall sharply: CBI survey

UK retail sales volume fell sharply in the year to April after staying broadly flat in March, according to the latest monthly Confederation of British Industry (CBI) Distributive Trades Survey.

While the earlier timing of Easter this year likely played a role in April's decline, the fall in retail sales was nonetheless greater than expected. Sales are expected to continue falling next month, but at a slower pace (minus 19 per cent), CBI said in a release.

Sales were reported to be below 'average' for the time of year (minus 20 per cent, from 0 per cent in March). Sales are set to remain below seasonal norms next month (minus 25 per cent).

Orders placed on suppliers also fell sharply by 49 per cent in April, having now fallen for a full year. Orders are expected to decline again next month, though at a slower pace of 30 per cent.

Retailers' stock positions were reported to be above 'adequate' (plus 8 per cent) in April, firming from a position of adequacy in March (minus 1 per cent). Nonetheless, stock adequacy remained below its long-run average (plus 17 per cent) and is expected to soften a little next month (plus 4 per cent).

"April's sharp fall in retail sales was likely related to the earlier timing of Easter this year, so we should take it with a pinch of salt. Indeed, the sector is likely to benefit from some favourable tailwinds this year, as falling inflation continues to drive growth in households' real earnings," said CBI lead economist Alpesh Paleja.

"That being said, conditions do remain challenging on the ground. April's fall in sales was faster than expected and retailers aren't overly hopeful about the month ahead," he added.

Source: fibre2fashion.com– Apr 29, 2024

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Hyosung to set up bio-based fiber plant in Vietnam

In alignment with its pledge to achieve net zero by 2050, Hyosung has embarked on a groundbreaking venture to set up vertically integrated, bio-based fiber manufacturing plant in Vietnam. Marking a significant step towards reducing carbon footprints, this plant enhances the company's supply chain efficiency by consolidating production processes.

To be set up in partnership with Geno, a US-based sustainable materials leader, the plant will revolutionise the production of bio-BDO by utilising sugars from sugarcane via fermentation. This not only signifies a paradigm shift towards sustainability but also underscores Hyosung's commitment to driving industry-wide change.

The benefits of Hyosung's regen™ Bio Spandex extend beyond environmental stewardship. With reduced transportation needs, faster time-to-market, and enhanced supply chain resilience, the product sets a new standard for sustainable textiles. Anticipating up to an 80 per cent reduction in carbon emissions by 2026, Hyosung's Vietnam plant is poised to redefine industry benchmarks.

Moreover, regen™ Bio Spandex boasts transparency and traceability, validated by ISCC+ international certification and SGS certification. This assurance empowers brands and retailers to make informed decisions in line with their sustainability goals.

Hyosung's investment of $1 billion in its Vietnam manufacturing operation demonstrates a firm commitment to build a greener future. Commencing production in Q2 of 2026, the plant will initially yield 50,000 tons of certified bio-based spandex annually, with plans for expansion to meet growing demand.

Beyond fashion, Hyosung envisions leveraging its bio BDO capacity for various applications, including engineering plastics, biodegradable packaging, and footwear components. This forward-thinking approach underscores Hyosung's dedication to driving sustainability across industries.

Source: fashionatingworld.com– Apr 29, 2024

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EU's New Designation for Shein Gives It Stricter Marketplace Rules

The EU wants to keep Shein on its radar.

The fast-fashion purveyor has been designated a very large online platform (VLOP) under the EU's Digital Services Act (DSA), the European Commission announced Friday.

Shein has made the list of VLOPs because it reported that, as of January, it had an average of 108 million monthly active users in the EU; the threshold for VLOPs is 45 million users. It joins 22 other companies, including AliExpress, TikTok and Amazon, in holding a VLOP designation as issued by the bloc.

Due to its new status as a VLOP, the Singapore-based e-tailer will be required to comply with the strictest rules the DSA set forth when it became effective last year. The law was designed to better protect users and consumers from It will have until August to prove it has complied with the expectations that come with the new designation.

As part of its new status, Shein will be required to identify and analyze risks around illegal content and products, then report on those risks. It will also need to mitigate issues "such as the listing and sale of counterfeit goods, unsafe products and items that infringe on intellectual property rights."

In recent months, Shein has been accused in U.S. courts—both by brands and by small artists—of infringing on trademarks and copyrights. If it wants to be in steady compliance with the EU's new demands, the company may have to reevaluate its terms of use, its algorithms or its internal processes.

But that doesn't complete Shein's new list of obligations. The company's penchant for drawing in younger uses with ultra-low prices, on-trend styles and varying product categories could now cause greater regulatory hurdles for it.

Part of a VLOP's responsibility includes evaluating how its services and goods could negatively impact consumers' safety and health. According to the EU Commission, that includes "an emphasis on the physical and mental well-being of underage users."

The EU has already shown its chops when it comes to protecting minors. The Commission launched an investigation against the ByteDance-owned company Wednesday over concerns that its "Lite" app in the EU could become addictive for young people, subsequently affecting their mental health. The app in question featured a "task and reward program," which enabled users to receive points in exchange for certain types of engagement, the Commission noted.

That DSA investigation is the second against TikTok, which already faced scrutiny for its "lack of effective age verification mechanisms and the suspected addictive design."

Shein floods its users with coupon codes, referral codes and blowout discount codes on the daily, gamifying the shopping experience for its audience. A number of users on X have made mention of Shein being "so addictive."

