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USD	EUR	GBP	JPY
83.47	89.81	104.75	0.54

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INTERNATIONAL NEWS

Global manufacturing PMI holds above neutral in April

Global manufacturing purchasing managers' index (PMI), a composite index created by JP Morgan and S&P Global Market Intelligence in collaboration with ISM and IFPSM, fell to 50.3 in April from a 20-month high of 50.6 in March, remaining above the neutral 50 mark for the third month in a row. Two of the PMI components, output and new orders, signalled expansions, while the trends in stocks of purchases and supplier lead times were consistent with contraction. Employment was unchanged over the month.

Output increased in both the consumer and intermediate goods sub-industries. In contrast, investment goods output contracted for the first time in three months. Manufacturing production increased in 16 out of the 32 nations for which April data were available.

China, the US, India, and Brazil were among the larger industrial nations to see output expand. Europe remained one of the weaker performing regions, with eight of the nations to register contractions (Germany, the UK, France, Italy, Poland, Czech Republic, Austria and Ireland) located on the continent. Japan, Mexico, and Canada also saw production volumes decline, as per S&P Global.

Global manufacturing new orders expanded for the third successive month in April. That said, the rate of growth remained mild and eased slightly during the latest survey month. Consumer and intermediate goods producers saw new work intakes improve, in contrast to the investment goods category (where inflows deteriorated for the fourteenth straight month). Growth of total new business was supported by a slight increase in new export orders, the first-time international trade volumes have risen in over two years.

Global manufacturers also maintained a positive outlook for the sector, forecasting (on average) that production would be higher in 12 months' time. The forward-looking new orders to finished goods inventory ratio also remained in positive territory, despite easing slightly since March, reflecting signs that the current tepid growth of demand was still sufficient to deplete stock holdings. Inventories of purchases also fell in response to a slight drop in input buying activity.

April data provided further signs of price pressures building, as rates of increase in output charges and purchase prices both gained in strength. Input cost inflation hit a 14-month high, while the rate of increase in selling prices was among the steepest during the past year. Global supply chains continued to largely shrug off the constraints of the Red Sea crisis and other potential sources of disruption, with average vendor lead times improving for the fourteenth time in the past 15 months. Employment was unchanged in April, as jobs growth in nations such as the US, Japan, and India was offset by losses in China, the euro area and the UK.

Source: fibre2fashion.com– May 04, 2024

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Eurozone manufacturing economy in contraction at start of Q2 2024

The eurozone's manufacturing economy remained in contraction at the start of the second quarter (Q2) this year.

The latest Hamburg Commercial Bank (HCOB) purchasing managers' index (PMI) for manufacturing compiled by S&P Global posted in sub-50 contraction territory for a twenty-second consecutive month in April.

At 45.7, down from 46.1 in March, the headline figure signalled a slightly faster rate of deterioration in euro area manufacturing business conditions as factory production shrank at the softest rate in a year, while business confidence improved further. However, the sharpest decline in new orders in the year-to-date highlighted the ongoing challenges faced by euro area goods producers. Suppliers' delivery times once again shortened, and to the greatest extent in eight months.

There was a further reduction in manufacturers' operating costs, although the decrease was only marginal and the slowest for over a year. Output charges in the eurozone also fell, indicating efforts by firms to boost the competitiveness of their goods.

There remained considerable differences in country-level trends during April. The southern parts of the eurozone continued to perform the strongest, with Greece and Spain registering growth. They were joined by the Netherlands, which saw manufacturing conditions improve for the first time since August 2022.

Expansions in these three nations were more than offset by deteriorations elsewhere, however. Germany and Austria were again the worst performers, albeit with declines softening, an S&P Global release said.

Lastly, eurozone manufacturers turned more positive towards the 12-month outlook for production in April. The overall level of positive sentiment strengthened for a second successive month and was its highest since February 2022.

Source: fibre2fashion.com– May 06, 2024

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China's logistics sector grows 5.9% in Q1 2024

China's logistics industry experienced significant growth in the first quarter (Q1) of the year, according to a report from the China Federation of Logistics and Purchasing. The sector's social logistics, encompassing the movement of goods and services, increased by 5.9 per cent to 88 trillion yuan (approximately $12.4 trillion) compared to the same period last year.

This year's growth marks a notable improvement, with the rate accelerating by 2 per centage points over the previous year.

The growth was not uniform across all categories. Logistics linked to industrial products saw a 6 per cent rise, while logistics for consumer goods surged by 11.6 per cent. Imported goods also saw an increase, with logistics growing by 5.5 per cent, according to Chinese media reports.

The total revenue generated by the logistics sector in the first quarter reached 3.1 trillion yuan, representing a 4.5 per cent increase year-on-year.

Source: fibre2fashion.com– May 05, 2024

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Vietnamese ministry proposes extending 2% VAT cut until 2024 end

Vietnam's finance ministry, in a recent proposal to the National Assembly, stressed the need for appropriate policy measures for this year that include extending the 2-per cent reduction in value-added tax (VAT); a payment deadline for corporate income tax, special consumption tax and personal income tax; and reduction of several fees and land rental enforced last year.

The 2-per cent tax cut in the second half this year is expected to reduce the government budget by some 24 trillion VND ($994.7 million), i.e., around 4 trillion VND per month, a news agency reported.

Following the COVID-19 pandemic, climate change and natural disasters, a wide range of financial measures worth 700 trillion VND were implemented between 2020 and 2023 to prop up the economy, the government said.

