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INTERNATIONAL NEWS

Near-term global economic outlook cautiously optimistic: UN report

Global economic prospects have improved since January this year, with major economies avoiding a severe downturn, bringing down inflation without increasing unemployment, according to the World Economic Situation and Prospects as of mid-2024 released recently by the United Nations department of economic and social affairs.

However, the outlook is only cautiously optimistic. Higher-for-longer interest rates, debt sustainability challenges, continuing geopolitical tensions and ever-worsening climate risks continue to pose challenges to growth, threatening decades of development gains, especially for least developed countries (LDCs) and small island developing states (SIDS).

The report projects the world economy to grow by 2.7 per cent this year (plus 0.3 percentage point from the January forecast) and by 2.8 per cent in 2025 (plus 0.1 percentage point from the January forecast).

The upward revisions mainly reflect a better outlook in the United States, where the latest forecast points to 2.3 per cent growth in 2024, and several large emerging economies, notably Brazil, India and Russia.

The outlook for China registers a small uptick with growth now expected to be 4.8 per cent in 2024.

On the other hand, the economic outlook for Africa has deteriorated since the last release, with expected growth lowered by 0.2 percentage points for 2024, threatening adverse impacts for many of the world's poor.

Global growth, on an average, in the coming years is expected to remain below the average of 3.2 per cent during 2010–2019.

Economic prospects for SIDS are projected to improve, with GDP growth increasing from 2.4 per cent in 2023 to 3.3 per cent in 2024, primarily driven by a sustained rebound in tourism.

However, SIDS remain vulnerable to spikes in international commodity prices due to their high import dependency on essential goods. Frequent extreme weather events and high public debt also pose significant challenges.

Although softening international commodity prices and tight monetary stances adopted by most central banks have set the global economy on a disinflationary path, several developing economies continue to grapple with stubbornly high inflation.

Many developing economies also face challenges such as elevated borrowing costs, persistent exchange rate pressures, and lingering political instability.

The stagnant employment situation in developing economies contrasts with that of developed economies, particularly in North America, Europe and Japan, where unemployment rates remain near record lows.

Furthermore, the near-term outlook for certain economies is clouded by potential intensification of geopolitical tensions and multiple conflicts across the world, said the UN report.

The report discusses how the growing use of critical minerals for accelerating the energy transition can also be an opportunity for achieving the US Sustainable Development Goals in many developing countries.

Countries endowed with critical mineral resources will, however, need smart policies, as well as effective implementation capacities to reap the benefits and avoid a renewed 'resource curse', the report added.

Source: fibre2fashion.com– May 20, 2024

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Supply Chain and Nonpayment Top Concerns for Global Exporters

Global exporters have a lot on their minds.

Reconfiguration of supply chains and geopolitical tensions, as well as non-payment risk—and the rise in the length of payment terms—are top of mind concerns for global exporters, according to a study by trade credit insurance firm Allianz Trade.

The group polled 3,200 companies in China, France, Germany, Italy, Poland, Spain, the U.K. and the U.S. on their outlook for global trade in the year ahead, finding that they're also concerned about input shortages, labor and global shipping disruptions.

Supply chain

The firm's survey found that the majority of respondents (53 percent) are actively taking steps to relocate parts of their supply chains due to geopolitical risks. That share rises to 57 percent for firms with long supply chains and more than half of their production located abroad.

Companies with shorter supply chains are most concerned about geopolitical risks in their region, while those with longer supply chains are most concerned with U.S.-China trade relations. Firms looking to relocate parts of their supply chain tend to remain in, or close to, the same region.

Per the study, 84 percent of respondents said they expect sales generated through exports to increase, with exporters—especially in Spain, France, and Italy—that have a higher exposure to e-commerce a bit more optimistic. Moreover, 82 percent of respondents expect export prices to rise in 2024, with 24 percent expecting export prices to rise significantly.

The largest share of corporations expecting export prices to increase are based in Germany (87 percent), Spain (87 percent), and France (85 percent). Allianz is projecting global trade to rise 2.8 percent, ending a recession that began last year but remaining "substantially below the long-term average of 5 percent." The 2.8-percent estimate reflects the risk of disruptions in global shipping that include the Red Sea crisis as well as rising protectionism, Allianz said.

The top three risks threatening export activity were cited as geopolitical and protectionism, shortages of inputs and labor, and financing and non-payment. And while geopolitical and protectionism was the top choice across all countries, the share of U.S. exporters worried about this risk was comparatively lower, at 65 percent. That's because American companies are focused on the upcoming national elections in November, with concerns about the indication that U.S. tariffs could triple under a second Trump presidency.

In China, exporter respondents who have offshore production sites in North America cite the U.S.-China trade war as the main geopolitical factor that poses an immediate risk to the supply chain, while those with offshore sites in Africa cite instability in the Middle East as a top-of-mind concern. In contrast, German companies cite the Russia-Ukraine conflict as their largest source of consternation, while those with offshore production sites in China view China-Taiwan relations as a chief challenge that could pose an immediate risk to the supply chain in the coming year or two.

Most respondents also indicated that they don't see a future that involves fully decoupling from China. Rather, diversification seems to be the trend, as their footprint in China represents a smaller share of their global supply investments going forward. For now, China remains the world's critical supplier, accounting for more than 50 percent of imports of a particular product—a rate that makes a total break difficult, if not impossible, the Allianz study found.

For companies looking for a new supplier, or to relocate an offshore production site, Western Europe is the preferred destination overall, while Chinese exporters prefer Asia-Pacific locales. Firms that already have offshore production sites in China and the Middle East see Asia-Pacific as the alternative, while those with production sites in North America and Western Europe tend to choose new suppliers or relocate offshore production closer to their respective regions.

Financial considerations

Allianz also said it expects a rise in insolvencies this year for the first time since 2020, up 4 percent after a 14-percent decline in 2023.

Allianz noted that disruptive events in recent years have highlighted the risks of trade choke points. Those events include the accidental

obstruction of the Suez Canal in 2021, droughts in the Panama Canal, and more recently, the crisis in the Red Sea. All these events reflect how many global shipping routes depend on certain tight passages.

However, the ongoing Red Sea crisis has occurred at a time of sufficient shipping capacity, even if alternatives that are available have seen higher costs. Container freight rates remain 1.9 times above the pre-Covid 19 average, and that points to potential scrutiny at other choke points: the Hormuz Strait, the passage way for 30 percent of oil that's traded; the Malacca Strait, which accounts for 25 percent to 30 percent of global trade, and the Taiwan Strait, where 40 percent of the world's container ships pass through.

To mitigate supply chain disruptions, more respondents this year said buying supply chain insurance was a top preferred mitigating action. The option moved up to third place from last year's seventh place ranking. The top two this year were improving supply chain risk management and increasing ESG due diligence for suppliers.

Meanwhile, exporters in Spain and Germany expressed worries that the length of payment terms will increase in the next six to 12 months. Forty-two percent of respondents expect export terms to increase, while 24 percent expect them to remain stable. The Allianz data found that only 11 percent of export firms are paid within 30 days, with the share in the U.S., Poland and France below their peers.

Close to 70 percent of companies are paid between 30 to 70 days, with the U.K., France and the U.S. slightly more often than their global counterparts. In contrast, Poland, Germany, Italy and China have the larger shares of the longest export payment delays, with at least 7 percent of company receiving payment after 90 days. While some sectors such as construction and machinery equipment have the longest export payment terms, the retail sector has a slightly shorter export payment term at less that 50 days on average.

