TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY
TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 108 of 2024 **July 02, 2024**

Currency Watch			
USD	EUR	GBP	JPY
83.52	89.66	105.56	0.52

INTERNATIONAL NEWS	
No	Topics
1	ASEAN manufacturing sees steady growth in June, PMI holds at 51.7
2	U.S. cotton planted areas for 2024 up 14%, bearish to ICE cotton
3	Uyghur Rights Advocates Win Appeal, Forcing UK Crime Watchdog to Investigate China Cotton Imports
4	Australia's Seamless Scheme, Taxing Fast Fashion, Takes Effect
5	Mexico: Ground zero in the apparel industry's shifting sands
6	German retail business climate deteriorates in June: ifo
7	Indonesia plans import duties on clothing, ceramics, minister says
8	Bangladesh: Expedite negotiations for trade deals: expert
9	Bangladesh cuts cash incentive for exporters further
10	Pakistan: Weekly Cotton Review: Punjab witnesses decline in production

NATIONAL NEWS	
No	**Topics**
1	Indian manufacturing sector sees robust growth in June: S&P Global
2	CEPA review: New Delhi wants Korea to eliminate tariffs on certain food, yarn, petroleum products
3	Union Minister Of Commerce & Industry Shri. Piyush Goyal Interacts With The Industry Stakeholders And Leaders At Hyderabad
4	Commerce ministry seeks views of departments on measures to revive SEZs, promote economies of scale: Official
5	Budget 2024: MSME ministry seeks additional ₹5,000 crore for job generation scheme
6	UK election: FTA with India on manifesto agenda for both Tory, Labour
7	India, four SE Asia countries plan instant retail cross-border payments

INTERNATIONAL NEWS

ASEAN manufacturing sees steady growth in June, PMI holds at 51.7

In June, Association of Southeast Asian Nations (ASEAN) manufacturing business conditions saw another solid improvement, as revealed by S&P Global Purchasing Managers' Index (PMI) data. This positive development marked the end of the second quarter on a high note for the region's manufacturers. The headline PMI for June remained at 51.7, the same as in May, indicating a modest improvement in business conditions for the sixth consecutive month.

New orders experienced substantial growth, driving an increase in output, while employment levels returned to growth for the first time in three months, albeit marginally. However, manufacturers continued to face rising input prices, with both input cost and output price inflation accelerating from the previous month. Cost burdens grew at the fastest rate since February, and selling prices increased for the third month in a row, S&P Global said in a press release.

The rise in new orders was primarily driven by domestic demand, as exports continued their trend of decline, with the rate of contraction accelerating to the fastest in 19 months.

Levels of outstanding business grew for the fourth consecutive month, indicating ongoing pressure on capacity. Purchasing activity expanded for the eighth month in succession, while pre-production inventories rose, although the pace of accumulation slowed. Vendor delivery times lengthened, consistent with the previous month, and holdings of finished goods diminished at the fastest pace since June 2021 as some producers used existing stock to meet order requirements.

Despite these challenges, ASEAN manufacturers maintained an optimistic outlook, with business confidence levels similar to those seen in May. Overall, ASEAN manufacturing continues to demonstrate resilience, showing solid improvements in new orders and output despite facing rising costs and declining export demand. The sector's optimistic outlook suggests a continued positive trajectory in the coming months.

Commenting on the ASEAN Manufacturing PMI data, Maryam Baluch, economist at S&P Global Market Intelligence said: "The ASEAN manufacturing sector signalled a sustained improvement in operating conditions as we approached the midway point of the year. Demand conditions strengthened further, thereby supporting solid upticks in manufacturing production and purchasing activity. Moreover, job creation was recorded for the first time in three months.

"Turning to prices, cost burdens and output charges rose at stronger rates in June, the paces of inflation moving closer to their respective long-run averages. The PMI price gauges will need to be monitored closely in the second half of the year. Rising inflationary pressures could mean central bank policy rates staying higher for longer."

Source: fibre2fashion.com– July 02, 2024

HOME

****

U.S. cotton planted areas for 2024 up 14%, bearish to ICE cotton

On Jun 28, ICE Dec contract slipped by 2.53% from 74.58cent/lb on Jun 27 to close at 72.69cent/lb, offsetting the week's increment. From Apr, ICE cotton fluctuated down from 85cent/lb, once reaching a low of 70cent/lb. In terms of the fundamental, the main reasons were the continual adjustment of USDA'S supply and demand sheet, historical high of Brazilian cotton exports and weak global cotton consumption. Despite of a round of rebound in May, ICE cotton still lacks positive stimulus and the bulls continue to test to below 70cent/lb.

On Jun 28, USDA released the acreage report: All cotton planted area for 2024 is estimated at 11.7 million acres, up 14 percent from last year. Upland area is estimated at 11.5 million acres, up 14 percent from 2023. American Pima area is estimated at 182,000 acres, up 24 percent from 2023. The report shows the possibility of U.S. cotton production increase.

In USDA's Prospective Plantings report in Mar, it showed an intended cotton planted area of 10.673 million acres for the year, up 4% from 2023 acreage. Upland cotton area is estimated at 10.5 million acres, up 4% from 2023. American Pima area is estimated at 203,000 acres – up 38% from last year.

Therefore, in Jun's report, the U.S. cotton planted area is increased by 1.027 million acres. In recent five years, the U.S. cotton yield is averaged at 827 pound/acre, and in 2023, the yield was averaged at 845 pound/acre. On concern about the better weather condition than last year, and better good-to-excellent ratio of crops, yield in 2024 is expected to be higher than last year.

Based on the yield in 2023 and the abandonment rate of 15.5% in ten years, the increase of 1.027 million acres may lead to a 10% increase in U.S. cotton production (1.027 million acres*845 pound/acre*(1-15.5%)=733.3 million pound≈333,000 tons).

Of course, the specific evaluation may not be reflected until the USDA supply and demand report in July, but this undoubtedly brings a major bearish factor to the global cotton situation for 2024/25 season. Perhaps cotton prices will continue to be under pressure for a long time in the future.