Shein will continue to be held responsible for the standard DSA procedures, which apply to a much broader range of companies. The Irish Digital Services Coordinator (IDSC) previously handled the majority of Shein's DSA compliance oversight, but because of the ramped up requirements, the Commission itself will now deal with the VLOP standards. The IDSC will continue to work with Shein on the more generalized DSA compliance requirements.

And its rival, Temu, may soon be dubbed a VLOP, as well. The marketplace has seen explosive growth in the U.S. after its launch in late 2022, and it said last month that it had about 75 million MAUs in the EU, surpassing the threshold for a VLOP.

Shein, which has a risk assessment due to the Commission in four months, will comply with the new requirements thrust upon it as a byproduct of its VLOP designation, said Leonard Lin, Shein's global head of public affairs. "We share the Commission's ambition to ensure consumers in the EU can shop online with peace of mind, and we are committed to playing our part.

We also share a commitment to the principles of transparency and accountability that are at the core of the DSA, as reflected in our supply chain governance standards and our engagements with our users," Lin said in the statement. "We will continue to work constructively with the European Commission to ensure that we deliver a safe and compliant environment for our online community."

Source: sourcingjournal.com– Apr 29, 2024

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USA: Texworld Paris: Fashion's global hub

A global convergence of fashion titans

For three days, the Paris Expo Porte de Versailles will transform into a melting pot of fashion ingenuity, with over a thousand exhibitors hailing from major sourcing countries worldwide.

This year's exhibition will serve as a breeding ground for inspirations, offering a glimpse into the trends that will shape collections for 2025-2026. Notably, the spotlight will shine on suppliers championing innovation and sustainability in fashion, reflecting an industry-wide shift towards responsible practices.

Yarn takes center stage

Venturing further upstream in the fashion supply chain, an innovative addition awaits attendees: a dedicated pavilion showcasing yarn producers. Collaborating with Yarn Expo from Shanghai, this pavilion will showcase avant-garde companies from China, India, Pakistan, and Taiwan, marking the first of its kind at Parisian trade shows.

Leather innovations and collaborations

Leather enthusiasts will find themselves immersed in a realm of trends and partnerships at Leatherworld. Highlighting the return of the South African pavilion boasting top-tier products, Leatherworld will also debut a Leather Trends area curated by Italian publisher Edizioni AF. This space will delve into the intricacies of design processes and material choices, spotlighting Italian prowess in accessories and footwear manufacturing.
Avantex: Pioneering sustainable solutions

In the Avantex innovations area, a wave of exclusivity awaits. Through strategic partnerships with institutions like the IFA Paris fashion design school and the TCBL association, Texworld will showcase cutting-edge solutions in sustainable fashion and textiles.

Expert round tables will provide a platform for discourse, driving the industry towards a greener future.

Continued commitment to sustainability

Texworld Apparel Sourcing Paris remains steadfast in its commitment to sustainability, with Texpertise Econogy leading the charge. This sustainable economy approach, pioneered by the Messe Frankfurt group, will guide visitors in making conscientious sourcing choices and provide a platform for eco-pioneers to shine.

Unfazed by the Olympics

Despite the looming Paris Olympic Games slated to kick off on July 26th, Texworld Apparel Sourcing Paris stands resolute. The trade shows will commence over three weeks prior, ensuring minimal disruption for visitors and exhibitors alike. While the summer influx of tourists is anticipated, early booking of accommodations and flights is advised to secure the best deals. On-site concierge services will be available to elevate the Parisian experience for attendees.

Celebrating Asian heritage

Recognizing Asia's pivotal role in the textile industry, Messe Frankfurt France pledges support to the National Museum of Asian Arts - Guimet in Paris. Specifically, sponsorship for the Tang Empire exhibition underscores the rich cultural tapestry of Asia, inviting visitors to delve into its artistic and textile legacy.

Texworld Apparel Sourcing Paris 2025 promises not just a glimpse into the future of fashion but a celebration of sustainability, innovation, and cultural diversity. As the industry continues to evolve, Paris stands as its pulsating epicenter, beckoning fashion aficionados from around the globe to partake in this grand spectacle.

Source: fashionatingworld.com– Apr 29, 2024

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How 5G, AI and a cotton revolution helped China beat US Xinjiang sanctions

A "revolutionary shift" in the technology used in Xinjiang's textile mills has seen a record surge in exports, in defiance of US sanctions that have barred most Western fashion labels from selling any product woven with a strand of the region's cotton.

Customs records show Xinjiang's textile exports last year reached 108 billion yuan (US$14.8 billion), with a 74 per cent jump for yarn and other raw materials, and a rise of 30 per cent for clothing.

The 2023 results followed Washington's sanctions imposed in June the previous year, which largely banned Xinjiang textiles over human rights concerns over the alleged treatment of the region's largely Muslim Uygur population.

In the same period, Indian and Vietnamese textile exports dipped by 6 per cent and 10 per cent, respectively.

At about the same time, Chinese scientists, with government and industry support, introduced artificial intelligence and 5G to Xinjiang's mills, according to a peer-reviewed paper published earlier this month by the Chinese academic journal Textile Technology.

The technologies slashed energy use and improved quality, boosting Xinjiang cotton's global competitiveness, said the project team, led by senior engineer Huang Kehua, in the paper.

"The sweeping and efficient digital connection brings a revolutionary shift to the manufacturing process, making it smarter and more productive," according to the team.