In addition, 40 percent of exporters expect non-payment risk to rise in 2024. Most respondents (63 percent), said they are either already invoicing electronically or are making preparations for this and expect to be ready in one year or less. Exporters in the U.S., at 73 percent, said they are already invoicing electronically or plan to within one year.

Reshoring, AI and climate change

Separately, the survey also found that reshoring is expected to continue at the same rate over the next two years, although many don't expect that to accelerate. High costs due to lack of free-trade agreements, labor concerns and local suppliers were cited as the main hurdles to reshoring.

As for AI, companies in the survey cite optimism about its potential benefits. Poland and China are investing in AI as a tool to enhance supply chain management. And the thinking is that AI tools can can facilitate smoother and more efficient customs by streamlining aspects of the import-export processes.

Respondents also said that progress on sustainability remains slow, as emissions-reduction actions are falling short of what's required to meet global net-zero targets. While they said firms acknowledge the importance of emissions mitigation, there seems to be recognition that policy action involving coordinated solutions is needed due the global challenges of climate change. "Fragmentation in the global economy driven by strategic or geopolitical motives can further complicate environmental sustainability efforts, disrupting trade relationships and impeding innovation and technology diffusion," the Allianz study noted.

Source: sourcingjournal.com– May 20, 2024

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UK concludes tax agreement with Peru, ratifies deal to join CPTPP

The United Kingdom has completed its key step required for joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), i.e., ratification of the terms of its agreement to join, UK minister for trade policy Greg Hands told fellow members of the group during a meeting in Arequipa, Peru, where he also concluded negotiations on a double taxation agreement (DTA).

Joining CPTPP—which will account for 15 per cent of global gross domestic product (GDP) with the United Kingdom included—means over 99 per cent of current UK goods exports to CPTPP members will be eligible for tariff-free trade.

The DTA with Peru will reduce costs and offer certainty to businesses in both sides, and will provide opportunities for substantial increases in bilateral trade and investment, an official press release said.

UK business and trade secretary Kemi Badenoch signed the deal last July to join the CPTPP that spans 12 economies across the Asia-Pacific and Europe.

Benefits of UK accession to CPTPP include less red tape for UK services, Increased flexibility via modern 'rules of origin' for British goods, investment provisions that limit barriers and cheaper import prices, thanks to reduced tariffs.

Only six economies, in addition to the United Kingdom, need to ratify by October for the deal to enter into force by the end of the year. Singapore, Japan, and Chile have already ratified, with other countries in the works.

"The UK intends to be an influential member of CPTPP, making its voice heard on all key matters, and is already involved in meetings and discussions with CPTPP Parties on the future of the agreement. Peru, a member of the bloc, is a longstanding trading partner for the UK, with bilateral trade worth £1.8 billion last year," Hands said.

"The UK's addition to this bloc will open up new opportunities for both inward and outward investment. Trade rules will be more favourable for manufacturers looking to sell products to other member countries and

data transfers for firms in the services sector will also be more straightforward," William Bain, head of trade policy at the British Chambers of Commerce (BCC), said.

"We look forward to the avenues for fresh opportunities and collaborations this will unlock, paving the way for enhanced economic partnerships and growth opportunities for our members in the UK-Japan, and wider regional ecosystem," BCC Japan executive director Sarah Backley said.

"This historic agreement not only fosters trade liberalisation but also offers expanded market access, boosts to GDP, and strategic influence, particularly benefiting sectors, such as services and digital trade for both British and Malaysian enterprises. This also promises enhanced options and affordability for consumers and businesses alike, heralding a new era of economic dynamism and collaboration," British Malaysian Chamber of Commerce chief executive officer Jennifer Lopez said.

Source: fibre2fashion.com– May 20, 2024

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Chinese cotton may stay weak, but short-term rebound possible

Chinese cotton prices are likely to stay subdued on weak fundamentals and steady supply without significant disruptions. However, it may see short-term rebound in cotton prices as negative factors are currently subsided.

On last Friday, ZCE cotton September 2024 contract settled at 15,230 Chinese yuan ($2105.92) per ton, July 2024 contract at 15,085 yuan ($2085.57) per ton and May 2024 at 14,980 yuan ($2071.35) per ton. According to market analysts, the market fundamentals are weak, characterised by steady supply amid flat downstream demand. This scenario suggests limited potential for a rally. Despite the weak fundamentals, cotton prices are likely to find rebound in the short-term as negative factors subside.

Cotton textile industry's purchasing managers' index (PMI) was at 40.60 in April, a significant drop of 12.15 per cent from the previous month, indicating a contraction in the industry. The new orders index saw the largest decline, reflecting reduced activity in the textile and apparel sectors both domestically and internationally. This decline underscores the weak demand environment and limited boost to terminal consumption. However, inventory levels at gauze factories remain neutral, neither significantly high nor low.

In the main Chinese cotton-producing area of Xinjiang, temperatures have been higher than usual this year, which has positively impacted the growth of cotton seedlings. Therefore, the yield is expected to increase despite a slight reduction in the overall planting area contributing to the stable supply. On the other hand, downstream industry demand remains tepid.

The domestic cotton supply is increasing in stages. Current year's sales progress is at about 60 per cent indicating a steady but not rapid pace of movement in the market. The imports of cotton in China are on the rise, with a high probability that the quota for foreign cotton in port bonded warehouses will increase. This influx of foreign cotton is likely to put downward pressure on domestic cotton prices and sales as competition intensifies.

Yarn mills, both domestically and internationally, are experiencing a shortage of orders. Demand in the market is driven more by intermittent, phased replenishment rather than consistent and robust consumption. This is indicative of a cautious approach by buyers, possibly due to economic uncertainties or fluctuating cotton prices.

Source: fibre2fashion.com– May 20, 2024

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EU cracks down on unsustainable fashion, new directive demands transparency

The European Union (EU) has ushered in a new era for sustainable clothing with the implementation of the Corporate Sustainability Due Diligence Directive (EUCSDDD). This legislation, effective in phases starting 2027, will significantly impact the textiles and apparel industry, forcing brands to clean up their act and prioritize environmental and human rights considerations throughout their supply chains.

What does the EUCSDDD entail

The EUCSDDD mandates large companies (with over 1,000 employees and specific turnover thresholds) to conduct thorough due diligence across their operations. This means mapping their entire supply chain, from raw material sourcing to production and distribution, and identifying potential human rights violations and environmental damage. The directive focuses on:

Eradicating human rights abuses: Forced labor, unsafe working conditions, and discrimination are some of the concerns the EUCSDDD aims to address in the garment industry. Companies will be held accountable for ensuring ethical labor practices throughout their supply chains.

Combating environmental impact: The fashion industry is a major contributor to pollution and resource depletion. The EUCSDDD compels brands to identify and mitigate environmental issues such as water pollution from dyeing, excessive waste generation, and greenhouse gas emissions.

Map their supply chains: From raw material sourcing to production and distribution, companies must gain a comprehensive understanding of their operations' impact.

Implement action plans: Companies must demonstrate concrete steps to address identified risks. This could involve partnering with ethical suppliers, adopting sustainable materials, and promoting fair labor practices.

A turning point for the fashion industry

The EUCSDDD is a game-changer for the textiles and apparel sector. And there are several reasons for this. To being with it will increase transparency. Previously opaque supply chains will be exposed, forcing brands to be accountable for their sourcing practices. Consumers can expect greater transparency about the origin and production methods of their clothing.