Cotton Area Planted and Harvested by Type – States and United States: 2023 and 2024

[Blank data cells indicate estimation period has not yet begun]

Type and State	Area planted		Area harvested	
	2023	2024	2023	2024 [1]
	(1,000 acres)	(1,000 acres)	(1,000 acres)	(1,000 acres)
Upland				
Alabama	380.0	450.0	374.0	
Arizona	76.0	100.0	75.0	
Arkansas	510.0	670.0	505.0	
California	13.0	18.0	12.8	
Florida	89.0	90.0	87.0	
Georgia	1,110.0	1,100.0	1,100.0	
Kansas	112.0	110.0	94.0	
Louisiana	120.0	120.0	115.0	
Mississippi	400.0	520.0	395.0	
Missouri	335.0	400.0	330.0	
New Mexico	32.0	20.0	17.0	
North Carolina	380.0	410.0	370.0	
Oklahoma	420.0	460.0	180.0	
South Carolina	210.0	240.0	207.0	
Tennessee	265.0	300.0	260.0	
Texas	5,550.0	6,400.0	2,100.0	
Virginia	81.0	80.0	80.0	
United States	10,083.0	11,488.0	6,301.8	
American Pima				
Arizona	16.0	12.0	16.0	
California	85.0	130.0	82.0	
New Mexico	17.0	10.0	16.8	
Texas	29.0	30.0	23.0	
United States	147.0	182.0	137.8	
All				
Alabama	380.0	450.0	374.0	
Arizona	92.0	112.0	91.0	
Arkansas	510.0	670.0	505.0	
California	98.0	148.0	94.8	
Florida	89.0	90.0	87.0	
Georgia	1,110.0	1,100.0	1,100.0	
Kansas	112.0	110.0	94.0	
Louisiana	120.0	120.0	115.0	
Mississippi	400.0	520.0	395.0	
Missouri	335.0	400.0	330.0	
New Mexico	49.0	30.0	33.8	
North Carolina	380.0	410.0	370.0	
Oklahoma	420.0	460.0	180.0	
South Carolina	210.0	240.0	207.0	
Tennessee	265.0	300.0	260.0	
Texas	5,579.0	6,430.0	2,123.0	
Virginia	81.0	80.0	80.0	
United States	10,230.0	11,670.0	6,439.6	

[1] Estimates to be released August 2024 in the *Crop Production* report.

Source: ccfgroup.com– July 01, 2024

HOME

****

Uyghur Rights Advocates Win Appeal, Forcing UK Crime Watchdog to Investigate China Cotton Imports

The U.K. National Crime Agency (NCA) is being compelled to revisit its decision not to open an investigation into Chinese cotton imports suspected to have been produced with forced labor.

A London court ruled in favor of the plaintiffs, the World Uyghur Congress (WUC) and the Global Action Network (GLAN), late last week, deciding that NCA's refusal to conduct a probe into Xinjiang cotton being imported into the country was unlawful. The decision comes a year after WUC and GLAN's unsuccessful bid to have the issue investigated.

Three appeals court judges overturned the high court's decision last week. Depending on the results of the investigation, British high street retailers could be on the hook for any imports found to have been produced with forced labor under the Proceeds of Crime Act (PoCA).

The judges said there was a "diverse, substantial, and growing body of evidence" pointing to massive human rights abuses taking place in Xinjiang. GLAN and WUC estimated that 85 percent of cotton originating in China is grown in the Uyghur Autonomous Region (UAR), meaning that it's likely tainted by slave labor.

"This litigation has been critical in recognizing the mass atrocities being committed against Uyghur and other Turkic Muslim people by the Chinese government, and holding to account those complicit in, or profiting from, these crimes," GLAN senior lawyer Dearbhla Minogue said.

"There is an abundance of evidence that U.K. companies are importing forced labor cotton from China. Following this ruling, we expect the National Crime Agency will investigate and prosecute where appropriate to prevent forced labour cotton from flooding the U.K. market."

Another member of GLAN's legal counsel, Leanna Burnard, called the decision a "watershed moment for supply chains profiting from forced labor and other crimes."

WUC president Dolkun Isa said the moment was “a huge win” that will “set a real precedent for upcoming similar cases regarding the import of Uyghur forced labor goods, in the U.K. or elsewhere.” Isa said the hope is that the decision will prompt more British fashion firms to act with caution when sourcing goods from China, knowing that the government is looking into the matter with more diligence.

“This is a monumental victory and a moral triumph. For far too long, there has been no international court to hold China accountable,” WUC U.K. director Rahima Mahmut added.

“The U.K. government’s lack of action forced us to pursue this case, and it is incredibly heartening to see the judges’ findings support our arguments,” she said. “Our fight has not only been against genocide but also against the forced labor imposed on countless Uyghurs in East Turkestan under the suffocating CCP regime. This win represents a measure of justice for those Uyghurs and other Turkic people who have been tortured and subjected to slave labor there.”

Mahmut urged the government to consider implementing tougher legislation moving forward.

GLAN director Dr. Gearóid Ó Cuinn said the landmark judgement will have reverberations beyond the U.K., as it “sends a message to other countries which allow the importation of Uyghur cotton and other atrocity crime goods” that they “ought to address retailers operating in their markets who are trading in and profiting from these proceeds of crime.”
Meanwhile, Beijing is hitting back at the U.S., which it has long seen as the source of the scrutiny now emanating from other countries across the Western world.

At a Monday press conference, foreign ministry spokesperson Mao Ning said criticized the U.S. State Department’s recently released report on international religious freedoms, which claimed that China regularly conducts surveillance upon its citizens and represses Muslims in the UAR.
“The so-called ‘genocide’ allegation is nothing but a lie propagated by the U.S. side,” she said. “Xinjiang enjoys social stability, economic development, ethnic solidarity, religious harmony and rising living standards.”

“The U.S., however, ignores those facts and keeps peddling the lies and disinformation,” she added. “Its real aim is to create a pretext to keep China down.”

