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Currency Watch			
USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

Global IT Outage Disrupts Air Cargo Supply Chain, Major Ports

A global IT outage caused by a glitch in Microsoft's cloud computing services grounded thousands of flights worldwide Friday morning, disrupting the flow of air cargo and potentially throwing a wrench in freight movement across sea and land.

The "big three" domestic airlines—American Airlines, Delta and United—paused their global flight schedules for multiple hours, while cargo handling operations at global airlines such as Air France-KLM and Lufthansa were also disrupted.

Delta and United have resumed "some" flights, while American says the airline was able to "safely reestablish our operation." The airlines expect more delays and cancellations throughout Friday.

According to aviation analytics provider Cirium, 3,343 flights had been cancelled globally as of 10 a.m. EST.

Air cargo supply chains were already under significant pressure prior to the IT failure as demand far accelerates supply—an indicator that the fallout from the outage "will take days or even weeks to fully resolve," according to Niall van de Wouw, chief airfreight officer at Xeneta.

Global air cargo demand in June increased by 13 percent year over year, Xeneta says, but air freight capacity has increased by a much lesser 3 percent in the same period.

"Available capacity in the market is already limited so airlines are going to struggle to move cargo tomorrow that should have been moved today," said van de Wouw in a statement. "These incidents can take three times as long to resolve as the length of time they last, but that is very much dependent on the scale of the IT failure and the market conditions at the time it occurs."

Aside from the concerns for air cargo, some major global ports saw a brief impact.

A representative at the Port of Los Angeles told Sourcing Journal that one container terminal at the port was affected by the outage overnight.

“That terminal is now fully operational and all trucks in the queue have been processed into the terminal,” the spokesperson said.

At the Port of Long Beach, four terminals experienced computer issues overnight, but were able to resolve the problems with minimal disruptions, a representative said. All marine terminals are open and operating, with cargo operations commencing normally this morning.

Port Houston’s two container terminals—Barbours Cut and Bayport—both closed Friday morning for multiple hours, before reopening again at 9:25 a.m. local time.

At the U.K.’s largest port, the Port of Felixstowe, truckers initially could not gain access. The port gave an update that haulage and rail operations have since recommenced, with the port working up to full capacity as soon as possible.

“While some operators have been able to resume operations following the outages, it remains unclear how long it will take local ocean and air cargo operators to clear the backlog that accumulated due to the technical issues,” according to a note from Everstream Analytics. “Localized increases in port and airport congestion as well as cargo processing delays at these facilities should be anticipated in the coming days as well.”

FedEx has experienced disruptions throughout its networks due to the outage and has activated contingency plans to mitigate impacts. The logistics giant says potential delays are possible for package deliveries with a delivery commitment of July 19, 2024.

UPS sang a similar tune, saying that while its network is operating and delivering in all areas, that there is a potential for delivery delays. Like FedEx, contingency plans are in place to help ensure that shipments arrive at their final destinations “as quickly as possible.”

North American railroads have seen less of an impact than their cohorts across the global supply chain, with BNSF, Canadian National and CSX all saying there was no indication that their systems or operations have been impacted by the outage.

One railroad, Union Pacific, said the software outage has had varying levels of impact across its network. The company said it has had to implement backup protocols so they can communicate with teams and dispatchers. The railroad says it is experiencing some processing delays in customer shipments as we address targeted areas impacted on our network.

The incident, which affected Microsoft Windows devices, was attributed to a faulty software update at cybersecurity company CrowdStrike. The glitch also knocked banks and hospital systems offline, and caused technology outages for many businesses, while some media broadcasts could not air.

CrowdStrike CEO George Kurtz wrote on LinkedIn that the event was not a security incident or cyberattack, and he told NBC that the company has since resolved the issue.

Source: sourcingjournal.com– July 19, 2024

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Brazilian cotton prices fluctuate, climb 4.17% in mid-July

In mid-July, cotton prices in the domestic market of Brazil experienced fluctuations. On one hand, prices dropped due to the anticipated higher volume of the current crop entering the spot market and some sellers being more flexible with prices to clear out 2023 stock, as per the Centre for Advanced Studies on Applied Economics (CEPEA).

On the other hand, the limited supply in the spot market kept some sellers firm on their prices, prompting buyers to increase their offers. Between June 28 and July 15, the CEPEA/ESALQ cotton Index (payment in 8 days) rose by 4.17 per cent, closing at BRL 4.1353 (~$0.75) per pound on July 15.

Export parity prices (FAS) fell by 2.09 per cent from July 8 to 15, reaching BRL 3.8565 per pound (~$0.7080 per pound) at the port of Santos (SP) and BRL 3.8670 per pound (~$0.7099 per pound) at the port of Paranaguá (PR) on July 15. The Cotlook A Index (for product delivered in the Far East) decreased by 1.51 per cent in the same period, standing at $0.8150 per pound on July 15. The dollar's value against the real fell by 0.55 per cent in the same period, closing at BRL 5.447 (~$0.98) on July 15, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

A report released by National Supply Company (CONAB) on July 11 indicated that the 2023-24 planting area in Brazil might reach 1.945 million hectares, an increase of 16.9 per cent compared to 2022-23. Productivity is expected to be 1,870 kg per hectare, a decline of 2 per cent from the previous year. Consequently, Brazil's output is forecast to increase by 14.6 per cent, reaching 3.636 million tons.

The USDA projected that Brazil could become the world's largest cotton exporter in the 2023-24 season, with exports reaching 2.7 million tons from August 2023 to July 2024, surpassing the United States, which had held the top spot since 1993-94. This shift is attributed to Brazilian production more than doubling over the past seven years, driven by technological advancements.