It will boost sustainable materials and manufacturing as brands will now be incentivized to source sustainable materials like organic cotton and recycled fibers. Additionally, they will need to adopt cleaner production processes to minimize environmental impact.

Improve working conditions as the directive's focus on human rights will lead to better working conditions for garment workers, promoting fair wages, safe working environments, and freedom of association.

While the directive presents challenges, it also offers significant opportunities. Brands that embrace sustainability can gain a competitive edge. Consumers are increasingly demanding ethical and eco-friendly products, and the EUCSDDD can help companies cater to this growing market segment. The phased implementation of the EUCSDDD begins in 2027 with larger companies, giving them time to adapt. However, the directive is expected to have a ripple effect throughout the global fashion industry, as brands worldwide strive to comply with EU regulations to continue selling in the European market.

The EUCSDDD is a positive step towards a more responsible and sustainable future for fashion. It paves the way for a future where ethically produced, environmentally friendly clothing becomes the norm. As the directive unfolds, consumers can expect to see a significant transformation in the way their clothes are made and sourced.

Source: fashionatingworld.com– May 20, 2024

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US economy to continue to softly expand for rest of 2024: ISM survey

The US economy will continue to softly expand for the rest of this year, say the nation's purchasing and supply executives in the Spring 2024 semi-annual economic forecast released by the Institute of Supply Management (ISM) business survey committees.

Expectations for the remainder of 2024 are similar to those expressed in December 2023, despite continued inflation concerns and geopolitical uncertainty.

These projections are part of the forecast issued by the Institute for Supply Management® (ISM®). The forecast was presented today by Timothy R. Fiore, chair of the ISM manufacturing business survey committee.

US manufacturing revenue is expected to increase this year by 2.1 per cent on an average—3.5 percentage points (pps) lower than the December 2023 forecast of 5.6 per cent, and 1.2 pps higher than the 0.9-pp year-on-year (YoY) increase reported last year.

Forty-four per cent of respondents said manufacturing revenues will increase this year by 8.6 per cent on an average compared to last year. Fourteen per cent said revenues will decrease by 12.3 per cent on an average, and 42 per cent indicated no change.

With an operating rate of 82.8 per cent and projected increases in capital expenditures (1 per cent), prices paid for raw materials (1.9 per cent) and employment (0.3 per cent) by the end of 2024, the manufacturing sector continues its comeback from the turmoil that began in 2020, an ISM release said.

The 12 of 18 industries that reported projected revenue increases for the rest of this year include apparel; leather and allied products; chemical products; textile mills; and furniture and related products.

Purchasing and supply executives reported that their companies are operating, on an average, at 82.8 per cent of normal capacity—0.2 pp lower than the figure reported in December 2023.

Among the 10 industries reporting operating capacity levels above the average rate of 82.8 per cent are textile mills. Manufacturing production capacity is expected to increase by 2.4 per cent in 2024; in December, panellists reported an increase of 0.7 pp for 2023 and projected an increase of 7.8 per cent this year.

Thirty per cent of respondents expect capacity increases of, on an average, 12.6 per cent; 7 per cent expect decreases of 19.7 per cent on an average; and 62 per cent expect no change. Survey respondents expect a 1-per cent increase in capital expenditures in manufacturing in 2024, much lower than the 11.9 per cent increase forecast by the panel in December.

In the December forecast, respondents predicted an increase of 3.2 per cent in prices paid during the first four months of 2024; they now report prices increased by 1.6 per cent. The 45 per cent who say their prices are higher now than at the end of 2023 report an average increase of 5.8 per cent, while 17 per cent reported lower prices, by 6 per cent on an average. The remaining 39 per cent indicated no change for the period.

Among the 17 US manufacturing industries that reported an increase in prices paid for the first part of 2024 are textile mills; printing and related support activities; apparel, leather and allied products; and furniture and related products.

Increased revenues are expected this year, as purchasing and supply management executives predict an overall net increase of 2.1 per cent compared to 2023—3.5 pps lower than the 5.6-per cent increase forecast in December, and 1.2 pps higher than the 0.9-pp YoY rise reported for 2023.

Forty-four per cent of respondents say that revenues for 2024 will increase, on an average, by 8.6 per cent; 14 per cent say their revenues will decrease by 12.3 per cent on an average; and 42 per cent forecast no change.

The 12 manufacturing industries expecting increases in revenue this year include apparel, leather and allied products; chemical products; textile mills; and furniture and related products.

Source: fibre2fashion.com– May 18, 2024

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Annual inflation stable at 2.4% in euro area in Apr; 2.6% in EU

The euro area annual inflation rate was 2.4 per cent in April this year—stable compared to March, according to the EU statistical office Eurostat. A year earlier, the rate was 7 per cent.

In the European Union (EU), the annual inflation was 2.6 per cent in April—stable compared to March. A year earlier, it was 8.1 per cent.

The lowest annual rates were registered in Lithuania (0.4 per cent), Denmark (0.5 per cent) and Finland (0.6 per cent). The highest annual rates were recorded in Romania (6.2 per cent), Belgium (4.9 per cent) and Croatia (4.7 per cent).

Compared with March this year, annual inflation fell in April in 15 member states, remained stable in four and rose in eight.

In April, the highest contribution to the annual euro area inflation rate came from services, followed by food, alcohol and tobacco, non-energy industrial goods and energy.

Source: fibre2fashion.com– May 20, 2024

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Intertextile Shanghai Apparel Fabrics ushers in 30th anniversary

Following the recent Spring Edition's doubling of international visitor numbers, which overall welcomed nearly 90,000 trade buyers from 116 countries and regions, the fair's organisers are eager to build on that success for the upcoming Autumn Edition.

Fuelled by strong domestic and international reach, and with product zones that cater to varying sourcing requirements, the global apparel flagship is set to forge ahead for its anniversary, boosted by China's burgeoning visa-free policy. Intertextile Shanghai Apparel Fabrics – Autumn Edition is celebrating its three-decade milestone from 27 – 29 August 2024 at the National Exhibition and Convention Center (Shanghai).

In addition to visitors at the latest Spring Edition displaying significant purchasing intent, which saw a higher than usual 87% of international buyers returning on Days 2 and 3, overseas exhibitor numbers rose by 22.9%, with new exhibiting countries including Ethiopia, Indonesia, Peru, Singapore, and Spain. Ms Wilmet Shea, general manager of Messe Frankfurt (HK) Ltd, explained the fair's ongoing significance to the industry: "From our first show's modest offering of 123 exhibitors in 1995, Intertextile Apparel has gone from strength to strength, and we are eager to celebrate that this year. After strong visitor flows at our most recent Autumn and Spring Editions, and revitalised international business travel and sourcing appetite towards the country, exhibitors seeking to renew and expand connections will not be disappointed."

Last November, the Chinese government extended its visa-free policy to include travellers from France, Germany, Italy, the Netherlands, Spain, and Malaysia. That policy was subsequently expanded to include ordinary passport holders from Austria, Belgium, Hungary, Ireland, Luxembourg, and Switzerland.

In order to help international and domestic visitors source efficiently, and for exhibitors to put themselves in the path of target buyers, key product zones at the upcoming show include Accessories Vision, Beyond Denim, Digital Printing Zone, Econogy Hub, Functional Lab, Premium Wool Zone, SalonEurope, and Verve for Design.