Source: sourcingjournal.com– July 01, 2024

HOME

****

Australia's Seamless Scheme, Taxing Fast Fashion, Takes Effect

Australians, on average, purchase 56 new garments a year, with each piece selling for an average of $13 Australian dollars ($8.65), per a recent report from the independent think tank Australia Institute. That's less than $500 spent a year despite grabbing a new frock roughly once a week, give or take. And those less-than-$10 outfits are only worn about seven times before being discarded.

Considering Australians are the biggest clothing consumers in the world per capita, the Land Down Under has got a 300,000-ton mountain of textile waste problem mounting.

That's why the federal government introduced Seamless: a clothing product stewardship scheme hoping to make apparel circular by 2030. Set to take effect on July 1, members of the scheme—62 brands thus far—will contribute $0.04 Australian (just under three cents) for every new garment placed on the Australian market, the institute said.

While Nina Gbor, circular economy and waste program director at the Australia Institute, commends the government for taking the initiative to back a scheme addressing the commonwealth's "enormous" textile waste problem, it's not nearly enough. To adequately cover what's needed to create a circular economy by 2030—considering reuse, collection, sorting, decommissioning, recycling, transportation and labor, among other elements—Gbor argues that a 50 cents contribution is a more realistic figure.

"There is speculation that the $0.04 levy of Seamless will be raised to a higher fee in the future," Gbor said in a statement. "In its first 12 months, however, it is likely the initial goals of Seamless may focus on developing better circular design practices."

To really bolster the scheme's likelihood of success, Gbor continued, membership should be mandatory for all businesses putting products on the Australian market—including ultra-fast fashion players like Shein and Temu, which are projected to make more than $2 billion in sales (in Australia) this year alone, per the Australia Institute. As a direct result of these sales, Australian clothing businesses cannot compete. Local brands are being forced to shutter operations, thereby eliminating existing (and future) jobs and preventing Australia's "nascent" textiles industry from growing and contributing to the economy.

According to an industry modeling report from the Australian Fashion Council (AFC), the clothing and textiles industry contributes over $27.2 billion to Australia's economy and employs over 489,000 Aussies. The AFC speculates that the sector has the potential to grow by $10.8 billion over the next decade, forging a path toward a circular industry that contributes over $38 billion to the local economy while providing over 575,000 jobs.

But to make that happen, the Australia Institute called for some "heavy investments" to be made "over a long period of time" for a truly circular Australian textiles industry.

For starters, Gbor looks to France for inspiration.

French Parliament member Antoine Vermorel-Marques of the Les Républicains (LR) party's proposed bill aimed at decreasing the prevalence of fast fashion in France. "Demodernizing fast fashion with a bonus-malus system" proposes a penalty of 5 euros (roughly $5.34) per product for producers who put more than a thousand new models on the market daily. Gbor believes the government should implement a tax on fast fashion—à la the French government imposing an estimated $16 to every fast fashion item—and use the revenue raised to invest back into domestic businesses with circular principles.

"There are people who are understandably upset by our recommendation for a similar tax on fast fashion in Australia because businesses will push the costs onto consumers," Gbor said, clarifying that the policy isn't targeted toward those caught in the cost-of-living crisis. She does, however, point out alternatives to fast fashion like buying secondhand. "The most critical factor is for people to extend the life of their clothing and use them for as long as possible."

Gbor also acknowledges the issues on the other side of the supply chain: textile waste exports. The scheme only addresses the 200,000 tons of waste that end up in domestic dumps and "fails to address" the remaining 100,000 tons of Australian clothes that end up in other countries' landfills. The solution, Gbor suggests, is to ban textile waste exports—fast.

“With clothing waste levels likely to grow—and rising sentiment for environmental and health protection in many foreign countries—it is a strong possibility that global legislation will stop us from exporting clothing waste,” she continued. “It’s best we avoid another situation like China in 2018 and get ahead of this crisis by drastically reducing waste, scaling domestic recycling of all textiles waste here in Australia and banning export waste immediately.”

Gbor and the Australia Institute acknowledge there is no quick fix. But that’s no reason not to try.

“Regardless of what other countries are doing, Australia is capable of being a global leader in circular and sustainable textile policies and could act as a model for other countries to emulate,” Gbor said. “History is littered with similar circular economy programs that, although started with good intentions, ultimately failed…It would be a disaster if Seamless were to join this list of failed schemes and the promises and potential of a domestic circular textiles industry go unfulfilled.

Source: sourcingjournal.com– July 01, 2024

HOME

****

Mexico: Ground zero in the apparel industry's shifting sands

The statement 'Mexico is ground zero as China takes Global South battle to US backyard', highlights a complex shift in the industry's landscape, particularly for the Americas.

The global south refers to developing nations in Latin America, Africa, and Asia. These countries have historically been major players in apparel production due to lower labor costs. However, China's rise as a manufacturing giant shifted the landscape.

Data tells the story

As per WTO, developing countries now account for over 60 per cent of global textile and apparel exports. China remains the world's largest apparel exporter, accounting for over 30 per cent of the global market share in 2023.

Mexico meanwhile has steadily grown its apparel exports to the US reaching $18.5 billion in 2022 indicates Statista data. This growth is partly due to the North American Free Trade Agreement (NAFTA), which lowered trade barriers between the US, Mexico, and Canada. Many developing nations in the global south, including Vietnam and Bangladesh, have emerged as apparel manufacturing hubs due to lower labor costs. However, rising wages in these countries are making Mexico a more attractive option for US businesses.

Mexico's allure

Proximity is the biggest scoring point for Mexico which boasts of its physical closeness to the US market, crucial for fast fashion and rapid response to trends.

What's more, the North American Free Trade Agreement (NAFTA) and its successor, the United States-Mexico-Canada Agreement (USMCA), offer duty-free access to the lucrative US market. "Mexico presents a win-win for Chinese apparel makers," says John Smith, analyst at Fitch Ratings. "They can leverage lower costs than domestic production, while still enjoying the benefits of proximity to the US."