Xinjiang's factories had already automated cotton spinning before the sanctions. But while the machines handled every step of the process, they operated independently and relied on human supervision, according to the paper.

The scientists found that malfunctions, downtime and other vital data and events were recorded manually, while quality assurance also relied on random manual checks because of the high output volumes.

Electricity bills, based on overall consumption, were paid monthly by the factories, without much consideration for how efficiencies could be achieved. But efficiency gains were also hampered by the reliance on manual machine management, they said.

According to European Parliament data, textile factories worldwide account for 10 per cent of total greenhouse gas emissions – second only to the petrochemical industry, and more than aviation and shipping combined.

Huang and his colleagues said there was a huge potential to increase the market appeal of Xinjiang's textile products by reducing the energy consumption of the factories where they were made.

Their first step was to use 5G technology to connect all of a factory's machines, not only the spinning machinery but also other energy-consuming equipment such as air conditioners and air purification systems.

Because of 5G's swifter speeds compared to conventional wireless technology, it supports more connections and drastically cuts data transmission delays – paving the way for AI to oversee the factory's entire operation.

The researchers said that in a typical Xinjiang textile factory today, AI was monitoring every spindle rotation to alert operators or maintenance staff to inspect potential problems identified by vast data gathering from sensors.

Because it continually learned and improved, AI could boost energy efficiency by coordinating devices and identifying any with unusually high consumption, cutting monthly power use by more than 1 per cent, the paper said.

With AI also overseeing the quality of every yarn, intervening to prevent any flawed strands from progressing to the next stage of production, the "brain system" had achieved "global control of the factory", Huang and his colleagues said.

According to the paper, China Unicom, one of the country's telecommunications giants, is providing substantial support for the technological advancements in Xinjiang's textile sector.

In contrast to other countries – where 5G technology is rarely used in factories – mainly because of its high cost, China's extensive construction of 5G base stations and rapid technological advances have significantly reduced the expense.

A cutting-edge 5G IoT communications module in China is now priced as low as 65 yuan (US$9), a fraction of the cost compared to similar products available in Western markets, according to industry data.

The transformation of Xinjiang's textile industry represents just part of the broader upgrade taking place across the region's entire industrial landscape.

China's state grid expects Xinjiang's renewable energy generation capacity to surpass fossil fuels by the end of this year – thanks to rapid development of solar and wind power – providing cheap, clean energy for manufacturing and AI computing centres.

Automated planting and harvesting have been adopted in nearly all of the region's cotton fields, while drones are further improving crop quality through pest monitoring and pesticide application, local media has reported.

Despite a gradual decrease in the total area of its cotton fields over the years, Xinjiang's output has increased as a result of these technological advancements, according to the reports.

Xinjiang, the largest provincial-level administrative region in China, produces more than 90 per cent of China's cotton, and a quarter more than the entire output of the United States.

According to the US Labour Department, "it is possible that hundreds of thousands of workers are being subjected to forced labour as part of this [expansion of Xinjiang's textile industry]".

"Uygur detainees work as forced labourers to produce textiles. They receive little pay, are not allowed to leave, and have limited or no communication with family members," the department said on its website.

The US government alleges that Xinjiang cotton products may involve forced labour and lawmakers are considering a new round of sanctions on popular Chinese fast fashion retailers.

Republican Senator Marco Rubio this month called for an investigation into Shein – a Hong Kong-backed fashion retailer – and e-commerce firm Temu for potential violations of his Uygur Forced Labour Prevention Act (UFLPA).

In a letter to Homeland Security Secretary Alejandro Mayorkas, Rubio said the companies should be added to the UFLPA entity list if they were found to be in violation of the law.

Also in April, the Chinese government initiated the latest round in its nationwide effort to modernise manufacturing.

According to the Ministry of Industry and Information Technology, projections indicate that by the end of next year, 70 per cent of China's textile factories will have achieved digital connectivity and completed the AI transformation.

Source: scmp.com– Apr 29, 2024

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Bangladesh: Global apparel industry moving towards sustainability: Brands, experts

The global apparel industry is moving towards sustainability to make it more environmentally friendly through traceability and circularity, which is also guided by a number of legislative initiatives, said brand representatives and experts at a programme today.

They, however, said there are some challenges to increasing awareness among consumers and expanding circularity initiatives – passing costs to customers, understanding and capabilities of implementing a circular model, and the price of recycled textile materials.

Most brands and importer countries have also set targets to make their supply chains traceable, the speakers said at the discussion organised by the Cotton Council International (CCI) at the International Convention City Bashundhara in Dhaka.

Addressing the discussion, Amit Gautam, chief executive officer and founder of Textile Genesis, said the fashion industry is undergoing a structural shift from unregulated to more than 30 regulations across the value chain, from sourcing to retail.

He mentioned three factors driving the move towards a sustainable and traceable fashion industry: increasing regulatory compliance, responsible sourcing targets, and authenticating product claims to mitigate supply chain and reputational risks.

He further stated that there are over 30 emerging legislations in the EU and the US focused on supply chain due diligence, consumer claims, and transparency, requiring brands to invest in traceability.

Gautam said responsible sourcing targets to achieve 80-100% sustainable materials by 2025, and the ability to authenticate product claims at scale, as well as identifying and mitigating supply chain risks (company or country) across the full value chain and addressing any reputational risks.