Previous Autumn Edition's exhibitors pleased with quality of 95,000 buyers

Exhibiting last autumn, Mr Josh Lane, regional director, Far East of Holland & Sherry Asia attested to the effectiveness of the fair for bridging business gaps: "China's market is huge. We've been selling in this country for probably 20 years, but we are still just scratching the surface of its potential. Intertextile Apparel brings everybody together, which allows me to reach out to buyers efficiently from around China, as well as the rest of Asia. The Trend Forum's fabric designs and textures are a very useful market update for me."

When visiting the previous Autumn Edition, Ms Yi Chen, designer of Justin Allen Ltd, spoke highly of various features: "I listened to presentations from overseas trend and fashion experts, which provided us as designers with much unique, relevant inspiration. Intertextile Apparel is unmissable, and is one of our most important channels to capture the latest fabric trends and pattern designs. There has been a significant increase in overseas exhibitors, and I am very interested in the up-to-date designs and eco-friendly products, such as the recycled waste products from the Italy, Korea and Japan pavilions, and the All About Sustainability zone. This fair is the go-to place for innovative and sustainable fabrics."

"We are very happy that more consumers are requesting transparency, resulting in more companies increasing their sustainability efforts," said Autumn edition exhibitor Ms Rinoa Zong, marketing manager of Testex (Shanghai). "Intertextile Apparel is Asia's largest trade fair, with high internationality and a strong influence in the industry. The organisers did a very good job in gathering professional, good quality buyers. There is simply no other trade fair that can replace Intertextile Apparel."

The fair is co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre. It will take place alongside Yarn Expo Autumn, CHIC and PH Value at the National Exhibition and Convention Center (Shanghai).

Intertextile Shanghai Apparel Fabrics – Autumn Edition will be held from 27 – 29 August 2024.

Other upcoming shows:

Intertextile Shenzhen Apparel Fabrics

5 – 7 June 2024, Shenzhen

Intertextile Shanghai Home Textiles – Autumn Edition

14 – 16 August 2024, Shanghai

Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies

26 – 28 February 2025, Ho Chi Minh City

Source: fibre2fashion.com– May 20, 2024

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Vietnam's trade boom stimulated by China, raising concerns for US

The US-China trade war, marked by tariff hikes, has led to a surge in US imports from Vietnam. However, Vietnam's success in capturing market share from China comes with a twist: it relies heavily on Chinese inputs for its exports.

Statistics reveal a clear picture. Vietnam's trade surplus with the US increased to nearly $105 billion in 2023, more than double the figure in 2018. US imports from Vietnam more than doubled since 2018, exceeding $114 billion in 2023. Moreover, there's a strong correlation (96 per cent) between the value of Vietnam's imports from China and its exports to the US. China remains the primary source of raw materials and components for Vietnam's manufacturing sector, with electronics being the most prominent example (80 per cent import content).

The symbiosis

This situation creates a complex scenario. The rise in US-Vietnam trade reflects the movement of manufacturing facilities from China to Vietnam. This trend is likely driven by companies seeking to avoid US tariffs on Chinese goods.

However, despite the relocation, China's role in the supply chain remains crucial. Vietnam heavily relies on Chinese imports for its exports almost one-third of Vietnam's overall imports originate from China. The significant trade imbalance with Vietnam might raise concerns in the US, especially after the upcoming elections.

This could lead to a policy change towards Vietnam, potentially including tariffs. The US may view Vietnam as a loophole for Chinese goods to bypass tariffs. Also, Vietnam's dependence on raw materials from Xinjiang, a Chinese region with alleged human rights violations, puts additional pressure on the situation. Vietnam has already faced scrutiny from the US on this issue.

A lot of questions remain unanswered: So, will the US address the growing trade imbalance with Vietnam? How can Vietnam reduce its dependence on China for raw materials and components? Can Vietnam ensure its exports are not linked to human rights violations in Xinjiang?

Table: US-Vietnam trade

Year	US imports from Vietnam ($ bn)	Vietnam trade surplus with US ($bn)
2018	52.3	42
2019	74.1	58.2
2020	88.7	72.4
2021	100.4	87.1
2022	114.1	104.8

As Vietnam seeks market economy status from the US, requiring a balanced trade relationship, higher US scrutiny could disrupt Vietnam's export-driven growth model. The US may have to choose between tamping down the trade gap and potentially raising import costs for consumers.

Vietnam's trade success is intricately linked to China. While it has benefited from the US-China trade war, its heavy reliance on Chinese components and potential human rights violations in its supply chain raise concerns for the US. The upcoming US elections and Vietnam's ability to address these concerns will be crucial in determining the future trajectory of its trade relationship with the US.

Source: fashionatingworld.com– May 20, 2024

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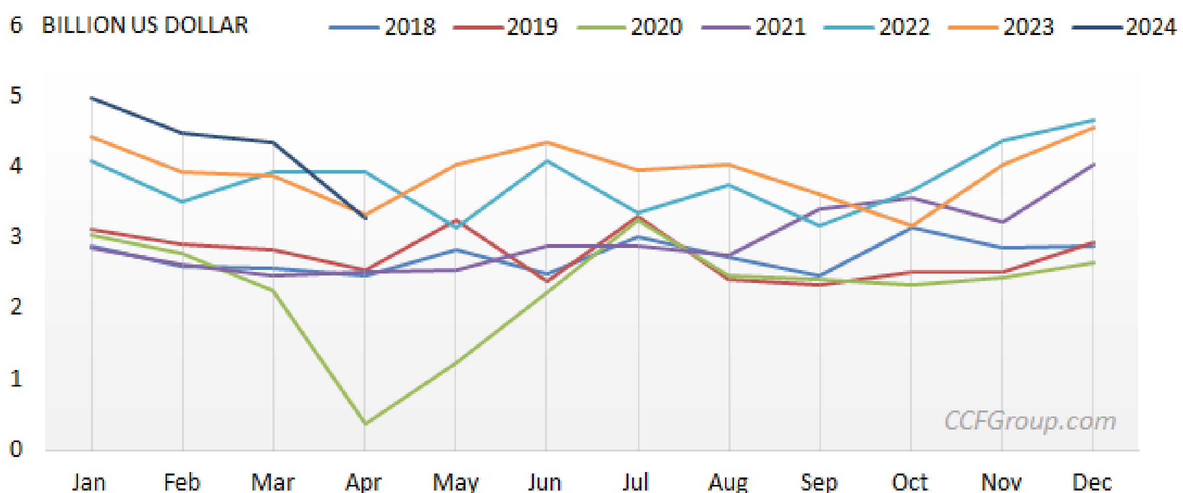
Bangladesh garment exports show clear seasonal weakness in April

In April, Bangladesh's garment export value was US$3.292 billion, a year-on-year decrease of 1% and a month-on-month decrease of 24.3%. This is the first time this year that the year-on-year figure has been negative. By category, the export value of knitwear in April still achieved a year-on-year growth of 2%, while woven garments saw a decline of 4.7%, indicating that the overall decrease in Bangladesh's garment exports in April was mainly due to the decline in woven garments.

From January to April, Bangladesh's cumulative garment export value was US$17.1 billion, a cumulative year-on-year increase of 9.8%, with knitwear growing by 13.1% and woven garments by 5.9%. Knitwear accounted for approximately 55% of the total garment exports.