The ongoing trade war between the US and China has incentivized American companies to look beyond China for sourcing. Mexico presents a viable alternative. Little wonder then in 2020, Gap announced it would shift some production from China to Vietnam to diversify its supply chain. However, rising production costs in Vietnam have led Gap to consider Mexico as an alternative.

This shift reflects a broader trend. While China retains a significant advantage in large-scale, low-cost production, Mexico offers proximity to the US market and potentially lower costs for specific products.

However, experts caution against a simplistic narrative. China's vast infrastructure and established industry cannot be replicated overnight, say trade analyst. Mexico will need to invest in its manufacturing capabilities and address labor concerns to truly compete. The extent to which Mexico captures apparel production from China will depend on factors like infrastructure development, labor relations, and overall production efficiency.

The global south factor

Traditionally, the global south or developing nations has been a source of cheap labor for apparel production. However, rising wages and a growing domestic market are making these countries more attractive investment destinations for Chinese apparel companies. "China is looking to diversify its production base beyond traditional hubs like Bangladesh," explains Li Mei, Professor at Beijing University. "Mexico offers a strategic location and a skilled workforce, making it an ideal partner." A 2023 McKinsey & Company study found Chinese apparel companies are investing heavily in production facilities across the global south, with Mexico receiving a significant share of these investments.

Mexico's position as ground zero reflects a broader trend – the rise of the global south as a competitive apparel manufacturing hub. While China may be leading the charge in Mexico, other countries in the region are likely to follow suit. This shift could reshape the global apparel industry, with implications for everything from production costs to consumer prices.

Source: fashionatingworld.com– July 01, 2024

HOME

****

German retail business climate deteriorates in June: ifo

The business climate in Germany's retail sector saw a significant decline in June, according to the latest ifo Business Survey. The indicator dropped to minus 19.5 points from minus 13.3 points in May, indicating a marked deterioration in the retail business environment. Retailers reported a poorer assessment of their current business situation and significantly lowered their expectations for the coming months.

Despite an increase in consumers' disposable incomes, the additional funds have been saved rather than spent, leading to reduced consumer spending. This trend has particularly impacted clothing retailers, who have reported a much more negative business situation compared to May and have drastically lowered their expectations for the future.

High inventory levels continue to be a challenge for many retailers. Consequently, companies are more inclined to reduce their orders for goods in the upcoming months rather than increase them. Employment expectations within the retail sector remain subdued due to restrained demand, which is likely to continue affecting retailers' business performance, as per the ifo Institute.

Source: fibre2fashion.com– July 02, 2024

HOME

****

Indonesia plans import duties on clothing, ceramics, minister says

Indonesia will impose safeguard duties of 100% to 200% on imports ranging from footwear to ceramics, reviving a plan to protect domestic industries, the trade minister said.

The planned import duties average more than 100%, Trade Minister Zulkifli Hasan told reporters on Friday. "If we are flooded with (imported goods), our micro, small and medium enterprises could collapse."

Southeast Asia's biggest economy issued a regulation late last year to tighten monitoring for more than 3,000 imported goods, from food ingredients to electronics to chemicals.

However, the regulation was reversed after domestic industry said it hindered the flow of imported materials needed by domestic industry.

Duties will be imposed soon and could affect imports of footwear, clothing, textiles, cosmetics and ceramics, Mr. Zulkifli said.

The Indonesian Trade Safeguards Committee is investigating to determine duty rates, senior trade ministry official Budi Santoso said on Saturday.

Indonesia mainly imports apparel and clothing accessories from China, Vietnam and Bangladesh, data from the statistics bureau show.

Source: thehindu.com– July 01, 2024

HOME

****

Bangladesh: Expedite negotiations for trade deals: expert

Bangladesh should expedite talks for trade deals with major partners like Canada, India, Japan and China to retain duty benefits after graduating from the Least Developed Country (LDC) status in 2026.

This is because following graduation, the country's garment exports will face duty of 11.5 percent in the EU, 16 percent in Canada, 5 percent in China, 20 percent in India and 8 percent in Japan.

And although local garment makers will continue enjoying zero-duty benefits with the UK, they will face stringent conditions for accessing the market, according to MA Razzaque, national consultant of the Smooth Transition Strategy (STS) for Bangladesh.

The STS is a framework for facilitating a country's graduation from LDC status. The government of graduating LDCs are responsible for developing their own STS taking into account their development goals and other priorities.

The STS for Bangladesh was recently prepared by a subcommittee of the Economic Relations Division in collaboration with other government bodies as well as the country's development and trading partners.

In a document presented recently at an event, Razzaque said Bangladesh should hold discussions with Canada for extending trade benefits under its General Preferential Tariff programme during the transition period.

He also suggested actively pursuing the continuation of duty-free access to India and other trade benefits for Bangladesh following its graduation from the LDC category.

He recommended that Bangladesh go for an Economic Partnership Agreement (EPA) with Japan and a trade deal with China.

Additionally, he urged for establishing a pool of negotiators, undertaking relevant capacity building measures and preparing negotiation programmes to enhance the country's bilateral trade agreements.

Besides, Razzaque suggested negotiating with the EU for removing its safeguards on textile and clothing imports, reviewing the rules of origin framework, and seeking financial and technical assistance for improving compliance with global production standards.

He also placed importance on seeking an extension of the Trade Related Intellectual Property Rights (TRIPS) waiver and pursuing Bangladesh's inclusion as a net food importing developing country.

Net food importing developing countries are classified as those that have a limited food production capacity and therefore rely on imports to meet domestic consumption. The UN currently recognises 48 countries as net food importers.

In line with other strategies, Razzaque prioritised tackling inflation, ensuring effective exchange rate management, sustaining a uniform and market-oriented exchange rate system, continuing market-oriented interest rate policies, and seeking concessional long-term financing from development partners.

He also said Bangladesh should go for budget financing using sustainable debt management, reducing excessive domestic borrowing from banks, and implementing effective planning and budgeting practices for a smooth graduation.

Razzaque added that Bangladesh needs to improve its export preparedness by aligning its domestic product quality control measures with international standards.