Source: fibre2fashion.com– May 06, 2024

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Turkiye's biz activity moderates as PMI falls below threshold in April

Turkiye's headline purchasing managers' index (PMI) in April dropped below the crucial 50 no-change threshold, registering at 49.3, down from 50 in March, according to S&P Global. This indicates a slight moderation in business conditions, marking the first decline in three months, although the overall change was relatively minor.

The renewed moderation of business conditions in part reflected a return to slowing output in April. Production eased for the first time in three months amid softening demand conditions.

Demand was impacted by rising prices and high interest rates, with new orders softening for the tenth month running. New business from abroad also moderated, again linked to price increases, but to a lesser extent than total new orders.

Input costs continued to rise sharply amid currency weakness and higher prices for raw materials and logistics. The rate of inflation eased to a four-month low, however, which was also the case with regards to selling prices.

In spite of the weakness in new orders and output, firms continued to expand their purchasing activity. Input buying rose for the third month running, feeding through to higher stocks of purchases for the first time in almost two years. Meanwhile, stocks of finished goods also accumulated, reflecting the recent spell of production growth at a time of moderating new orders.

Employment was broadly unchanged following slowdowns in each of the previous two months. Some respondents mentioned the need for extra staff, but others reported that finding suitable workers had proved challenging.

"The recent spell of output growth was unable to be sustained at a time of moderating new orders and came to an end in April. Firms will be hoping that demand can pick up soon and feed through to sustainable improvements in production. There was some easing of inflation over the month to the lowest in the year so far, but manufacturers are still having to contend with rapid price increases which is hampering their ability to

secure new business both at home and abroad," said Andrew Harker, economics director at S&P Global Market Intelligence.

Source: fibre2fashion.com– May 05, 2024

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Fortunes of S African CFTL industry improve with master plan: Minister

South Africa's master plan for the clothing, textile, footwear and leather (CTFL) industry has turned around the sector's fortunes, generating more than 20,000 jobs since its launch five years ago, according to trade, industry and competition minister Ebrahim Patel.

Major retailers sourced 371 million more units of clothing items from local manufacturers—a 51-per cent increase on the baseline of units bought locally, Patel told a meeting in Cape Town with heads of large retailers and manufacturers as well as representatives from labour unions and the government.

The sector now employs more than 500,000 workers, including 250,000 in manufacturing and over 280,000 in retail.

"The volume of clothing imported from China has dropped in major clothing categories, and the value of the clothing imported increased, showing success in the fight against under-invoicing," he told a media briefing after the meeting.

"Over this period, we've been able to take an industry which had been decimated by imports and low investment, and stabilise it through the collaboration and partnership which the master plan has provided. These efforts have built a platform which has led, in just a short time, to increased local procurement; increased manufacturing employment; and better administration of imports at the country's ports of entry," Patel was quoted as saying by state-controlled news agency.

Looking forward, the country needs to strengthen domestic footwear production, identify additional clothing products for domestic manufacturing, raise visibility of South Africa-made products in retail stores, and address the challenge from certain non-South Africa online platforms that uses tariff loopholes, he added.

Source: fibre2fashion.com– May 06, 2024

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85% Bangladeshi workers sans minimum wage laws, rights experts claim

Rights experts and labour leaders in Bangladesh have brought attention to a glaring issue: the absence of a legal framework to establish minimum wages for over 85 per cent of workers across various sectors.

Media reports underlined this adding this deficiency not only fosters wage discrimination but also exacerbates deprivation among workers. While the government has implemented sector-based minimum wages for 42 industrial sectors and determined wages for state-owned industries, majority of the workforce, engaged in the informal sector, remains outside any wage regulation.

Despite the government's efforts to set minimum wages for workers in some sectors, disparities persist across industries even if recent steps to include additional sectors like cement and ceramics into formal industrial regulation are underway. The absence of a national minimum wage standard perpetuates a discriminatory wage system, excluding most workers from legal wage protection even as informal employment dominates the labour market, comprising 85 per cent of the workforce, as reported by the Bangladesh Bureau of Statistics.

This disparity in wage regulation between formal and informal sectors results in unequal treatment and undermines social justice. The lack of clarity on wage determination leads to uncertainty among workers, exemplified by the contrasting pay scales among individuals with similar qualifications.

Past attempts to establish a national minimum wage faced challenges, with industry opposition and legal setbacks hindering progress while calls for a permanent wage commission to address sector-wise wage disparities have been ongoing.

Trade unions advocate for a national minimum wage standard to ensure fair compensation and social protection for all workers. Without such regulation, informal workers face exploitation and insufficient social security.

Source: fibre2fashion.com– May 06, 2024

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Pakistan: Weekly Cotton Review: Prices slump amid dismal business volumes

The decline in cotton prices continued during the previous week. Business volume is extremely low. The textile sector is facing a severe crisis. There is a huge slump in the demand and prices of cotton yarn and products, leading to an unbearable financial crisis. Rising energy costs and high interest rates have made production costs unbearable.

The next cotton season will start from the coming month. Without a positive policy, the government's intervention in fixing prices is a deception, causing billions of rupees in losses to farmers. The cotton farmers complained that last year, they were also betrayed. What is the benefit of such intervention when it causes billions of rupees in losses to farmers instead of benefiting them, they ask.