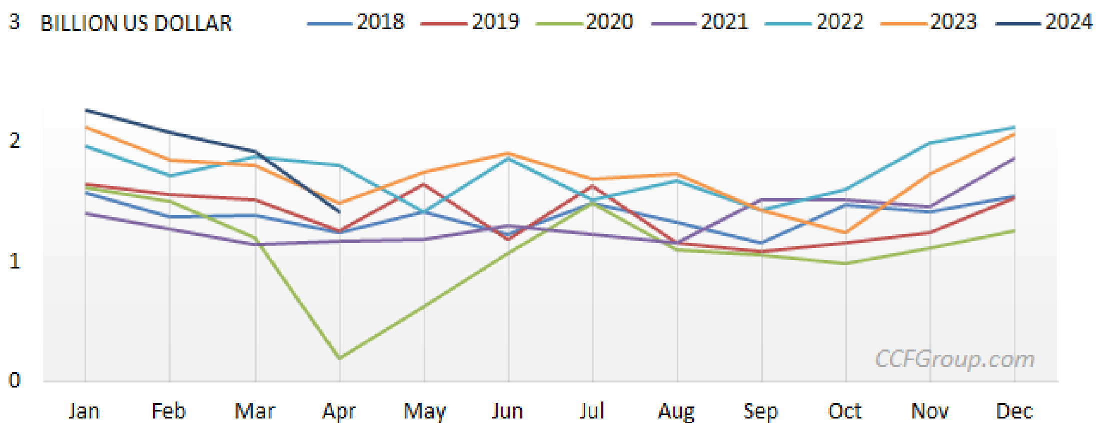
Garment export value of Bangladesh

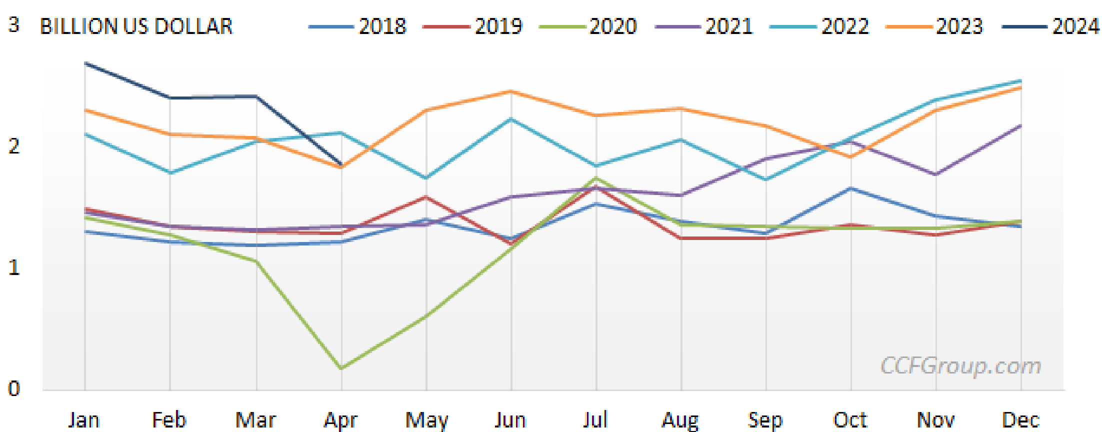


From a historical comparison, it is observed that Bangladesh's garment exports in April exhibit a seasonal decline. An analysis of the month-on-month changes from April 2011 to 2024 shows that in 11 out of 14 years, the export value decreased month-on-month in April, accounting for 78.5%.

This indicates a certain regularity in the seasonal decline in April. However, the larger-than-usual decrease this year may suggest that overseas demand is not ideal, requiring further observation before drawing any definitive conclusions.

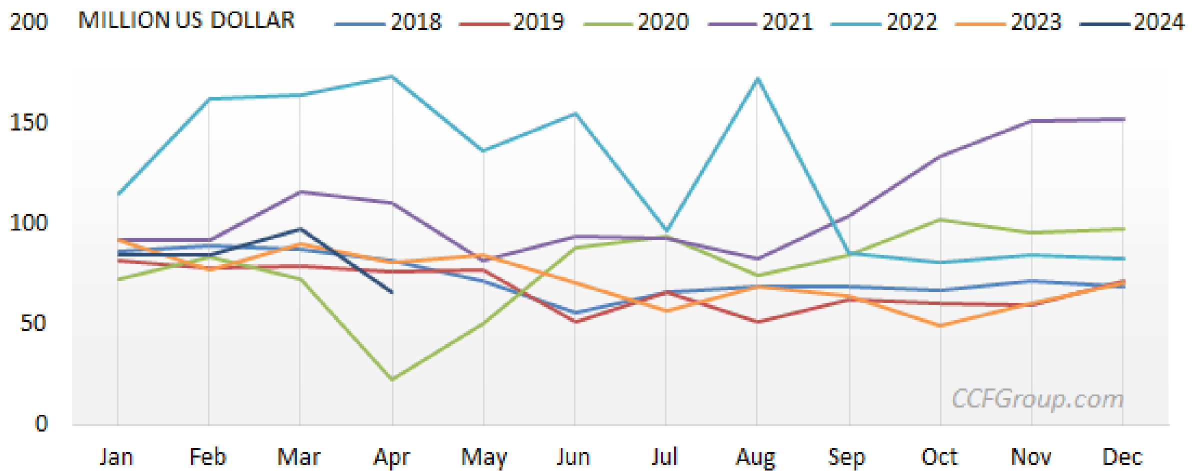
By category, the decline in knitwear exports was relatively smaller, with the export value in April still being the second highest, just below that of 2022. The export value of woven garments saw a larger decline, dropping below the levels of 2022 and 2023 but remaining higher than in other years. Overall, Bangladesh's garment exports maintained a slight downward trend, with the smaller decline in knitwear exports mitigating the overall impact.





The export situation for home textiles in April was also weak, with exports down 18.3% year-on-year and 32.1% month-on-month. The decline was significantly greater than that for garments.

From January to April, the cumulative export value for home textiles was US$333 million, a year-on-year decrease of 2%.



In conclusion, the export situation for both garments and home textiles in Bangladesh weakened in April. This can be attributed to the seasonal demand decrease and weaker external demand.

Source: ccfgroup.com– May 21, 2024

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Bangladesh: ESG compliance reporting vital to boost trade, investment: DCCI president

He said the ESG compliance framework will not only allow businesses to align their values and strategies with sustainability objectives, foster economic growth but also remain competitive beyond LDC graduation.

"Absence of culture, weak corporate governance and lack of data are few of the challenges to adopting ESG in Bangladeshi Industries," Ashraf said at a roundtable titled "Navigating the Challenges and Opportunities of ESG Compliance in Bangladesh" organised by the DCCI on Saturday (18 May).

The chamber president said as Bangladesh is becoming more connected to the world and the country's international trade is also increasing day by day, ESG compliance is becoming mandatory for businesses.

"Investors consider ESG factors when assessing a business's potential since, it is a sign of resilience and long-term financial health," he added.

He further said the trend of ESG reporting is going upward in Bangladesh, while organisations in different industries have started reporting on their ESG performance, and the government bodies have also taken initiatives to promote and encourage ESG reporting.

He recommended developing effective ESG compliance strategies in alignment with the global value chain and integrating ESG considerations into decision-making processes and organisation culture.

Ashraf also underscored the need for educating the stakeholders including employees, management, investors, regulators and the mass public about the importance of ESG compliance, and its reporting.

Moreover, ESG compliance needs to be prioritised in embedding into other policies such as industrial policy and SME policy, he added.