Against this backdrop, he said it is vital to increase the capacity of the Bangladesh Standards and Testing Institution to conduct tests and develop a regulatory framework for enforcing compliance.

Razzaque urged for strengthening the legal framework, enhancing trade union rights, investing in workers' welfare and encouraging firms and businesses to disclose their Environmental Social and Governance (ESG) practices.

He suggested preparing and implementing a comprehensive branding strategy for Bangladesh as well as engaging the country's embassies, foreign missions and communities abroad to promote locally produced goods and foster innovation and design.

Bangladesh is scheduled to graduate in November 2026 but is yet to sign any major trade deal other than a Preferential Trade Agreement with Bhutan.

Of the country's total exports, 73 percent is conducted under LDC benefits in 38 markets. As such, Bangladesh is the biggest beneficiary of such trade benefits among all LDCs.

Source: thedailystar.net– July 02, 2024

HOME

****

Bangladesh cuts cash incentive for exporters further

The government has further cut export subsidies for almost all sectors to reduce pressure on the coffer and encourage exporters to prepare for competing in the global market without state support after the country graduates from least developed country (LDC) status in 2026.

Between February to June last fiscal year, the government provided cash assistance ranging from 1 percent to 15 percent on the export earnings to enhance competitive edges of exporters in the international markets.

Earlier, the highest rate was 20 percent

From this 2024-25 fiscal year beginning today, the maximum rate of export incentive has been set at 10 percent and the minimum at 0.3 percent, said the the Bangladesh Bank in a notice yesterday.

The cash assistance on the export earnings of apparel makers in all markets has been halved to 0.30 percent from 0.50 percent.

The cash subsidy for venturing into new markets has been reduced to 2 percent from 3 percent.

The reduced export incentive will be applicable to various other sectors, including jute and jute goods, leather and leather products, frozen fish and agro products.

Agro products, potatoes, and processed meat exporters will enjoy 10 percent incentive on export earnings, the highest among all sectors.

Until June 30, it was 15 percent.

Before February this calendar year, they used to get 20 percent incentives. However, the government has offered 6 percent on crust leather export.

Currently, 43 sectors are eligible for the aid, with the government spending about Tk 9,025 crore annually in the past three years.

The change comes as the World Trade Organisation (WTO) considers cash incentives as export subsidies.

But when an LDC becomes a developing nation, it cannot continue the cash assistance as per the agreement on subsidies and countervailing measures of the global body.

Bangladesh is set to become a developing nation in 2026.

The country for the first time started to cut the export subsidy since February of this year and exporters expressed sheer disappointment about the reduction of the cash subsidy.

Source: thedailystar.net– July 01, 2024

HOME

****

Pakistan: Weekly Cotton Review: Punjab witnesses decline in production

The Pakistan Cotton Ginners Association (PCGA) has announced a historic strike in the country's ginning factories for the first time.

According to the PCGA Chairman, the strike has been postponed for a month. Edible oil, ghee, flour mills, rice mills, and textile sector owners are protesting. The government is showing negligence in resolving traders' issues. After the strike, cotton prices have risen to Rs 17,700 to 18,000 per maund. There are reports of a decline in cotton production in Punjab.

During the general body meeting of the Pakistan Cotton Ginners Association (PCGA) held last Sunday, a decision was made to protest against the government's imposition of unjust taxes on ginning factories, the increase in electricity tariffs, and the fixed tax by shutting down all ginning factories across the country for an indefinite period. This is the first time in the country's history that the ginning factories have organized a strike.

Cotton growers, middlemen, and traders stood in solidarity with ginners, staging protest rallies in several cities. The sound of the successful strike call was heard in in the power corridors.

The government should immediately accept the demands of the ginners otherwise, the situation will escalate further. According to the PCGA Chairman, the strike has been postponed for a month.

According to reports received from Punjab, cotton cultivation is reportedly very low. In some areas of Sindh, there are reports of wheat cultivation, but cotton crops are relatively unaffected. Moreover, rainfall in Sindh and Punjab will have a positive impact on crops if it is not excessive and water does not stagnate in fields. Currently, ginners who had stored cotton are selling it as urgent delivery, but there are few buyers. However, after the strike ends, many mills are showing interest in purchasing.

In Sindh, the cotton price per maund has decreased from Rs 19,000 to Rs 17,700-18,000 per maund while the phutti price ranges from Rs 7,800 to 8,000 per 40 kg.

In Punjab, the cotton price has dropped from Rs 19,500-19,800 to Rs 18,500-19,000 per maund, with the phutti price remained around Rs 8,500-8,800 per 40 kg.

Meanwhile, the Karachi Cotton Association's Spot Rate Committee has increased the spot rate by Rs 500 per maund and closed it at Rs 18,500 per maund.

The Chairman of the Karachi Cotton Brokers Forum, Naseem Usman, stated that the international cotton market has shown cumulative stability. According to the USDA's weekly export and sales report, more than 90,000 bales were sold for the year 2023-24.

China purchased 20,000 bales and is on top of the list followed by Pakistan with 16,700 bales, and Vietnam on number three with 13,600 bales.

A total of 67,600 bales were sold for the year 2024-25. China again is on top of the list with 35,600 bales, followed by Guatemala with 10,700 bales, and Vietnam is on number third with 7,900 bales.

Meanwhile, PCGA Chairman Waheed Arshad said, 'I am extremely grateful to all my friends, including Sindh's ginners and Punjab's ginners, who supported my call and made my strike and effort successful. Thanks to God, we have emerged victorious.

I have postponed the strike for a month, as requested by the Sindh Abadgar leadership and Khalid Mahmood Khokhar, President of Pakistan Kissan Ittehad. We will visit Islamabad next week, meet with people. Khalid Khokhar has assured us of his full cooperation.

Similarly, other farmer brothers have also assured us of their full cooperation.

I am again grateful to all my friends, the Oil Mills Association, Malik Munir, President Chamber Zulfiqar Ali Mian.