In the local cotton market, the element of decline in cotton prices remained dominant during the last week. Business volume is extremely low as the cotton season has come to an end. Spinners have a limited amount of cotton stock, and textile mills are also relatively not active because there is no satisfactory situation for cotton yarn and textile products. The market is experiencing a huge slump, and the financial crisis is going to be unbearable.
The crisis is said to be intensifying due to the government's negligence towards the textile sector.

The massive increase in energy costs and the highest interest rates have resulted in a significant increase in production costs, making it difficult to run industries. Sources in business circles are predicting that the crisis will worsen in the coming days, which will further increase the uncertainty.

Due to the severe crisis in the textile sector, many mills are selling purchased cotton, but there is a lack of buyers. Meanwhile, many mills already have a stock of cotton, and on the other hand, the stock of cotton yarn and textile products is piling up, on which the interest rate is increasing.

The Federal Committee on Agriculture (FCA) has set a production target of one Crore and eight lac bales of cotton for the next season.

The price of cotton in Sindh and Punjab provinces is between Rs 19,500 to Rs 20,500 per maund.

The Spot Rate Committee of the Karachi Cotton Association reduced the spot rate by Rs 300 per maund and was available at Rs 19,700 per maund.

Chairman of the Karachi Cotton Brokers Forum, Naseem Usman, informed that there is a declining trend in cotton prices in international cotton markets. The price of New York cotton futures per pound remained between 75 and 78 American cents.

According to the US Department of Agriculture's weekly sales report for 2023- 2024, a total of 97,400 bales of cotton were sold. Vietnam bought 29,600 bales, Pakistan purchased 17,400 bales, China bought 15,000 bales, India purchased 71,000 bales, and Bangladesh bought 6,300 bales.

For the week ending March 25, 2024, a total of 34,400 bales were sold. Vietnam bought 9,200 bales, Turkey purchased 7,500 bales, Mexico bought 5,400 bales, Pakistan purchased 4,400 bales, and Ecuador bought 4,400 bales.

The current provincial government of Punjab is determined to revive Southern Punjab as a hub for cotton production, offering various incentives to growers and aiming at bringing at least 4 million acres of land under cotton cultivation.

This year, the province has set a production target of 6.5 million bales of cotton, and the government is mobilising all available resources to achieve this goal.

During the last season, the province achieved production of 6.028 million bales and also brought 4.125 million acres of land under cotton cultivation.

Syed Ashiq Hussain Kirmani, Punjab's Minister for Agriculture, expressed these intentions during the third review meeting on cotton crops, which took place at Muhammad Nawaz Sharif Agricultural University in Multan. Secretary of Agriculture, Punjab, Iftikhar Ali Sahoo, along with Provincial Assembly members Rana Muhammad Salim and Chaudhry Zia-ul-Rehman, participated in the meeting.

The minister emphasised that Chief Minister Punjab Maryam Nawaz Sharif was committed to revitalizing the province's cotton industry. He asserted that the current government was resolute in transforming Southern Punjab back into a flourishing cotton-producing region, highlighting the critical role of cotton in bolstering the country's economy. He said various projects have already been initiated to usher in a green revolution across the province.

The minister stressed the importance of a zero-tolerance policy against counterfeit fertilisers and agricultural pesticides, advocating for stringent monitoring to ensure the availability of high-quality agricultural inputs at regulated prices. Additionally, he called for the field staff of the Agriculture (Extension) and Pest Warning departments to submit a monthly schedule of their visits for proper monitoring. Adequate water supply from canals is being ensured in cotton cultivation areas.

Sahoo underscored the need to enhance ongoing activities to assist farmers in achieving their cotton cultivation and production targets. He emphasised the regular convening of Divisional and District Advisory Committees and the issuance of technical advisories based on consultations with experts and stakeholders. Furthermore, he encouraged the private sector to guide farmers according to the technical guidance provided by the Agriculture Department.

Meanwhile, a meeting convened by Agriculture Minister Syed Ashiq Husain Kirmani was held recently to address concerns pertaining to the revival of the cotton industry and the challenges faced by ginners.

In attendance were prominent figures such as Chairman PCGA Waheed Arshad, along with other PCGA leaders including Sohail Haral and Malik Talat Sohail.

During the deliberations, Sohail raised pertinent concerns of the ginners, which were duly acknowledged by the minister.

Encouragingly, the minister expressed a commitment to resolving these issues. Overall, the meeting proved to be fruitful and marks a significant step towards mitigating the challenges encountered within the cotton industry on a daily basis.

Furthermore, Major Muhammad Kashif (Retd), Chairman of the Pakistan Cotton Brokers Association (PCBA), has said that the upcoming cotton season is likely to be disappointing for farmers due to the government's lack of interest, weak economic policies, and the incompetence of cotton officials. This sector, which supports more than 60% of Pakistan's population, is currently in a state of extreme distress. Our textile industry is almost on the verge of collapse, and many textile mills are either closing down or forced to reduce their shifts. The reasons include expensive electricity, higher interest rates, the absence of a textile policy, and an unnecessary burden of taxes, along with expensive raw materials. As a result, no one is willing to invest in this sector.

Meanwhile, due to the significant decline in the international cotton market, imported cotton including Afghani cotton is available at a lower rate. Moreover, yarn rates and demand have also decreased, resulting in disappointing business conditions. As a result, the advance cotton deals that were expected to be around 21,500 to 22,000 now seem like a distant dream.