In his speech, Md Munim Hassan, director general, Department of Patent, Design and Trademarks, Ministry of Industries, said in every sector compliance is mandatory and compliance always increases the credibility of business.

Delivering the keynote speech, Zaku Uz Zaman, country representative, United Nations Industrial Development Organisation, Bangladesh said ESG works as an evaluation of a firm's seriousness in engaging with environmental, social and governance factors.

"Compliance with ESG reporting can help Bangladeshi companies to be competitive after graduation from LDCs," he added.

Md Anwarul Alam, director general, Bangladesh Accreditation Board, M Niaz Asadullah, visiting professor of Economics, University of Reading, UK, Mohammad Bin Quasem, director, Echotex Ltd, Yeasmin Akther, business manager, Knowledge, Health and Nutrition, SGS Bangladesh Ltd, M Abu Horairah, former vice president of DCCI, and former directors Enamul Haque Patwary and Rashid Shah Shamrat also spoke on the occasion.

Source: tbsnews.net – May 18, 2024

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Pakistan: Governor lauds APTMA for providing training to Uzbek textile professionals

Governor of Punjab, Sardar Saleem Haider Khan, has appreciated APTMA leadership for providing training to Uzbek textile professionals including engineers, stakeholders, and industrialists, aimed to enhance their expertise and operational scope.

He was speaking at a reception organised by the APTMA for the participants of the training programme at Lake City on Saturday. He termed it a significant initiative to foster international industrial collaboration by the APTMA.

Dr Gohar Ejaz, Patron-in-Chief of the APTMA, welcomed the Governor Punjab to present shields to the Uzbek participants of the Knowledge-Based Exchange/Training Programme.

This week-long training, conducted by APTMA in collaboration with the National Textile University (NTU) in Faisalabad, focused on empowering professionals from Uzbekistan's textile industry.

Speaking on the occasion, Chairman APTMA North Kamran Arshad said the programme, tailored for Uzbek textile professionals including engineers, stakeholders, and industrialists, aimed to enhance their expertise and operational scope. Held from May 15th to 18th, 2024, the training covered critical aspects of textile products, processes, marketing strategies, GSP+ compliance obligations, and more.

He said the participants visited several prominent industrial facilities in Faisalabad, such as Crescent Textiles, Crescent Bahuman Ltd, Interloop, and Masood Textiles. The delegation also toured a state-of-the-art testing lab facility during their stay in Faisalabad.

The training programme emphasised competitiveness and relevance in the ever-evolving textile sector. With rapid technological advancements and changing trade regulations like GSP+, understanding the latest processes, products, and trade advantages is crucial. Moreover, effective promotion and marketing strategies are vital for business success in today's dynamic market. This training equipped participants with essential knowledge and skills to navigate these challenges, ensuring they remain at the forefront of textile industry practices.

Patron-in-Chief APTMA Dr Gohar Ejaz said this training heralds the arrival of APTMA as an international leader in the textile business. APTMA also is fostering better relations with brother countries thereby creating a softer and more business-friendly image of Pakistan.

The Senior Executive members, including SM Tanveer, Syed Ali Ahsan, Ahsan Bashir, Asad Shafi, Ahmed Shafi, Mian Ahsan, Shahid Sattar and Mohammad Raza Baqir, of APTMA were also present at the shield distribution ceremony at Lake City, Lahore.

Source: brecorder.com – May 19, 2024

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NATIONAL NEWS

Commerce Ministry holds discussions on formulating SOPs to negotiate FTAs

The Commerce Ministry, has held detailed discussions with senior officials of different departments and trade experts, on formulating standard operating procedures (SOPs) for negotiating free trade agreements (FTAs), an official said.

To discuss the various aspects of these agreements, the Commerce Ministry, has organised a two-day 'Chintan Shivir' on FTA strategy and SOPs for trade negotiations on May 16-17.

Suggestions that came up during the discussions, included comprehensive consultations with public and private sector players, and sharing details of the proposed FTAs with the line ministries, the official said.

"Consultations should be held at every stage of FTA negotiations. Representatives of certain ministries, suggested the Commerce Ministry, to share FTA details with them in a timely manner, so that they can prepare their views on those agreements," the official added.

The exercise assumes significance, as, India is engaging with several trade partners to negotiate free trade pacts.

Former Commerce secretaries, trade experts, and government officials from ministries, including finance, IT and electronics, and mines, participated in the deliberation.

In the Chintan Shivir, various issues were discussed, including India's trade strategy, and vision 2047; economic assessment and modelling of FTAs; inclusion of new disciplines into FTAs such as labour, environment, gender, and indigenous people; services and digital trade; and SOPs for FTA negotiations.

A separate session was also organised on leveraging India's FTAs, to address new forms/kinds of measures like CBAM (carbon border adjustment mechanism), supply chain disruptions, critical minerals, and artificial intelligence.

India, is negotiating trade pacts with the UK, the EU (European Union), Peru, and a comprehensive trade deal with Australia. It is also in talks with the Eurasian Economic Union, for a trade agreement.

India's goods and services exports in 2023-24 reached an all-time high of $778.2 billion, up 0.23 per cent from $776.4 billion in 2022-23.

The country, has inked trade pacts with Mauritius, the UAE, Australia and the European Free Trade Association (EFTA), since 2021.

Source: thehindubusinessline.com– May 19, 2024

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Govt recovers ₹852 crore under amnesty scheme for exporters

The Government has recovered about ₹852 crore under the amnesty scheme for exporters for one-time settlement of default in export obligation by the holders of advance and EPCG authorisations, an official said.

“The figures are likely to increase further as the exercise is on for the compilation of the data,” the official added.

The Government fixed March 31 as the last date for payment of customs duty plus interest.

"Under the scheme, 6,705 applications were filed and as per the provisional figures, an amount of about ₹852 crore has been recovered. This figure is further expected to increase," the official said.

Meanwhile, several small exporters have requested the Government to continue the scheme for a one-time settlement of default in export obligation till September.

Ludhiana-based Hand Tools Association President SC Ralhan has said several small exporters have not been able to avail of the benefits of the scheme due to fulfilling their obligations to make payments to MSMEs within 45 days.

In the new foreign trade policy (FTP), the scheme was announced for exporters for one-time settlement of default in export obligation by the holders of advance and EPCG (export promotion for capital goods) authorisations.

Under the scheme, all pending cases of the default in meeting export obligation (EO) of certain authorisations can be regularised by the authorisation holder on payment of all customs duties that were exempted in proportion to unfulfilled EO and interest at 100 per cent of such duties exempted.

The country’s merchandise exports rose by 1 per cent to $34.99 billion in April, even as the trade deficit widened to a four-month high of $19.1 billion during the month, according to Government data.

Imports also increased by 10.25 per cent to $54.09 billion in the month under review from $49.06 billion in April 2023 due to a significant jump in gold imports.

The country's total exports in goods and services for 2023-24 stood at $778.21 billion, the "highest" so far. Merchandise exports in the last fiscal were aggregated at $437.1 billion, while services exports stood at $341.1 billion.

Source: thehindubusinessline.com– May 19, 2024

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What lies ahead for the India-EFTA countries free-trade agreement?

Minutes before India and the European Free Trade Association (EFTA) countries signed a free trade agreement (FTA), on March 10, there was the ceremonial gift exchange between Swiss state secretary for economic affairs, Helene Budliger Artieda, who led the negotiations for EFTA, and India's trade minister, Piyush Goyal. Artieda presented Goyal with a candid picture showing their first meeting on the sidelines of the G20 in Bali in 2022.