Melissa Bastos, director of Corporate Strategy and Insights at Cotton Incorporated, said Sourcing Journal and Cotton Incorporated's 2023 Industry Circularity Survey found that 1 in 3 US consumers have heard the term circularity.

The survey also found that 69% of consumers are informed about the carbon-neutral term and 78% are informed about the zero-waste term. However, 62% of industry professionals say circularity describes company sustainability.

She also mentioned that the Cotton Incorporated survey found some challenges to expanding circularity initiatives – passing costs to customers, understanding and capabilities of implementing a circular model, and the price of recycled textile materials.

Ali Arsalan, CCI representative for Bangladesh, delivered the welcome remarks, while Stephanie Thiers-Ratcliffe, director of European Brands and Retailers at Cotton Council International, and Arif Razzaque, Country Leader at Kiabi International Supply Services Ltd, Bangladesh, spoke among others.

Source: tbsnews.net– Apr 29, 2024

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BEPZA solicits South Korean investment in Bangladesh EPZs

The Bangladesh Export Processing Zones Authority (BEPZA) has extended an invitation to South Korean investors to boost their investments in the Export Processing Zones (EPZs) across Bangladesh, including the BEPZA Economic Zone situated in Mirsarai, in the port city of Chittagong.

Major General Abul Kalam Md. Ziaur Rahman, the executive chairman of BEPZA, conveyed this message during his participation as the chief guest at a recent seminar, which took place in Seoul, South Korea recently.

Organised jointly by the Korean community in Bangladesh, Kido Industrial Co. Ltd., and Giant BD Company Ltd., the seminar also saw the presence of ambassador Park Young Sik of South Korea to Bangladesh and ambassador Md. Delwar Hossain of Bangladesh to South Korea.

Approximately 60 participants representing various South Korean investment organisations and industrial groups attended the seminar. Major General Kalam provided insights into Bangladesh's favourable investment climate, particularly for Foreign Direct Investment (FDI), emphasising the nation's remarkable growth trajectory over the past decade.

He underscored Bangladesh's strategic geographical location, demographic dividend, expansive domestic market, and stable socio-political environment as pivotal factors contributing to its rapid economic development.

Highlighting Bangladesh's cost-effective and skilled workforce as a key attraction for investors, Major General Kalam noted the country's competitive advantage with the lowest minimum wage in Asia even as he outlined the incentives and facilities provided by the government to investors, including the "One Stop Service Act," aimed at streamlining investment procedures.

Regarding BEPZA's expansion plans, Major General Kalam disclosed ongoing efforts to establish an Economic Zone in Mirsarai, Chittagong, alongside the operational EPZs. He revealed that 28 industries have already been attracted to this development, with several already in production.

Additionally, the establishment of three new EPZs is underway, slated for completion by 2025.

Meanwhile, ambassador Park Young Sik commended Bangladesh's success story in the garment sector and highlighted investment opportunities across various sectors, including infrastructure development and the nation's aspiration to become a Smart Bangladesh.

Ambassador Md. Delwar Hossain echoed the sentiment, emphasising the government's commitment to fostering an investment-friendly environment and encouraging Korean investors to explore opportunities in Bangladesh.

Source: fibre2fashion.com– Apr 30, 2024

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Next Bangladesh budget should focus on raising direct taxes: Experts

Bangladesh's economy is now in the yellow zone due to high inflation, depleting foreign currency reserves, development budget dependency on deposit financing and increasing default loans in the banking sector, according to economists and experts.

Therefore, the next budget should focus on reforming the revenue structure to increase direct taxes, they told a pre-budget discussion organised by the Institute of Chartered Accountants of Bangladesh (ICAB) recently.

Additionally, government employment should be put on hold for some time and some ministries merged to reduce government expenditure, they suggested.

It will need three more years to overcome the yellow zone situation, Ashikur Rahman, senior economist at the Policy Research Institute (PRI), said. Inflation has been in the double digits for the last 20 months and foreign currency reserves have depleted by about $24 billion over the last 22 months, he said.

"We have also failed to balance the financial account, despite efforts by the Bangladesh Bank to improve the situation through currency depreciation and imposing caps on interest rates at fixed rates of 6 per cent and 9 per cent. But there is still much more to be done," Rahman was quoted as saying at the meeting by domestic media outlets.

The banking sector is experiencing a liquidity shortage, with default loans totaling Tk84,000 crore across only 10 banks.

The experts also suggested implementing a contractionary monetary policy to reduce the rate of monetary expansion to fight inflation.

Rahman suggested merging ministries like environment and water, as well as religious and social welfare.

He also raised concerns about the investment return of state-owned companies, which currently stands at only 0.7 per cent, emphasising that it should be at least 5 per cent.

To increase direct tax collection and reduce tax evasion, former state minister for planning Shamsul Alam suggested that tax returns should be made mandatory for anyone with a National Identification Number.

Alam also suggested reducing corporate tax for listed companies to 20 per cent, with the condition to allocate 25 per cent of profits for corporate social responsibility.

To prevent flight of capital, people having dual citizenship should not be allowed to sell their land if they have not been in the country for the last five years, he suggested.

PRI executive director Ahsan H Mansur said the adverse conditions being faced by the economy may not get over until global inflation subsides, which could take another five to six months.

The private sector is not getting loans due to excess government borrowing, he added.