After advance deals, the flow of cotton will improve, and it is expected that trading in cotton market will be in between Rs 17,000 to Rs 18,000 per maund, less than the previous rate. The delay in wheat harvesting due to rains will cause a delay of a few days in the next crop season. The cotton market will show its true colours after June 15, i.e., Eid-ul-Azha.

The head of the Technology Transfer Department at the Central Cotton Research Institute, Multan, Sajid Mahmood, said in a special conversation regarding research and development for the promotion of cotton that the only way to achieve economic stability and get rid of foreign loans is to establish research and development standards in the agricultural sector, keeping in view the impacts of climate change on agriculture. If we talk about cotton, Pakistan has decreased from 14.4 million bales to 8-9 million bales today.

It is very important to know the reasons for this. One of the major reasons is that the textile industry in Pakistan has not paid the cotton cess to the Pakistan Central Cotton Committee (PCCC), which is the country's largest research institution, since 2017.

On one hand, the textile industry is demanding a reduction in electricity prices from 17 cents to 9 cents, while on the other hand, on a roughly estimate the textile industry owners are defaulting on paying over 3 billion

rupees in cotton cess to the PCCC. The industry is getting stay orders from courts on the cotton cess issue, but is not willing to provide any support to cotton research institutions, agricultural scientists, and farmers. Meanwhile, other major cotton-producing countries like India, China, the United States, and Brazil provide regular support to their cotton research institutions, including cotton cess and taxes, and provide all kinds of technical and training assistance, including breeding trials and programs, modern training for cotton researchers, incentives for their best performance, and upgrading of research institution laboratories.

Source: brecorder.com– May 06, 2024

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Bangladesh's apex trade body urges govt for backward linkage policy

The Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), representing the business community, has called upon the government to bolster support for backward linkage industries, particularly in agriculture, leather, and RMG sectors.

During the inaugural meeting of the Standing Committee on Backward Linkage Industry at FBCCI's Motijheel office in capital Dhaka, chaired by Omar Faruk of Shenzhen Metal Industries Ltd., the director of the standing committee and attended by FBCCI's senior vice-president Amin Helali, the urgent need for enhanced facilities was emphasised.

Amin Helali highlighted the vital role of backward linkage industries in the country's economic growth and foreign exchange earnings, spanning from readymade garments to agriculture and leather.

Despite their significant contribution, these industries grapple with various challenges, notably the lack of direct export avenues.

The committee stressed the necessity of government cooperation and stakeholder involvement to address these challenges effectively. Helali noted the industry's evolution from importing 100 per cent of materials for production to achieving self-sufficiency, even amidst disruptions like the COVID-19 pandemic.

He underscored the sector's resilience in maintaining exports despite import interruptions.

Furthermore, Helali urged the exploration of opportunities in the global packaging market, considering Bangladesh's entrepreneurial talent and skilled workforce.

Despite possessing these strengths, the country has yet to fully capitalise on the packaging sector's vast global market even as identifying the barriers preventing Bangladesh from tapping into this market was emphasized as a priority.

Source: fibre2fashion.com– May 06, 2024

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NATIONAL NEWS

CECA talks: India collecting industry feedback on non-tariff barriers in Australia

With Australia eager to expedite negotiations on the proposed full-fledged Comprehensive Economic Cooperation Agreement (CECA) with India soon after the country's general elections are over, the Commerce Department, is collecting inputs from the Indian industry on non-tariff barriers faced in the Australian market across sectors to make a case for their removal, sources have said.

This is to ensure that Australia's commitment to eliminate tariffs on all goods exported by India by January 1 2026, made under the early harvest deal 'Economic Cooperation and Trade Agreement', resulting in adequate market access for Indian products.

"Australia promised to eliminate tariffs on 100 per cent of its imports from India in the first four years of implementation of the India-Australia ECTA. However, if NTBs are not addressed fully, Indian exporters will not be able to fully take advantage of tariff elimination. The Commerce Department has thus sought industry feedback from various sectors on NTBs related to exports to Australia, so that a case could be made for their removal in the proposed CECA," an official told businessline.

India and Australia implemented the bilateral ECTA on December 20 2022, under which Australia agreed to eliminate tariffs on 96 per cent of goods imported from India immediately, increasing it to 100 per cent by January 1 2026. India agreed to eliminate tariffs on over 85 per cent of Australian goods, which would rise to 90 per cent by January 1 2026.

India is hopeful that bilateral trade, valued at around $24 billion in 2023-24, would increase to $100 billion over the next few years, once the trade pacts are fully implemented.

"Indian goods exported to Australia in some sectors have started benefitting from the duty elimination that has already been brought about. However, NTBs, especially those related to sanitary & phytosanitary standards and technical barriers, continue to be impediments to exports in a number of areas, including in agriculture," the official added.

Industry bodies are expected to submit their inputs on NTBs to the government soon, so that arguments for their removal can be weaved into the negotiations for the full-fledged CECA.

The India-Australia CECA is set to be much deeper than the existing ECTA, as, it may not only include some of the goods that were excluded in the ECTA, but also cover services, digital trade, government procurement and Rules of Origin (ROO)-Product Specific Rules Schedule.

Commerce Secretary, Sunil Barthwal, participated in the first Joint Committee Meeting (JCM) under India-Australia ECTA in Australia last week where the two sides discussed some implementation issues including mutual recognition agreements (MRAs) on organic products. Market access issues related to products like okra, pomegranate, grapes, cottage cheese, macadamia nuts, lentils and avocado as well as TRQ (tariff rate quota) administration were also taken up.