Impressed with the wrapping of the framed picture, Goyal quipped, "We should get the packaging technology also to India."

On the face of it, the Trade and Economic Partnership Agreement (TEPA) with the EFTA countries makes little sense. EFTA includes Switzerland, Iceland, Norway, and Liech-tenstein, with a combined population of 15 million. The export potential is negligible ($1.9 billion exports in 2023-24).

But the expertise of these affluent nations, especially Switzerland, in precision technology and India's hunger for foreign direct investment tipped the scales in favour of the agreement.

Balancing the deal

India was keen to include easier immigration rules for Indians to EFTA countries in return for market access to its 1.4 billion people to make the deal balanced. However, migration is a sensitive issue in countries such as

Switzerland, with the cantons (states) having exclusive right to negotiate labour-related matters.

"The idea of the investment package came because the Indian side said balancing of market access could be done by giving access to Indian skilled professionals to EFTA countries. We are small countries and can't just open our labour markets to Indians. So, it was an unbalanced deal, and the investment package was brought about to balance the deal. The investment package was a Swiss proposition that flew and not from the Indian side," an EFTA negotiator said, requesting anonymity.

The text of the agreement says the EFTA bloc "shall aim to increase" FDI inflows into India by $50 billion within the first 10 years and an additional $50 billion in the next five. Though it is not legally binding, the deal says India can partially withdraw market access to EFTA countries after a lengthy consultation if the investments do not flow in.

There is no mechanism, however, to earmark which EFTA country will invest how much in India. "Money invested by the state funds can be counted in the $100 billion, but there is no commitment to promote such investment. If you look at the text, we commit to promote and not commit to invest," a second EFTA official said.

Though the wider understanding was that only private sector investments, and not investments by sovereign wealth funds, will be part of the $100 billion bouquet, the second official clarified that is not true. "We don't commit to promoting investments from sovereign wealth funds. But if money comes from such funds like Norway's Government Pension Fund Global, the world's largest sovereign wealth fund, we can count it in the $100 billion bouquet. This is the nuance," he added.

Trade economist Biswajit Dhar says EFTA countries are not a major source of FDI for India, with cumulatively inflows of only $10 billion from 2000 to 2022. "Normally trade flows increase from the partner country, it creates a market, and then the companies of the partner country find it better to come and invest here, rather than exporting from their home country. It is called the product cycle theory. Switzerland is not a significant trade partner. So, what will this investment come for? FDI inflows into India have dipped, and it seems there is real desperation on the government's part to show some action on that front," he adds.

Red-carpet welcome

For the investments to flow in, India must roll out the red carpet for EFTA investors. India has committed to create an EFTA desk in India, roadshows, and to set up Invest India offices in some EFTA countries.

Switzerland and India have also started exploring negotiations for a bilateral investment treaty (BIT). However, India's insistence on under the model BIT text for the partner country to exhaust domestic judicial or administrative remedies in five years before starting investor-state arbitration is considered too lengthy a process by most developed economies. "We don't have a problem with the fact that we have to first exhaust the national mechanism if those mechanisms are working. Either the five-year period should be shorter or there should be an extremely efficient justice system that expedites such cases," a third EFTA official said.

The second official said: "It will be good to have an investment treaty because some investments from EFTA come to India through Mauritius, Singapore to have that investment protection. If we want to know how much we are really investing in India, it will be good to have a direct way of doing that investment. However, BIT is not a precondition for investment into India. But it will inspire confidence in India."

However, the biggest hurdle for the FTA to come in force is pending ratifications by the four EFTA countries, especially Switzerland. Before both houses of the Swiss Parliament ratify the deal, the TEPA has to go through a process of public consultation involving cantons, civil society, and business communities. An association of citizens, or a political party, can ask for a referendum during the public consultation if they could collect 50,000 signatures.

After EFTA and Indonesia signed an FTA in 2018, a Swiss non-government organisation, Public Eye, highlighted deforestation in Indonesia for palm tree cultivation as well as death of orangutans. (Public Eye was recently in the news as it claimed that Nestle's products including in India, Africa, and Latin American markets contained significantly higher sugar levels than those in Europe). These concerns triggered a nationwide referendum in Switzerland, which the government managed to win by 51 per cent votes. However, the referendum delayed the implementation of the FTA until late 2021.

The question is, could something like that happen in the case of India?

Labour market

“The cantons may not oppose because the only topic that bothers them in an FTA is access to the labour market, where we have not given major concessions to India. The civil society might get critical on sustainability and human rights. That’s why we have a consultative mechanism in the form of a sustainability sub-committee on sustainability in the TEPA,” the third official said.

The second official said: “If part of the population feels something is wrong with India, as was the case with Indonesia, you may have a referendum. But I think Swiss people are really fond of India. They have positive images in their mind when they think about India. We don’t find the Indonesian palm oil equivalent for India.”

The third official said the public consultation for the TEPA was expected to happen by autumn, because the Swiss government wanted to go to the first chamber of Parliament in the autumn session so they can go to the other chamber in the winter session. “If everything runs smoothly, we might have the agreement at the beginning of 2025,” he added. However, the first official cautioned that it was also the job of the Indian embassy in Bern to have a conversation with the Swiss people, and not a confrontation. “The more confrontational India is, the more confrontational the reaction will be. It is also how the Ministry of External Affairs communicates to the world.”

Source: business-standard.com– May 19, 2024

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Renew the generalised system of preferences

In the pantheon of obscure international trade terminology, the "generalised system of preferences," or GSP, has a special place. GSP refers to an approach that has been adopted by nearly all developed countries for roughly the last half-century to offer incentives for economic reform in developing countries through lower tariffs.

Each developed country has customised its own GSP programme to identify qualification criteria it deems important in economic reform, although all ensure that their programmes are constructed to avoid harm to domestic production. In short, it is the oldest and most far-reaching approach to "aid for trade" in the modern multilateral trading system, embodied in the World Trade Organization.

Renewing GSP

What is unique about the GSP programme in the U.S. is that its authorising legislation periodically expires until Congress sees fit to renew the programme. New legislation is never an easy proposition, especially in a polarised environment, making bipartisan legislation a herculean endeavour. That is the case with GSP now. The U.S. programme expired in 2020 and despite repeated assurances of bipartisan support, it remains in limbo.

GSP can play a vital role in establishing stable market access for developing countries that otherwise struggle to tap into global trade flows. It can be especially valuable for small businesses and women-owned enterprises, thus helping to empower them beyond limited domestic markets.

More recent analysis suggests that GSP is vital in offering alternatives to Chinese imports and providing an advantage to suppliers in trusted developing country markets. GSP criteria promote reforms on labour and environmental sustainability and intellectual property rights protection. GSP imports also help reduce the tariff bills paid by American companies, many of which are small- and medium-sized enterprises.

The coalitions of support in the U.S. are diverse. Last November, a bipartisan group of Florida members of the House penned a letter expressing their strong support for GSP renewal on an urgent basis,

highlighting its importance in sourcing away from China and lowering the tariff bill for Florida's consumers and manufacturers. In an era of friendshoring and nearshoring, GSP can be an effective tool in pursuing new supply chain objectives. Surprisingly, there is even strong bipartisan support for restarting GSP talks with India.