I am also great full to the the presidents of the grain markets, Rai Ehsan who is the president of the Punjab Grain Markets, President Chamber Mian Rashid Iqbal and the Brokers Association, who made our strike and effort successful.

We will now formulate a plan of action and call a general body meeting. After that, we will agree on the decision made by the majority vote.

For now, all friends should continue their business so that farmers are not exploited. Farmers are already suffering due to wheat and corn.

Source: brecorder.com– July 01, 2024

HOME

****

NATIONAL NEWS

Indian manufacturing sector sees robust growth in June: S&P Global

In June, the Indian manufacturing sector regained some of the ground lost in May, with the headline PMI rising to nearly five points above its long-term average. The seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index (PMI) complied by S&P Global increased from 57.5 in May to 58.3 in June, signalling a sharper improvement in business conditions.

Manufacturing output increased at a sharp pace that was faster than in May, as underlying demand remained favourable and new business continued to flow in. The performance of the consumer goods industry was especially strong, although substantial increases were also noted in the intermediate and investment goods categories.

June saw a stronger expansion in sales at manufacturers in India. Buoyant underlying demand, higher export volumes and successful advertising all fuelled growth, anecdotal evidence showed, as per S&P Global.

As a consequence of ongoing increases in new order intakes, firms stepped up recruitment. The rate of job creation was sharp and the strongest seen since data collection started in March 2005.

Staff expenses reportedly intensified in June, which coupled with rising material and transportation costs caused another overall increase in operating expenses. The rate of input price inflation eased since May, but was nonetheless among the highest since August 2022.

A demand environment conducive to growth allowed manufacturers in India to share additional cost burdens with their clients. Selling charges were raised to the greatest extent in over two years.

Intermediate goods makers registered the quickest increase in input costs, while consumer goods producers led the upturn in output charges.

June saw new export orders increase substantially again. Companies attributed higher inflows of new work from overseas to better demand from Asia, Australia, Brazil, Canada, Europe and the US. Despite easing from May, the rate of expansion was well above its long-run average.

Input buying activity rose in June, extending the current sequence of monthly expansions to three years. Among the main determinants of growth listed by panellists were stock replenishment efforts, robust demand and rising output requirements.

Stocks of purchased materials rose at a near-record pace, supported by another improvement in suppliers' delivery times. Finished goods inventories decreased further as firms often met sales through warehoused items.

The outlook for the manufacturing sector remained positive, with nearly 29 per cent of panellists expecting output growth over the coming year. Firms forecast further improvements in demand and order book volumes in the year ahead, with advertising and greater client enquiries also underpinning optimism. The overall level of confidence receded to a three-month low, however.

Source: fibre2fashion.com– July 02, 2024

HOME

****

CEPA review: New Delhi wants Korea to eliminate tariffs on certain food, yarn, petroleum products

India wants South Korea to eliminate tariffs on a number of items, such as varieties of meat, milk, fruits, fish, stones, yarn and petroleum products, which were exempted or protected against steep cuts in the India-Korea Comprehensive Economic Partnership Agreement (CEPA) signed about a decade and a half ago, sources said.

The two countries are preparing to discuss request lists for tariff cuts later this month in the on-going negotiations to upgrade the CEPA, with narrowing of trade deficit with South Korea high on India's agenda.

"Stakeholders in the Indian industry have been provided the draft request list and asked to suggest more items on which tariff cuts can be sought and even propose deletions if needed," a source tracking the matter told businessline. The next round of India-Korea CEPA upgrade meeting is likely on July 17-19, sources said.

The India-South Korea CEPA, signed in August 2009 and implemented in January 2010, covers trade in goods, investments, services, and bilateral cooperation in areas of common interest. While India offered tariff elimination or concession on 83.8 per cent tariff lines imported from South Korea, the latter offered tariff elimination or concession on 93.2 per cent tariff lines.

"The Department of Commerce, which leads the negotiations, has also requested the industry to share the SPS and TBT (standards and technical barriers) related issues being faced while exporting to South Korea," the source said.

Trade deficit

Bringing down the trade deficit with South Korea is one of the top matters for discussions featuring in India's negotiating agenda. In 2023-24, India's imports from South Korea was at $21.13 billion while its exports totalled a mere $6.41 billion.

The average exports from India to South Korea before the CEPA (2007-09) were valued at $3.4 billion, while the average imports stood at $7.3 billion, leading to an average trade deficit of $4 billion, per an analysis by research body Global Trade and Research Initiative (GTRI). Post-CEPA (2022-24), the average exports increased to $ 7.1 billion, and imports surged to $19.9 billion, resulting in a much larger average trade deficit of $12.8 billion, it said. “This indicates an increase in the trade deficit by $ 7.2 billion from the pre-CEPA period to the post-CEPA period, marking a 220 per cent increase,” the GTRI report pointed out.

Indian exporters face various non-tariff barriers in South Korea, including stringent standards, regulations, and certification requirements which make it difficult for Indian goods to penetrate the South Korean market, the report added.

Source: thehindubusinessline.com– July 01, 2024

HOME

****

Union Minister Of Commerce & Industry Shri. Piyush Goyal Interacts With The Industry Stakeholders And Leaders At Hyderabad

Shri Piyush Goyal, Commerce & Industry Minister hosted an interaction with the Industry Stakeholders and leaders on 30th June 2024 at Hyderabad.

The Outreach program was graced by Shri G. Kishan Reddy, Hon'ble Union Minister of Coal and Mines & Shri D. Sridhar Babu, Hon’ble Industries Minister, Govt. of Telangana.

The interaction saw a participation of more than 200 stakeholders including Women Entrepreneurs, MSMEs, Chamber of Commerce, Industry Associations, Export Promotion Councils (EPCs), Start-ups, from various sectors namely:- Aerospace, Information & Technology (IT), Leather & Footwear, Logistics, Agro & Food, Pharma and Medical Devices with focus on Telangana to share their views, innovative suggestions and success stories.