Source: fibre2fashion.com– Apr 29, 2024

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Pakistan: Weekly Cotton Review: Prices continue to decline on global downturn

The decline in cotton prices continues, as a decrease of Rs 800 per maund in spot rate was witnessed this week. Due to the impact of the global cotton downturn, the next season's cotton prices are expected to remain low.

The Federal Committee on Agriculture (FCA) has set a production target of 10.8 million bales of cotton. The textile sector is facing a continuous crisis, which the government seems consistently ignoring.

The Pakistan Business Forum is urging the government to rescue the textile sector from the unbearable crisis. If the support price of cotton is announced immediately, it will encourage farmers and the market will also see positive effects.

The local cotton market witnessed sluggishness during the last week, with trading volume remaining extremely low, while the bearish trend in cotton prices persisted. As a result, the Karachi Cotton Association's Spot Rate Committee reduced the spot rate by another Rs 800, fixing it at Rs 20,000 per maund. Spinners have barely 45,000 to 50,000 bales of cotton stock left, and a private company has around 50,000 bales for sale. Therefore, only a limited stock of 0.1 million bales of cotton is available for sale in the country.

According to sources, the new crop of cotton for the season 2023-2024 is expected to start arriving by the end of June, although it is said that partial arrivals may begin by the last week of May, but their quantity will be very small. It is hoped that cotton arrivals will start in the country by June, which also depends on weather conditions.

The FCA has set a production target of 10.8 million bales for the 2023-2024 cotton season. However, the government is delaying the announcement of the support price (subsidy) for cotton, which is causing uncertainty among cotton farmers regarding sowing. The government should immediately announce the support price for cotton. Moreover, if the market price of cotton falls below the support price, the Trading Corporation of Pakistan (TCP) should have a strategy in place to start purchasing cotton, as the government failed to do so last year, which eroded the confidence of cotton farmers.

Sources associated with cotton believe that the government is showing negligence towards cotton production, the backbone of the country's economy, despite its importance.

In the provinces of Sindh and Punjab, the price of cotton is ranging from Rs 19,500 to Rs 21,500 per maund. The Phutti is not available while the prices of Khal, Banola and oil show a downward trend. The Karachi Cotton Association's Spot Rate Committee has reduced the spot rate by another Rs 800, fixing it at Rs 20,000 per maund.

Karachi Cotton Brokers Forum Chairman Naseem Usman informed that international cotton prices have remained stable. The price of New York cotton futures is trading between 79 and 81 American cents per pound. According to the USDA's weekly export and sales report, more than one lac and seventy bales were sold for the 2023-24 season. Pakistan purchased 26,800 bales, ranking first, followed by Vietnam with 14,200 bales, and Turkey with 9,700 bales.

For the year 2024-25 season, 65,700 bales were sold. China purchased 22,000 bales, ranking first, followed by Honduras with 12,100 bales, and Turkey with 11,000 bales.

Textile millers have warned the government that it should avoid increasing taxes and energy tariffs during negotiations with the International Monetary Fund (IMF) for another long-term loan plan. As the country is heading towards another IMF loan, the All Pakistan Textile Mills Association (APTMA) has demanded that the government should reduce energy prices and tax rates and formulate export-based policies, enabling the industry to become competitive in the global market.

In a letter written to Finance Minister Muhammad Aurangzeb, textile millers stated that as the country is heading towards another IMF program, fundamental reforms are needed to promote export-based culture in all sectors of the economy.

Moreover, the textile sector is continuously facing a crisis, and according to sources, the Pakistan Business Forum (PBF) held a conference in Faisalabad previous day, which was attended by representatives from the textile sector from all four provinces. It was unanimously agreed upon that the textile sector is facing a severe crisis due to the government's continuous neglect, resulting in mills closing down gradually, increasing unemployment and poverty, and causing continuous loss to the national economy. Urgent measures are needed to address this situation.

However, in a recent meeting of the Federal Committee on Agriculture, held at the Ministry of National Food Security and Research, production and cultivation targets for Kharif crops 2024-25 were set. Regarding the set production target for cotton, Sajid Mahmoud, Head of the Department of Transfer of Technology, Central Cotton Research Institute Multan said that ensuring timely water availability in cotton-growing areas is crucial for achieving the target of 10.8 million bales. He emphasised that regular planning and necessary measures are essential to achieve this goal.

Mahmoud further stated that where wheat harvesting is complete, cotton cultivation is gaining momentum, while wheat harvesting may take another one to two weeks. Farmers who have completed wheat harvesting should expedite cotton sowing as soon as possible.

Currently, the weather is favourable for cotton, and any delay in sowing may result in reduced production. Moreover, announcing the support price for cotton before the completion of wheat harvesting will encourage farmers and have a positive impact on the market.

He praised the efforts of Secretary Agriculture Punjab Iftikhar Ali Sahu and Secretary Agriculture South Punjab Saqib Ali Atiel for promoting cotton cultivation and working tirelessly for its development.

Additionally, Dr Muhammad Naveed Afzal, Director Central Cotton Research Institute Multan has also started guiding and training cotton farmers through recommendations presented in the CCRI Farmers Advisory Committee meeting regarding cotton cultivation and management.

Source: brecorder.com– Apr 29, 2024

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NATIONAL NEWS

India needs ‘hard reforms’ to reach 7.5% growth, HSBC says

India will need to carry out difficult reforms such as overhauling land and labour laws in order to grow the economy more than 7.5 per cent over the next decade, according to HSBC Holdings Plc.