U.S.-India trade relationship

While there should be no need to offer additional arguments in favour of renewing GSP without further delay, the U.S.-India trade relationship may help to put support over the top. It is accepted wisdom that GSP renewal would offer an avenue for wide-ranging U.S.-India trade negotiations that can help in vaulting the bilateral trade relationship from the $200 billion it is presently at to a much higher level. It is clear there needs to be higher ambition on trade in order to take the U.S.-India strategic relationship even further.

Before the expiration of the GSP programme in 2020, negotiations between the Office of the U.S. Trade Representative and the Indian Ministry of Commerce and Industry had come close to sealing a wide-ranging deal. Estimates at the time suggested that an unprecedented bilateral trade agreement between the U.S. and India might cover as much as $10 billion in trade, including medical devices, several agricultural commodities, corn-based ethanol used for fuel, and information technology products.

The U.S. and India have already come a long distance in their trade relationship. Yet the tools they have available to achieve this increase in trade are limited. Even though India has gone into overdrive in negotiating free trade agreements (FTAs) with a wider circle of trading partners, including the European Union, the U.K., the European Free Trade Association, Australia, and the UAE, the Biden administration is clear that the U.S. will not negotiate FTAs with any country for the moment. There are several trade dialogues between the two, but these lack the leverage for a hard-nosed trade negotiation that can shoot for ambitious results. The private sectors in both countries are teaming up to increase investments in high-profile sectors across critical and emerging technologies from smartphone manufacturing to semiconductor production, but they lack the stability in regulatory certainty and ease of doing business that a strong, enforceable trade agreement can bring.

This is where GSP should come into the picture. Each side would have much to gain through negotiations on India's GSP benefits when the U.S. Congress acts to renew the programme. Short of a change in U.S. administration policy on negotiating FTAs again, no other trade tool or policy could be more effective with India than GSP. Depending on what qualification criteria the Congress includes in the final renewal legislation, a GSP negotiation could cover trade in goods and services, protections for internationally accepted labour rights and restrictions on child labour, enforcement of environmental laws, and provisions on good regulatory practice and other areas relevant to ease of doing business.

As the U.S.-India strategic partnership continues to grow and the two countries play critical, collaborative roles in the Indo-Pacific, they should aim much higher in their trade relationship. GSP is not the full answer to comprehensively achieving this, but it would be a strong statement of their mutual desire to be on this path.

Source: thehindu.com– May 15, 2024

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Textile industry discusses measures needed to achieve higher growth rate

The National Committee of Textile and Clothing industry, comprising major textile associations and export promotion councils, deliberated on Saturday on measures to be taken to revive the Indian textile and clothing sector.

Rakesh Mehra, chairman of the Confederation of Indian Textile Industry (CITI), said the average capacity utilisation in textile units across the value chain is 65 %. Not only the global demand, but domestic consumption was also low. Export and domestic demand stagnated for the last two to three years resulting in minimal growth rates.

The industry and the government were concerned about this. Production capacities were remaining unused and with lack of economies of scale, big brands were not keen on increasing purchases from India. Investments were not happening in the supply chain because of the low growth, he said.

On the indications of recent revival of overseas demand, he said, “we hope it will be sustained.”

According to K. Selvaraju, secretary general of the Southern India Mills Association, the participants discussed short, medium, and long term measures needed for the Indian textile and clothing industry to achieve the market size target of $ 350 billion by 2030. Some of the issues that require attention are raw material availability - both cotton and manmade fibre, labour laws, free trade agreements, and structural issues that the industry faced.

The major points discussed at the meeting and suggestions of the industry will be compiled and taken up with the government, he said.

Source: thehindu.com– May 18, 2024

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GST officers working on registration mechanism for 'shared warehouse' for e-commerce suppliers

GST authorities are working out a mechanism to deal with the taxation and registration issues related to shared warehouses maintained by e-commerce companies, where multiple suppliers store their goods for the last mile delivery, an official said.

The issue of taxation for warehouses has cropped up after multiple suppliers have geo-tagged the same warehouse as their 'additional place of business' under the Goods and Services Tax (GST) rules.

"We are working to see whether a 'shared workplace' or 'coworking space' concept can be implemented for the warehouses maintained by e-commerce companies to store goods of multiple suppliers," the official told PTI.

Under Goods and Services Tax (GST) law, suppliers to an e-commerce platform can store their goods at a common warehouse. However, the suppliers in their GST registration are required to show the warehouse as an additional place of business.

The official said that when multiple taxpayers register at a single warehouse, the geo-tag reflects the same address for all. It sends a signal to the tax officer that numerous taxpayers are based at one location, and this might be a possible fraudulent registration.

“The other issue is that the warehouse where multiple suppliers store their goods should not be held accountable for the default of a single supplier. Additionally, there is a risk that tax officers might attribute such risks to the e-commerce operators themselves, potentially affecting their businesses,” the official added.

The issue of registration of warehouses maintained by e-commerce companies was discussed between the Central and state GST officers at a meeting earlier this month.

"It is currently in the phase of discussion. Whether a shared workplace concept can be implemented for e-commerce warehouses would be discussed at the law committee and then presented before the GST Council," the official said.

The law committee under the GST Council comprises officers from central and state taxes.

Moore Singhi Executive Director Rajat Mohan said the evolution of e-commerce has necessitated many companies to maintain shared warehouses for multiple suppliers, with some facilities accommodating thousands of suppliers.

GST authorities have recently implemented geo-tagging, requiring taxpayers to provide geo-tags for all registered premises. This allows tax officers to pinpoint the exact locations of registered taxpayers.

"A scenario of multiple taxpayers showing the same address can lead to undue scrutiny for both the taxpayers operating within these warehouses and the companies managing them. It presents a significant challenge that warrants resolution at the industry level," Mohan said.

He said GST authorities should consider implementing a mechanism to separately identify warehouses and train tax systems to avoid conflating the tax payment score of these facilities with those of the suppliers registered there.

"A refined tax system should enable geotags to distinctly represent warehouses and individual taxpayers, facilitating more accurate risk assessments by tax officers and minimising unwarranted harassment," Mohan added.

Source: thehindubusinessline.com– May 20, 2024

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Textile units in Tamil Nadu face labour shortage

Textile clusters in Tamil Nadu, which were hit by steep drop in orders for the last two years, are now facing a new challenge - shortage of workers.

With indications of revival of orders, the factories are slowly increasing production and hence are in need of more workers.

K. Selvaraju, secretary general of the Southern India Mills' Association, said wages had increased 20% for textile workers in Rajasthan and 28% in Odisha. There were reports that wages had increased in Maharashtra too.

With a large number of workers from other States employed at the textile and garment factories in Tamil Nadu, these workers were not likely to come here to work when they got higher wages in places nearer to their home State, he said.

J. Thulasidharan, president of the Indian Cotton Federation, said the textile mills would have to focus on automation to overcome the labour issue. Spinning machinery with a lot of automated processes were available now and the mills should look at investing in such machinery, he said.

A garment manufacturer in Tiruppur said several micro and small-scale factories moved out of business because of the drop in orders. And, the workers employed in these units had also shifted to other jobs or moved out of Tiruppur. There was a huge demand for labour now across the garment supply chain, he said.

Mr. Selvaraju said the textile units in Tamil Nadu should also consider paying higher wages to attract workers and providing them better facilities. Some of the industries had started doing so, he said.

Sources in the industry said domestic demand was expected to pick up in a couple of months. This would mean need for more workers. Shortage of workers could affect operations if the units do not start addressing the issue, they said.

Source: thehindu.com– May 19, 2024

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