Some of the prominent Industry leaders/heads to attend the Outreach meeting included :- Cargo Exchange India, MPL, Jasper Shipping, Axis Energy Ventures India Pvt. Ltd., Mahindra & Mahindra, Tata Ltd., Welspun Group, Sree Educational Society, Autocracy Machinery, Airgap Technology, Telangana Industry Association, Dr. Reddy's Laboratories Ltd., Bharat Biotech Ltd., CII Telangana, Iswarya Agri Processors, Almelo Pharma, Aishwarya Enterprises, Federation of Pharma, Federation of Telangana Chamber of Commerce, MSME Unit of leather, Astro Talk, EPC Chairman, A Footwear Association, Founder, Rocket Space Company, Vision Labs, Vaccine Manufactures Assoc. Red Health, Fintech Industry, Poultry Industry, CII, and Verco Group of Companies.

Officials from the Ministry of Commerce & Industry showcased various initiatives such as Ease of Doing Business (EoDB), PM GatiShakti, Start-Up India, Intellectual Property Rights (IPR), NICDC, Free Trade Agreements (FTAs), Exports, GeM Portal and SEZs etc.

Shri D. Sridhar Babu, highlighted the significant growth potential for enhancing the exports in the State of Telangana. Further, he emphasised on making Telangana & Hyderabad the AI Capital and Skill Hub.

Shri G. Kishan Reddy, stated that sustainable economy and technical advancement can be achieved by Public Private Partnership (PPP). He also emphasised on several transformative reforms such as GST, banking reforms and PLI Schemes for boosting local manufacturing in Telangana.

Further, Industry Stakeholders shared their suggestions, raised various issues and requested the Government to address challenges, improve processes and usher in policy changes.

Shri Piyush Goyal emphasized the Government's commitment towards creating a conducive environment for business growth and Innovation. He highlighted the importance of having such interactions in understanding the challenges faced by the Industry and incorporating their feedback into policy-making. He stated that their insights would be instrumental in shaping policies that foster economic development and Ease of Doing Business in India.

The Ministers noted suggestions of the Stakeholders including MSMEs & Startups and recommended the Govt. officials to examine the issues raised and take further action. He reiterated that the Centre & State Government are working together towards betterment of the country leaving aside all the political differences. Shri Goyal further, emphasized the Government's commitment towards fostering a robust Industrial ecosystem that supports innovation, sustainable growth, and global competitiveness. He highlighted the pivotal role of Industry stakeholders in achieving the nation's ambitious Vision 2047.

He appreciated that Telangana has been actively promoting Investments across various sectors, making it a favourable destination for businesses and investors. Investors looking at Telangana can benefit from its proactive Government policies, strategic location, skilled workforce, and a strong Industrial base. He ensured support of Central Government for the Development of Airports, setting up of Industrial Parks, etc. subject to land provided by the Govt. of Telangana.

Shri Goyal acknowledged the constructive inputs and reiterated the Government's resolve to work collaboratively with the Industry to achieve these goals.

Source: pib.gov.in– July 01, 2024

HOME

****

Commerce ministry seeks views of departments on measures to revive SEZs, promote economies of scale: Official

New Delhi: The commerce ministry has sought views of different departments on proposed measures to revive special economic zones and facilitate business transactions between SEZ and the domestic market, a senior official said on Monday. The official said that the ministry has suggested allowing the sale of products manufactured in Special Economic Zones (SEZs) in the domestic market on payment of duty foregone on inputs as that would help promote value addition.

"The main issue in SEZs is that we are not able to get economies of scale. The connect between SEZs and the domestic tariff area (DTA) or domestic market has to be improved. There are also issues if DTA is selling to SEZs," the official said.

"So we have suggested duty foregone basis sales. There are also issues with regards to job work. For example if an IT firm has to get some work from the domestic market, they need permission. We have sent a draft cabinet note," the official added.

At present, units in SEZs are allowed to sell their products in the DTA on payment of duties on an output basis (finished goods).

For these changes, the commerce ministry has proposed amendments in the SEZ law.

The government is considering several measures such as a flexible framework for the sale of products manufactured in SEZs in the domestic market, and streamlining approval processes for units.

The aim is to help revive SEZs and facilitate business transactions between SEZs and the DTA.

SEZs are enclosures that are treated as foreign territories for trade and customs duties, with restrictions on duty-free sales outside these zones in the domestic market.

Last year, Commerce and Industry Minister Piyush Goyal said that the government is looking at easing certain restrictions for units in SEZs to promote the sector's growth.

Think tank Global Trade Research Initiative (GTRI) in a report has suggested the government allow sale of products manufactured in SEZs in the domestic market on payment of duty foregone on inputs as that would help promote value addition.

GTRI Co-Founder Ajay Srivastava had said that the government already allows DTA sales on payment of duty foregone on an input basis to firms operating under the Manufacturing and Other Operations in Warehouse Regulations (MOOWR) scheme.

Exports from special economic zones grew over 4 per cent to USD 163.7 billion in fiscal 2024, despite a 3 per cent decline in the country's overall exports.

According to the data of the commerce ministry, exports from these zones stood at USD 157.24 billion in 2022-23 and USD 133 billion in 2021-22.

SEZs are key export hubs which contributed over one-third of the country's total outbound shipments in the last fiscal.

As many as 423 such zones have been approved by the government, out of which 280 are operational as of March 31 this year. As many as 5,711 units are approved in these zones till December 31, 2023.

The major export destinations include the UAE, the US, the UK, Australia and Singapore.

Source: economictimes.com– July 01, 2024

HOME

****

Budget 2024: MSME ministry seeks additional ₹5,000 crore for job generation scheme

New Delhi: The ministry of micro, small and medium enterprises (MoMSME) has sought an additional ₹5,000 crore from the finance ministry for the Prime Minister's Employment Generation Programme (PMEGP), as subsidy claim applications have outpaced disbursement under the scheme, an official aware of the development said.

Under PMEGP, the ministry provides funds to Khadi and Village Industries Commission (KVIC) for disbursal to banks for loans sought for self-employment, ventures, projects and micro enterprises. The loan applications that banks receive under the PMEGP scheme are sent to KVIC for scrutiny and approval.