Pharmaceutical pricing control in Australia, particularly on generics, is another issue India wants to be addressed for greater market access for Indian products.

"India's general elections will be over next month. Negotiations on the India-Australia CECA are expected to be expedited as soon as the new government is in place," the source said.

Source: thehindubusinessline.com– May 05, 2024

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Exports from key labour intensive sectors decline 12% compared to pre-pandemic levels

India's overall goods exports have surged nearly 44 per cent to $433 billion in FY24 compared to $300 billion in FY18 but imports during the period surged 46 per cent to $677 billion in FY24 compared to $465 billion in FY18.

While India's exports have been largely flat, the country's exports from labour intensive sectors such as textiles, leather, gems and jewellery and marine products are seeing a sharp dip. India's shipments from these four high job generating sectors have declined nearly 12 per cent compared to the pre-pandemic levels five years ago (FY18) amid an overall weakness in demand from developed nations and stiff competition from Vietnam and Bangladesh.

During the last financial year, when overall goods exports shrank 3 per cent, the outbound shipments of textiles, leather, gems and jewellery and marine products saw a much steeper 9 per cent decline to $78 billion against $86.32 billion in FY23. The comparable number in FY18 and FY19 stood at $90 billion and $88.14 billion respectively, as per commerce and industry ministry data.

Decline exports of labour intensive sector:

		FY24 (in $Bn)	FY23 (in $Bn)	FY22 (in $Bn)	FY21 (in $Bn)	FY20 (in $Bn)	FY19 (in $Bn)	FY18 (in $Bn)
Textiles		34.40	35.55	41.12	29.46	33.83	35.95	35.36
Leather & leather products		4.28	4.75	4.36	3.3	4.66	5.14	5.29
Gems & Jewellery		32.70	37.95	38.94	26.02	35.9	40.25	41.54
Marine Products		7.36	8.07	7.74	5.96	6.72	6.8	7.38
Exports from labour intensive sectors		78.74	86.32	92.16	64.54	81.11	88.14	89.57
India's total goods exports		433.09	443.72	415.83	290.72	310.01	326.46	300.

During the last seven years, India's textile and garments exports have remained flat at around $35 billion, while Vietnam and Bangladesh have gained market share on the back of free trade agreements (FTAs) and

Least developed countries (LDC) status that amount to 10-15 per cent concession on duty.

“Struggling to stay afloat in tough times, small and medium-scale textile industry are forced to shut down or let go of artisans, weavers, and workers whose livelihoods depend on the vitality of the textile trade,” Brij Mohan Sharma, Joint Managing Director, Rajasthan Spinning & Weaving Mills Limited (RSWM) told The Indian Express.

Countries	Year	Year	Year	% cumulative growth
	2000	2013	2023	2013-2023
Bangladesh	5.3	27.7	46.4	67.7
China	67.1	225.7	221	-2.1
EU-UK	91.8	133.1	162.7	22.2
India	11.1	34.2	36.3	6.2
Vietnam	2	23	45.2	96.1

Sharma said that mounting global challenges have become increasingly difficult to overcome, despite the industry’s diversification efforts and that the impact of geopolitical tensions on demand for textiles is much higher in the small and medium-scale textile industry.

In 2023, China exported $114 billion worth of garments, followed by the European Union (EU) with $94.4 billion, Vietnam with $81.6 billion, Bangladesh with $43.8 billion, and India with just $14.5 billion, Global Trade and Research Initiative (GTRI) said in a report.

“This shows India significantly trails behind China and the EU and is also falling behind smaller countries like Bangladesh and Vietnam. From 2013 to 2023, Bangladesh’s garment exports grew by 69.6 per cent, Vietnam’s by 81.6 per cent, but India’s grew by only 4.6 per cent. As a result, India’s global market share in garment trade has declined from 2015 to 2022. The share of knitted apparel dropped from 3.85 per cent to 3.10 per cent, and the share of non-knitted apparel decreased from 4.6 per cent to 3.7 per cent,” GTRI said.

Bangladesh, Vietnam see faster textiles exports:

The Federation of Indian Export Organisation (FIEO) in a report on the performance over the last five years, said that global trade in knitted garments expanded by 6 per cent at a time when India’s exports in the segment declined. In terms of woven garments, the exporters body said

that Bangladesh and Vietnam managed to grow 6 per cent and 4 per cent while India's exports remained little changed.

"An analysis of sector-wise export performance for the last five years reveals the troubling pattern that India is experiencing a decline in global market share across labour-intensive sectors," the FIEO said. The exporters body said that apparels, knitted garments, marine products, plastics, gems and jewellery sectors have only registered growth rates ranging from 1 per cent to 2 per cent.

To make the industry more globally competitive, however, the Union government had launched Mega Investment Textiles Parks (MITRA) programme in 2021 to increase investment and acquire a competitive edge over global competitors. The commerce and industry ministry, in its reply to a query, said that remission of duties and taxes under Remission of Duties and Taxes on Exported Products (RoDTEP) scheme were extended to 18 items to support the textiles sector. On the specific query as to why Bangladesh and Vietnam have seen improving textile market share, the ministry said it cannot comment on the issue due to lack of availability of such data.