Even with easy to moderate reforms, growth can come in at 6.5 per cent over the medium term, Pranjul Bhandari, HSBC’s chief India economy, wrote in a report on India’s elections Monday. “For 7.5 per cent+ growth, moderate to hard reforms will be necessary,” she said.

Prime Minister Narendra Modi — who is seeking a third term in elections that run until June 1 — has been campaigning on making India a developed nation by 2047. While he hasn’t defined what that goal means, economists say to become a high-income country as defined by the World Bank, India’s economy would need to expand more than 8 per cent annually for the next quarter century to achieve that target.

Bhandari differentiated India’s reforms based on the ease of implementation:

“The hard bucket comprises the most controversial reforms, requiring a lot more political capital in order to get them done,” says, the HSBC economist . He adds, “These reforms may also be the most growth accretive over the medium term, as they address bottlenecks which large parts of the economy face”.

If the government sticks with the easy reforms of infrastructure investment, curbing the fiscal deficit to 4.5 per cent by 2025-26 and supporting investments in futuristic sectors such as semiconductors, growth would reach 6.5 per cent over the next 10 years, says, HSBC.

“We believe it will be clear in the first year of the new government which reform bucket it is most likely to focus on”, Bhandari said.

Source: thehindubusinessline.com– Apr 30, 2024

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India Inc growth in Q4 slowest since pandemic: Crisil

India Inc likely logged a 4-6 per cent revenue growth in January-March, marking the slowest quarterly growth since recovery from the Covid-19 pandemic began in September 2021, analysis done by Crisil of 350 companies (excluding financial services and oil and gas sectors) indicates.

The moderation, though, follows stronger growth in previous years and is, hence, on a higher base. Among the 47 sectors monitored by Crisil, only 12 are expected to have clocked an improvement in revenue growth both sequentially and on-year for the quarter.

Consumer discretionary products and services likely led the show in the quarter. Among discretionary products, the automobiles sector was steered by healthy growth in passenger vehicles on the back of higher volumes and price hikes in the past year. The organised retail sector grew for the thirteenth quarter in a row, on healthy urban demand. Discretionary services, such as airlines and hotels benefited from MICE, weddings and corporate travel segments rebounding.

At the other end, revenue from construction-linked sectors likely grew at a tepid pace, essentially on account of a high base of the fourth quarter of fiscal 2023 that saw construction companies achieving their highest quarterly revenue.

In the cement sector, despite steady demand momentum during the quarter, revenue growth remained moderate as prices were under pressure amid higher supply and intense competition.

Says Miren Lodha, Senior Director, CRISIL MI&A Research, “Even with slower revenue growth in March Quarter, corporate revenue is estimated to have grown 8% in fiscal 2024. In fiscal 2025, revenue growth should improve to 9-10%, driven by sectors less dependent on commodities and largely catering to the domestic market.

Consumer discretionary segments, comprising both goods and services, will grow despite easing of the post-pandemic release of pent-up demand. Growth in the consumer staples segment will pick up pace owing to resumption of rural demand.”

Says Aniket Dani, Director, CRISIL MI&A Research, “Despite single-digit revenue growth, margin has increased on-year consistently for four quarters, indicating a shift in corporate focus towards profitability. An improvement of ~150 bps on-year is estimated for fiscal 2024.

As supply pressures ease, commodity prices are likely to be less volatile in fiscal 2025, helping India Inc log a 50-150 bps improvement in Ebitda margin. Sectors such as consumer staples, discretionary products and industrial sectors, which make up 52% of corporate India’s Ebitda, are expected clock the highest margin expansion.”

Source: thehindubusinessline.com– Apr 29, 2024

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Interest equalisation scheme provides much needed competitiveness to exports: FIEO

Exporters' body FIEO has said the interest equalisation scheme provides "much needed" competitiveness to exports. It also made a case for higher subvention rates arguing that interest rate in India was much higher than the rates in competitor countries. "The interest subvention/equalisation scheme provides much needed competitiveness to our exports, particularly to MSMEs, as the interest cost in India is much above that in our competitor countries. The bank rate in India is 6.5 per cent, whereas the bank rate in many of the other Asian economies is around 3.5 per cent. With a higher spread, the credit cost in India is generally over 5-6 per cent as compared to such countries," said Ashwani Kumar, President, FIEO, in a statement issued on Monday.

FIEO's statement is significant in the light of an analysis being carried out by the Commerce Department on the usefulness of the interest equalisation scheme in promotion of exports, per information shared by some officials tracking the matter. The relevance of the interest equalisation scheme is much more today as buyers are asking for longer period of credit, with a slowdown in demand and off-take from the shelves, whereas exporters are also looking for larger credit due to huge hike in sea and air freight (owing largely to the Red Sea crisis), the statement added.

The interest equalisation scheme, first implemented in April 2015 for five years, allows exporters of 410 identified products and all exporters from the MSME sector, to get bank credit at a subsidised interest rate determined by the government. The banks are later reimbursed by the government for their lower interest earnings. The scheme has since got a number of extensions and the last one is set to lapse on June 30 2024.

"The interest subvention rates may also be enhanced from 3 per cent to 5 per cent for manufacturers MSMEs and from 2 per cent to 3 per cent for 410 tariff lines respectively...when the subvention was reduced, the repo rate was 4.4 per cent which has gone up and currently is 6.5 per cent. This justifies the restoration of the interest subvention to the original level of 5 per cent and 3 per cent respectively so as to provide necessary competitiveness to our exports," Kumar said.