However, budget constraints, a time-consuming verification process and an overwhelming number of applications have led to KVIC disbursing only 34% of the subsidy amount claimed by the 13 largest banks, including private and public, in FY24.

The total outlay for PMEGP is ₹13,500 crore for five years-2021 to 2026. "We have utilised ₹8,500 crore in the first three years and need more funds for the final two years of the scheme," said the official.

"The PMEGP budget is spread over the years and the subsidy is released in proportion to the budget allocated for it that year," the official said. "The number of applications received for subsidy claims is way more than the budget allocated for subsidy disbursal under the scheme."

Last fiscal, the total subsidy amount claimed and disbursed across these 13 banks was ₹2,840 crore and ₹960.29 crore, respectively.

In FY24, Union Bank of India had the highest subsidy claim and release of ₹488 crore and ₹170 crore, respectively. That year, KVIC received 66,215 applications for subsidy release from these 13 banks, of which 26,578, or about 40%, were approved.

The number of applications received by KVIC in FY24 for subsidy claims across all banks was 109,000, of which subsidies for 47,222 were approved.

Under PMEGP, the government subsidises 15-35% of the loan amount sanctioned to an applicant. To be eligible for the subsidy, applicants must contribute 5-10% towards the project cost.

Under the scheme, the maximum project cost eligible for subsidy is ₹50 lakh for the manufacturing sector and ₹20 lakh for the business and services sector.

In this year's budget, the government allocated ₹2,300 crore for PMEGP, which was nearly 20% less than revised estimates for FY24.

Source: economictimes.com– July 01, 2024

HOME

****

UK election: FTA with India on manifesto agenda for both Tory, Labour

As the UK enters the final phase of campaigning ahead of the general election on Thursday, a free trade agreement (FTA) with India is seen as high on the agenda no matter whether the verdict is in favour of the incumbent Tories or the Opposition Labour.

Both sides have been working towards clinching a pact to enhance the GBP 38.1 billion bilateral trading partnership but with India's phased general election followed by Britain's, the negotiations remain stalled in the fourteenth round of negotiations.

The FTA talks formally kicked off in January 2022 when Boris Johnson was the British prime minister and have since had to contend with political turmoil that first led to a short-lived Liz Truss premiership followed by Rishi Sunak as Britain's first Prime Minister of Indian heritage.

We will finalise a free trade agreement with India, alongside a deeper strategic partnership on technology and defence, reads the Conservative Party manifesto, spelling out the British Indian leader's vision.

Under the Scotland section, the party manifesto references one of the UK's key asks in the agreement to press for the permanent removal of tariffs on Scotch whisky with the US government and work to achieve a significant tariff reduction in India through free trade agreement discussions.

The Labour Party, meanwhile, has been focussed on highlighting how they stand ready to get the FTA over the line after the Tories missed their Diwali 2022 deadline.

Many Diwalis have come and gone without a trade deal and too many businesses have been left waiting," David Lammy, the party's shadow foreign secretary, said in his address at the India Global Forum (IGF) in London last week.

"My message to [Finance] Minister Sitharaman and [Trade] Minister Goyal is that Labour is ready to go. Let's finally get our free trade deal done and move on, he said.

Labour's manifesto pledge also echoes this sentiment, stating: We will seek a new strategic partnership with India, including a free trade agreement, as well as deepening cooperation in areas like security, education, technology and climate change.

Lord Christopher Fox, a Liberal Democrat peer who sits on the House of Lords International Agreements Committee which scrutinises trade deals, has warned of clear stumbling blocks in the way towards an FTA.

Much work has already been done to lay the foundations of an ambitious free trade agreement (FTA) between the UK and India, notes the UK-India Business Council (UKIBC) in its own manifesto for a stronger bilateral partnership released in the lead up to the polls.

Concluding the FTA promptly should be a priority for the UK government. Getting this right will mean higher economic growth, better productivity and increased private sector investment in the UK. It will also build trust and strengthen the wider UK-India partnership in areas important to both countries such as defence and security and addressing climate change, it notes.

We recommend that the UK government prioritises completion of the negotiations and ratification of a win-win UK-India FTA, that benefits our goods and services sectors, it states, in its set of recommendations for an incoming British administration.

While the UK wants India to significantly reduce tariffs on UK exports, India is concerned about the fairness of rules applied to Indian workers temporarily transferred to the UK on business visas.

Indian High Commissioner to the UK Vikram Doraiswami pointed out that an FTA with the UK was in the Prime Minister Narendra Modi led government's 100-day priority and that Delhi had placed an unprecedented offer on the table.

What we're trying to do with this free trade agreement is to increase the depth or the extent of ambition, including in goods and services, that we'd like to offer to the UK, he said, when asked about the FTA at the IGF summit.

Visas are not the first priority for us in an FTA. We are not looking at the FTA as a means to bring people to the UK, that is not the objective. What we're looking for is whatever is reasonable within the broad framework of international trade and services under Mode 4 of GATS [General Agreement on Trade in Services of the World Trade Organisation] to be able to have persons travelled for intercompany transfers etc, he stressed, with reference to the UK media's focus on visas in relation to the trade talks.

Source: business-standard.com– July 01, 2024

HOME

****

India, four SE Asia countries plan instant retail cross-border payments

The central banks of India, Malaysia, Thailand, Singapore and the Philippines are working together to start an instant cross-border retail payments platform by 2026, the Bank of International Settlements (BIS) said on Monday.

BIS, dubbed the central bankers' central bank, said it aims to link each country's instant digital payment system -- like India's United Payment Interface (UPI) and Singapore's PayNow -- as part of Project Nexus, its initiative to enhance cross-border payments.

India and the other four countries will be the founding members of the platform, while Indonesia will serve as a special observer, the BIS said.

"Even with just the first wave of connected countries, Nexus has the potential to connect a market of 1.7 billion people globally, allowing them to make instant payments to each other easily and cheaply," Agustin Carstens, general manager of the BIS, said in a statement.

Source: economictimes.com– July 01, 2024

HOME

****