Also, India's total imports have surged at a faster pace compared to exports, indicating a lower degree of net value addition. India's overall goods exports have surged nearly 44 per cent to $433 billion in FY24 compared to $300 billion in FY18 but imports during the period surged 46 per cent to $677 billion in FY24 compared to $465 billion in FY18.

However, rerouting of petroleum products and the PLI-led push for electronic manufacturing has shown increased value addition, but job creation particularly in the tech-intensive phone manufacturing sector has remained lower than government's projected employment generation estimates from the PLI scheme.

While exports of electronic goods jumped 288 per cent between FY18 and FY24, imports during the same period jumped 61 per cent, official data showed. In the case of petroleum products the exports between FY18 and FY24 jumped 127 per cent but imports during the same period surged 65 per cent.

Another sector witnessing considerable stress is the gems and jewellery sector that employs nearly 50 lakh people according to the union government's estimates. The exports from the gems and jewellery sector

declined over 20 per cent to $32.7 billion compared to $41.54 billion in FY18.

Last year in October, the gems and jewellery industry was forced to ban imports of rough diamonds for two months amid declining demand from large economies such as the US and China. And according to a report by the Gem & Jewellery Export Promotion Council (GJEPC), the industry is facing several global headwinds such as slow growth and tightening financial conditions, and heavy indebtedness that could weaken investment and "trigger corporate defaults".

However, the India-UAE FTA that came into effect in May 2022 has helped gems and jewellery exports to the UAE. India's gems and jewellery exports have surged nearly 40 per cent to $8.04 billion in FY24 compared to the previous financial year after India-UAE FTA came into effect in May 2022. Exports are also expected to pick up after India concludes its FTA with the UK and European Union.

Exporters have warned that goods export goods will feel the impact of the disruptions in the Red Sea area during the ongoing financial year since higher freight rates were being accommodated by the exporters until recently. The exports of low margin products such as textiles and leather products could face the impact as when new contracts are signed with the buyers as higher freight rates until recently were absorbed by exporters.

JP Morgan Research estimated the ongoing Red Sea shipping disruptions could add 0.7 percentage points to global core goods inflation during the first half of 2024 if the recent jump in container shipping costs persists. Container shipping costs are two-and-a-half to three times their early December 2023 levels, prices along routes that typically go through the Suez Canal have surged nearly five-fold. The Suez Canal route is a crucial link between Asia and Europe.

Source: indianexpress.com– May 05, 2024

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Indian, Aussie trade bodies working to double bilateral trade in 5 yrs

The Federation of Indian Chambers of Commerce and Industry (FICCI) and the Business Council of Australia (BCA) recently signed a memorandum of understanding (MoU) to identify and create more business opportunities between the two nations.

“India and Australia's bilateral trade in goods and services is over $45 billion, and we are working towards doubling it in the next five years,” FICCI secretary general S K Pathak said.

The MoU aims at strengthening bilateral trade and investment partnerships by cooperating on shared areas of advantage and identifying new areas of growth in emerging markets, a FICCI release said.

BCA chief executive Bran Black stressed on working towards removing trade barriers and exploring investment opportunities.

India is Australia’s fifth largest export market, and exports are highly sought after in India. Australian exports to India worth $32.5 billion, while imports were worth $12.6 billion in fiscal 2022-23.

Source: fibre2fashion.com– May 05, 2024

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Red sea crisis: The challenges and impact on Indian small businesses

Geopolitical tensions in the Red Sea have shaken up global trade. Attacks by the Houthis on ships led to US and allied responses, causing chaos in maritime trade. India's small and medium-sized businesses, especially exporters, are bearing the worst of it. This situation reveals the vulnerability of Indian exporters and highlights the urgency for creative solutions and government aid to help them navigate the evolving global market. Let's closely examine the main problems and see how exporters can tackle them with new ideas and support from the government.

One of the primary concerns for Indian exporters is the delayed and uncertain shipment schedules. The closure of key shipping lanes and the need to reroute cargo have led to significant delays and made it increasingly difficult for exporters to meet their delivery commitments. This, in turn, is straining their relationships with international buyers, who are growing increasingly frustrated with the unpredictability of the supply chain.

Strain on working capital and bargaining power

The disruptions have put a significant strain on the working capital of Indian exporters, particularly the smaller players. Delayed shipments caused stress on SME exporters to look for alternative methods such as air freight, which is more expensive, leading to more strains on working capital.

With delayed payments from overseas buyers and the need to find alternative, and often more expensive shipping routes, many SMEs are struggling to maintain their cash flow.

This financial stress can have far-reaching consequences, from their ability to fulfil orders to their overall business viability. Furthermore, the Red Sea crisis has highlighted the vulnerability of smaller Indian exporters when it comes to their relationships with international buyers.

With less negotiating power, these SMEs are often forced to accept extended payment terms or even concessions that further strain their working capital.

Limited access to global logistics networks and supply chain transparency

SME exporters in India are facing an uphill battle when it comes to accessing the global logistics network. With the major shipping routes in the Red Sea region disrupted these smaller players have limited options for rerouting their cargo. This lack of flexibility and access to alternative routes puts them at a significant disadvantage compared to their larger counterparts, who may have more resources and bargaining power. Additionally, the lack of supply chain transparency makes it challenging for smaller Indian exporters to mitigate the risks associated with their overseas buyers, further worsening their vulnerability during the crisis.