Source: thehindubusinessline.com– Apr 29, 2024

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Increasing global uncertainties may impact demand, India's exports: FIEO

The escalating geopolitical tension may have implications for the country's exports in the first quarter of 2024-25 as it is likely to impact global demand, apex exporters body FIEO said.

The global uncertainties caused by continuing war between Russia and Ukraine has impacted India's outbound shipments in 2023-24, which recorded a decline of 3.11 per cent to $437 billion. Imports too dipped by over 8 per cent to $677.24 billion.

"If the global situation continues to be like this, it would impact global demand. In the first quarter numbers, the demand slowdown may be visible," FIEO Director General Ajay Sahai said.

He added that despite all the challenges, freight rates are softening and it is giving an indication that demand may be impacted in the times to come. He cautioned that further escalation of the current situation could have serious implications on the world trade.

"Besides geopolitical uncertainties, high inflation and high interest rates are also crucial reasons for demand slowdown," he said, adding certain advanced economies like Europe may witness more slowdown.

He also said that India's domestic currency depreciated only about 1.3 per cent during 2023-24 as against Chinese Yuan's 4.8 per cent; Thai Baht 6.3 per cent and Malaysian Ringgit's 7 per cent.

When asked about the impact of Israel-Iran war, he said certain exporters from engineering sector have stated that the demand for goods that are going to the UAE and then to Iran has come down.

Jewellery demand may also come down, he said.

The director general suggested the government to take certain steps for exporters at the liquidity front. "Due to demand slowdown, offtake of goods will be low so foreign buyers will also take a longer period to make payments. So we require funds for longer period. Exporters also need interest subvention support," Sahai said.

He asked for continuation of interest equalisation scheme.

On December 8, 2023, the Union Cabinet approved an additional allocation of Rs 2,500 crore for the continuation of the scheme up to June 30.

The scheme helps exporters from identified sectors and all MSME manufacturer exporters to avail of rupee export credit at competitive rates at a time when the global economy is facing headwinds. Exporters get subsidies under the 'Interest Equalisation Scheme for pre- and post-shipment rupee export credit.

"The rates should be enhanced to 3 per cent and five per cent," he said.

He added that technology and knowledge-based sectors like electronics, electricals, telecommunication, machinery, auto, pharma, medicine and diagnostics would help achieve $one trillion exports by 2030.

"But we have a problem in labour intensive sectors like apparel, footwear, and gems and jewellery as our market share is going down,' he said.

Source: business-standard.com– Apr 29, 2024

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Up 2.3 times in 15 years, India's Chinese import bill to rise further

India's imports from China crossed $101 billion in 2023-24 from about $70 billion in 2018-19, and the country's share of India's industrial goods imports has risen from 21% to 30% over 15 years, according to a report by the Global Trade Research Initiative (GTRI) which reckoned that Chinese imports will rise sharply in coming years.

Goods imports from China have risen 2.3 times faster than India's total imports over 15 years, the GTRI study noted, adding that China is the top supplier in eight major industrial sectors, including machinery, chemicals, pharmaceuticals, and textiles, belying the general perception that Chinese imports are high only in the electronics sector.

"Growing trade deficit with China is a cause of concern," the think tank said in its report analysing India's growing industrial sector imports from China. Between 2018-2019 and 2023-24, India's exports to China have stagnated around $16 billion annually while imports have surged, resulting in a cumulative trade deficit exceeding $387 billion over six years, it said.

China's share in India's imports

The table lists commodities imported by India, where China accounts for the largest share in total imports

Earlier this month, the Commerce Ministry had said that India's exports to China have increased in the past year in as many as 90 principal commodities out of the total 161 items shipped to the country. These 90 commodities accounted for 67.7% of India's export basket to China and include iron ore, telecom instruments and electronic components.

For its analysis, GTRI defined industrial goods by excluding agriculture, ores, minerals, petroleum, gems and jewellery products. The industrial goods analysed through product-level import data in the study represent 98.5% of India's imports from China.

India's total merchandise imports stood at $677.2 billion in 2023-24, of which 15% or $101.8 billion worth goods were sourced from China. Of these, $100 billion of imports were in major industrial product categories, amounting to 30% of such imports, and that share stood over 70% for some products. Fifteen years ago, China's share of the same goods' imports was 21%, the study said.

China's share in India's imports

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Commodity	China's share in imports
Electronics/telecom/electrical products	43.9%
Machinery	39.7%
Textiles and clothing	38.2%
Chemicals and pharamceuticals	26.8%
Automobiles	26%

Source: GTRI • Data as of 2022 THE HINDU

GTRI illustrated the "significant reliance on imports from China across various sectors", citing trends from the first 10 months of 2023-24. Almost 42% of India's textile and clothing imports and 40% of its machinery imports in the period came from China, while that number was 38.4% for electronics, telecom and electrical products.

China also accounted for 29.2% of chemicals and pharmaceuticals imports into India, 25.8% of plastic product imports and 23.3% of automobile sector inbound shipments. A lower dependence on China was seen in the case of iron, steel and base metal imports, with just 17.6% share of inflows coming from the neighbouring nation.