Technological solutions and Government interventions as a lifeline for exporters

Amidst these daunting challenges, technology and government support can provide a lifeline for Indian exporters, particularly the smaller players. For instance, insight-based supply chain finance platforms can offer innovative solutions to help SMEs access working capital support and gain insights into the risk profiles of their international buyers. They are also working to profile Indian exporters, particularly SMEs, in front of major brands and retailers in the US and Europe, to generate incremental opportunities and leads for these businesses. By leveraging these platforms, exporters can better deal with the turbulent waters of the Red Sea crisis and optimize their cash flow management.

The Indian government has also taken proactive measures to support the export sector during this crisis. The Union Commerce and Industry Minister recently announced the establishment of a dedicated task force under the Department of Commerce to identify, categorize, and develop tailored strategies for resolving non-tariff barriers faced by exporters. Additionally, the government is providing financial assistance through schemes like the Export Credit Guarantee Corporation (ECGC), which offers insurance against export risks. Moreover, collaborative efforts with international partners are underway to address security concerns in the Red Sea and encourage shipping companies to resume normal operations.

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Whither India-China trade?

India-China trade has undergone significant changes in the last two decades. India went from a positive balance of trade with China at the turn of the century to a heavily negative trade balance a decade later, which continues to grow. In the last three-four years, trade and other relationships have been tense, stemming from geopolitical tensions. India implemented Make in India to reduce economic dependence on China. Has it made a difference?

In 2011-12, the trade deficit with China was about $39.4 billion. Yet the manufacturing sector had grown, and so did manufacturing employment from 10.5% to 12.8% (2004-2012).

From 2015, when Make in India became an official policy, oddly, things went south: demonetisation, a badly designed GST, no consistent industrial policy, no change in R&D structure or volume, and increased inequality in the economy resulted in India's GDP growth rate to gradually slow until Covid when it actually contracted at almost twice that of the world economy.

Manufacturing share in gross value added (GVA) fell from 17% to 13%, and manufacturing employment also fell in absolute terms for five years after 2016-17. Make in India evidently did not take off also because of aggressively priced Chinese imports making inroads; manufacturing employment fell in absolute terms for five years from 2014 onwards, only recovering in 2022. India's goods exports also fell from their peak of $318 billion in 2013-14 for five years, and did not recover to the same level until 2020.

Meanwhile, the bilateral trade in 2019-20 was roughly $87 billion, with India's exports to China accounting for around $16.6 billion and imports at about $70.3 billion ($53 billion deficit). In 2022-2023, India's trade deficit with China ballooned to $83.2 billion — about 32% of India's total merchandise trade deficit.

The main exports from India to China are mineral products, chemical products, and metals — raw materials. The main imports from China to India are machines, electronics, chemicals, white goods, textiles, and chemical products — value-added finished products.

China discourages manufacturing exports from India on one or the other technical grounds. Efforts to address trade imbalances, enhance market access, and promote mutual investments have been ongoing. However, India decided not to join the Regional Comprehensive Economic Partnership precisely because it was concerned about China getting even higher access to India's markets, and the trade deficit worsening.

Several Indian industries have been impacted by the rising Chinese exports. For example, China's exports of solar panels to India was equivalent to 2.3 gigawatt (2023), which was a reduction over the previous year as India imposed an import duty of 40%. However, Reuters now reports that India might cut its import duties on solar panels from 40% to 20% to meet its non-conventional energy targets for 2030. This will again provide a huge advantage to Chinese exports and a blow to the fledging Indian manufacturers.

Next, India's pharmaceutical sector also significantly relies on China for bulk drugs and drug intermediates; they form 43% of India's total pharma imports. Moreover, India's dependency on China for key starting material surpasses 50%. Also, India sources active pharmaceutical ingredients (API) from China, essential components in medicinal formulations, though some of it decreased in the last two years due to the performance-linked incentive scheme.

Yet, nearly 70% of India's API needs are met by imports, with 60% still from China. India earlier had the capacity to make APIs (especially in public enterprises), but due to aggressive price-cutting by Chinese firms and minus an industrial policy they could not survive.

Third, India claims it has made strides in modern electronics. Surprisingly though, it remains critically dependent on China for several products: electronic integrated circuits and micro assemblies; electrical apparatus for line telephony or telegraphy; transistors; semiconductor devices; transmission apparatus for radiotelephony; televisions; and many white goods.

Another example is mobile phone. While India has become the second-largest handset maker by the country of origin definition, 70-85% of the main parts are sourced from China, Korea, Japan and other countries.

All the sectors consistently suffered from an inverted duty structure (IDS). Since 1991, the structure of tariffs have been at the source of India's manufacturing problems, and de-industrialisation. Twenty years ago, India signed a series of free trade agreements with Korea, Japan, and ASEAN.

As a result, finished/consumer goods tariffs were reduced, so imports flooded in; but tariffs on raw materials/intermediates used as inputs for domestic manufacture of the same goods were higher — thus an IDS emerged, reducing the effective rate of protection (ERP) — which allowed finished goods to flood India's markets. ERPs show IDS existed for paper/paper products, chemical/chemical products, pharma, computer, electronics and optical products, machinery and equipment, and other transport equipment.

One sector that did not suffer from IDS was automobiles. As a result, India has become one of top four global manufacturers of two-, three-, and four-wheelers, and also an exporter.

However, India's auto industry is dependent on China for auto parts which embed more electronics. Data from trade and industry sources indicate an influx of various auto parts from China, including but limited to engine parts, electronics, plastics, ion-lithium batteries, and body components.

This trend is particularly pronounced in segments such as e-vehicles: two-wheelers, and passenger and commercial vehicles. The proportion of Chinese imports in India-made cars is estimated at about 30% (~$20.3 billion).

In sum, in the absence of an explicit industrial policy, the share of GVA contributed by manufacturing, that stood at 17%, fell from 2015 but has just recovered. Three aspects stand out:

1) India spends 0.69% of GDP on R&D compared to 4+% by China. Being a five times larger economy, this translates to China spending 20-25 times more on R&D than India does.

2) In the absence of indigenous design capacity, innovation is still limited in India. Without a policy focus on building both design capacity and R&D, industrial policy is incomplete.

3) China has a far-reaching industrial and trade policy, coupled with an aggressive foreign policy to destroy others' manufacturing capacities and make them indebted to it.

Indian policies are short-sighted, which thwart its industrial and thus employment growth.

Source: financialexpress.com– May 05, 2024

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Empowering cotton farmers: Sustainable water management practices for a greener future

Summers and monsoons are critical in India, often deciding the fate of the farming community. As the wave of climate change rides high, 2023 was the second hottest in 122 years. 2024 is yet again predicted to have a sweltering summer with more than the usual number of heat wave days, as per the Indian Meteorological Department.

Such a phenomenon deeply impacts the backbone of the country – agriculture. Global warming and increasing temperatures result in the scarcity of water resources – reservoir levels have been considerably low, currently at 28 per cent of capacity, lower than that of the same time last year, when it was 81 per cent.

The lack of widespread adoption of water-saving irrigation technologies in conventional cotton farming strains resources and contributes to environmental and agricultural concerns. However, water-saving irrigation technologies such as drip and micro-irrigation are slowly gaining traction, conserving water and promoting environmental responsibility. Importantly, these methods empower farmers, particularly in water-stressed regions, to adapt and thrive.

Sustainable solutions for a brighter future

The second largest cotton producer in the world, India's cotton farmers face a complex web of challenges: erratic rainfall patterns, long dry spells, heatwaves, cyclones, and floods can devastate crops.

While unpredictable rainfall and extreme weather events can be disruptive, a growing focus on water management practices is equipping them to navigate these challenges. Educational initiatives are fostering a deeper understanding of the monsoon cycle and cotton's growth phases, allowing farmers to optimize their planting and resource allocation.

Innovation is key to a sustainable future.

Addressing these challenges requires a multi-pronged approach: easy-to-adopt soil and water conservation strategies, improved irrigation infrastructure, and the development of drought-resistant cotton varieties are all contributing to a more resilient agricultural sector. By equipping

farmers with the latest water management techniques and scientific knowledge, we can enable them to enhance water usage and ensure continued success for generations to come.

Water resource management demands a new front: building farmer skills and interventions to make every drop count. With water becoming a precious resource, farmer capacity building has become an imperative for effective water management to ensure its sustainable use. Building farmers as responsible stewards of water management, armed with the right knowledge and tools, at the community level is the springboard for broader action.

Conventional cotton growing is water intensive, but promoting sustainable agronomic training can improve water efficiency. Training farmers to empower them with accurate knowledge on various interventions such as alternate furrow irrigation, soil and water conservation activities, intercropping, mulching, drip irrigation, water use planning aligned with crop cycles, rainwater harvesting techniques and well water monitoring proves to be successful channels of water management.

Revolutinising thru technology

At the same time, technology has revolutionised water management in cotton farming by providing farmers with real-time information and precision tools. This equips farmers to understand the looming problem, innovate solutions and ensure informed execution.

GIS-based mobile applications enable tech-supported identification of potential sites for water conservation activities such as water mapping and building water reservoirs.

Mobile tools for design and estimation help with the design details of such structures along with costing, making it easier for the farming community to execute soil and water conservation structures.

Additionally, data collection through sensor integration and remote monitoring offers a comprehensive view of the web of challenges, identification of hot spots, and enables realistic problem-solving approaches.

Towards a greener future

Empowering cotton producers in sustainable water management practices has provided results. CottonConnect's recent Impact Report 20232 showed a reduction in water usage by 21.6 per cent over one year. The positive impact is reflected in the increased adoption of sustainable water management practices by farmers, from 57 per cent to 98 per cent. These results span India, Pakistan, Bangladesh, China, and Egypt.

Sustainable cotton farming requires a collaborative approach on water management. Farmers, communities, NGOs, and governments all have a role to play. Partnering with brands and funders can provide crucial support. Water management is vital for livelihoods and industry, so a long-term collaboration between stakeholders is essential.

The focus should shift to holistic village-based water management, encompassing irrigation, drinking water, rainwater harvesting, and well recharging. This approach requires empowering the farmer community through a trained band of Climate Change and Water Ambassadors who can educate others on water conservation. Ultimately, the end users of water will have to follow discipline in utilising the shared resource.

The urgency of climate change demands a three-pronged strategy: (a) fostering a community-wide vision for water conservation, especially among young people, (b) promoting water-optimising practices, and (c) establishing long-term partnerships to develop water infrastructure, soil and water conservation work and enabling easy access to micro-irrigation and drip technologies for farmers. These combined efforts will secure a water-sustainable, greener future.

Source: thehindubusinessline.com– May 04, 2024

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