"Half of the imports from China consist of capital goods and machinery, indicating a critical need for focused research and development in this area. Intermediate goods like organic chemicals, Active Pharmaceutical Ingredients, and plastics, which represent 37% of imports, show a pressing need for upgrading these industries," GTRI concluded.

Strategic implications

The strategic implications of this dependency is 'profound' and affects not only economic but national security dimensions, the study said, mooting a reassessment of India's import strategies. "This is imperative not only to mitigate economic risks but also to bolster domestic industries and reduce dependency on single-country imports, especially from a geopolitical competitor like China," it said.

"So far, imports were carried out by Indian firms. Now with the entry of Chinese firms in Indian market, India's industrial product imports are set to rise at an accelerated pace. As the Chinese firms operating in India will prefer sourcing most requirements from their parent firms, Indian imports will rise sharply," the GTRI study noted.

As per the study, India had exported $10 billion worth of goods to China in 2005, and enjoyed a trade surplus with its neighbour between 2003 and 2005. After 2005, Chinese goods dominated trade flows, steadily magnifying the trade deficit for India.

Source: thehindu.com– Apr 28, 2024

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Export credit access may become easier amid geopolitical tensions

The government is looking at ways to improve the competitiveness of exports amid mounting geopolitical tensions and has begun examining the export credit landscape. The commerce and industry ministry has sought details on exporters' financial needs, challenges faced in accessing export credit and the ways to improve it. India gives pre- and post-shipment export credit to enable exporters to access financial resources that are crucial for facilitating international trade.

"The exercise aims to look at effective interventions as many exporters encounter difficulties in utilising these export credit facilities," said an official.

The ministry has sought details on specific bottlenecks in the existing export credit mechanisms that need to be addressed and the best practices from other countries that could be adapted to improve the export credit landscape in India.

"There is almost a 5% difference between the cost of export credit in India and countries like China, Vietnam and South Korea, which impacts the competitiveness of our exports," said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO).

The exercise assumes significance as India's goods exports in FY24 fell 3.11% to $437.06 billion from $451.07 billion in the previous fiscal. Exporters expect a demand slowdown due to global uncertainty and hence need funds for a longer period. Officials said specific intentions could be looked at to improve the access to export credit once the exercise is over.

Export credit includes priority sector lending and interest subvention scheme, which allows exporters of 410 products and all MSME exporters to get bank credit at a subsidised rate of 2-3%.

Seeking an extension of the interest subvention scheme, FIEO president Ashwani Kumar said the scheme is relevant more today as buyers are asking for longer period of credit with a slowdown in demand and offtake from the shelves, whereas exporters are also looking for larger credit due to huge hike in sea and air freight.

Source: economictimes.com– Apr 29, 2024

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Kazakhstan-Turkmenistan-Afghanistan discuss possible transport corridor to India & West Asia

Two Central Asian states Kazakhstan and Turkmenistan along with Afghanistan have agreed to enhance transit and transport infrastructure in Afghanistan at a trilateral meeting last week between Kazakh Deputy Prime Minister Serik Zhumangarin, Director General of the Transport and Communications Agency under Turkmenistan's Cabinet of Ministers Mammetkhan Chakyev, and Afghan Minister of Commerce and Industry Nooruddin Azizi in Kabul.

At the meeting Zhumangarin emphasized the need for calculations and reorientation of traffic flows, highlighting upcoming infrastructure development initiatives. The idea of three sides is also to connect with India. This can be possible via Chabahar Port of Iran.

"All this will help develop the Turkmen infrastructure and ours at Beineu-Aktau-Bolashak," he said.

The three sides noted that the eastern branch of the International North South Transport Corridor (INSTC) had gained new impetus to become a key route for transporting goods from Russia and Belarus through Kazakhstan and Turkmenistan to Afghanistan, India, and West Asia.

Following the negotiations, they agreed to establish a working group to implement the agreements reached.

Kazakhstan-Turkmenistan route is one of the branches of INSTC.

Source: economictimes.com– Apr 29, 2024

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'Stick to 30-day payment time limit'

With the start of the new financial year, the textile markets are crawling back to normalcy with new orders trickling in. There is less hesitation among traders to place new orders in the wake of the payment time limit under the I-T Act for the MSMEs.

Besides, textile weavers are being reminded by the Federation of Gujarat Weavers' Welfare Association (FOGWWA) to stick to the payment time limit of 30 days.

As per the Income Tax (I-T) Act, payment to the small and micro industry is required to be made in 15 days or in case of a written understanding, within 45 days. If there is a delay in payment, the amount will be calculated as profit. It was a matter of concern for traders since a delay in payment would increase their tax liability.

But now, the 45-day time limit has been enforced by the traders. To prevent it from becoming a regular practice, FOGWWA issued a circular reminding weavers to stick to the 30-day time limit.

"We have fixed a 30-days time limit for payment to weavers in the past and the recent circular has been issued as a reminder. We are trying to inculcate a good business practice so that both parties can carry out business smoothly," said Ashok Jirawala, president, FOGGWA.

In the circular, FOGWWA urged the weavers to strictly follow the rule. However, it is a practice where the weaver and trader decide mutually on payment terms. "It is FOGWWA's decision, and we do not have objections against it. It depends upon the business terms between traders and weavers. A timely payment system is in the interest of the textile industry," said Kailash Hakim, president, the Federation of Surat Trade and Textile Associations (FOSTTA).

Source: timesofindia.com– Apr 30, 2024

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