The USDA also forecast that the global cotton crop for 2024-25 might total 26.168 million tons, a 0.9 per cent increase from the June 2024 estimate and a 5.7 per cent rise compared to the 2023-24 season.

Global consumption is projected at 25.516 million tons, 3.4 per cent higher than in 2023-24, but still below supply levels.

World imports are expected to total 9.709 million tons, a 3 per cent increase compared to 2023-24. Global exports are also forecast at 9.709 million tons in 2024-25, representing a 0.9 per cent increase from the 2023-24 crop.

Source: fibre2fashion.com– July 19, 2024

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Global lint consumption to rise at 1.7% annual rate in 10 yrs: Report

Global consumption of raw cotton (lint) is projected to increase at an annual rate of 1.7 per cent over the next ten years on account of population growth and increasing incomes in middle- and low-income countries, according to the 'OECD-FAO Agricultural Outlook 2024-2033' report.

Demand in the textiles and apparels sectors, as well as competition from substitutes, will remain key elements influencing raw cotton consumption, the report, released recently by the Paris-based Organisation for Economic Cooperation and Development (OECD) and Rome-based Food and Agriculture Organisation (FAO) of the United Nations, said.

Asian countries, notably Bangladesh and Vietnam, are projected to see the fastest growth in cotton consumption over the next decade.

Due to competitive labour and production costs, a further expansion in the milling capacity of Vietnam, Bangladesh and India is expected over the next decade.

China is expected to remain the largest cotton processing country in 2033, followed by India.

In the coming decade, global lint cotton production is expected to increase at 1.3 per cent per annum, reaching 29 million tonnes (Mt) by 2033. This growth is primarily expected to be supported by improved yields, estimated at 1.1 per cent per annum, with a smaller contribution from the expansion of harvested areas at 0.2 per cent per annum.

Cotton production is expected to be supported marginally by area expansion in Brazil and in the United States. A decline in area is expected in China, while production is projected to remain relatively stable due to higher yields.

China, however, is expected to retain its position as the world's largest cotton producer, alongside India. Together, these two countries are projected to account for almost half of the global production by the end of the Outlook period.

Over the next ten years, global trade of lint is expected to increase at 2.1 per cent per annum, reaching 12.4 Mt by 2033. This growth is expected to be driven by strong demand from countries with expanding textile industries such as Bangladesh and Vietnam, which heavily rely on imports due to insufficient domestic production capacity.

In addition, the stagnant growth rate of production in China is expected to spur imports over the next decade. The growing gap will be filled mainly by top producing countries like Brazil and the United States, which will export an increasing share of their production.

Overall, the global cotton market structure is expected to remain relatively stable in the next decade, with the United States and Brazil set to persist as the largest exporters of raw cotton in 2033.

International cotton prices in real terms are foreseen to trend slightly downward in the medium term.

Consumers' concerns about the environment and the growing demand for sustainable and organic cotton are expected to boost demand for cotton, although this may be partly offset by the impact of circular economy business models, particularly recycling and second-hand.

On the supply side, the main source of uncertainty is yield risk, due to extreme weather events, unsustainable water usage and pest infestations.

Source: fibre2fashion.com– July 20, 2024

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Producer prices of German industrial products 1.6% lower YoY in June

Producer prices of German industrial products were 1.6 per cent lower year on year (YoY) and up by 0.2 per cent month on month (MoM) in June this year, according to the Federal Statistical Office (Destatis).

In May, the YoY change rate was minus 2.2 per cent.

Lower energy prices continued to be the main reason for the YoY decline in June. Intermediate goods were also less expensive than in June last year, whereas higher prices had to be paid for consumer and capital goods.

Energy prices in June this year were down by 5.9 per cent YoY and 0.1 per cent MoM. Lower prices for natural gas and electricity had the biggest influence on this YoY rate of change.

Across all customer groups, gas prices declined by 14.8 per cent YoY in June and increased by 0.3 per cent MoM. Electricity cost 11 per cent less YoY and 0.4 per cent more MoM in the month across all consumer groups in Germany.

Excluding energy prices, producer prices were up by 0.3 per cent YoY and 0.1 per cent MoM in June.

Durable consumer goods were 0.7 per cent more expensive in June than a year earlier. Compared with May, the prices of durable consumer goods were up by 0.1 per cent in June this year.

Source: fibre2fashion.com– July 20, 2024

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Brands to increase e-commerce investment by 16% in 6-12 months: Study

Brands are planning to increase their financial investment in e-commerce by an average of 16 per cent over the next 6-12 months, with 25 per cent of leaders reporting a planned increase of 31-98 per cent, according to the first E-commerce Executive Strategy Snapshot: an analysis of the most common growth challenges facing brand leaders and where they plan to invest in the near future—by Pattern, the global leader for e-commerce acceleration.

To compile the analysis, Pattern conducted an in-depth survey of 300+ founders and e-commerce executives based in North America across dozens of product categories—including beauty & personal care, sports & outdoors, home & kitchen, tools & home improvement, and more.

"Every brand is more successful when they can make data-driven decisions, but brands have historically not had access to good data on what's impacting their peers and how they're planning for the future," said Pattern chief revenue officer John LeBaron. "This snapshot ensures that executives don't have to rely on conjecture when making critical decisions about how to shift their strategy for 2024 and beyond."

In the survey, executives are planning substantial increases in financial investments over the next 6-12 months. Key priority areas for investment include enhancing product imagery, video, and copy for online listings (58 per cent), boosting influencer marketing efforts (51 per cent), refining branding and packaging (43 per cent), and intensifying focus on product design (41 per cent). However, growth is challenged by rising shipping costs and inventory management issues, cited by one-third of executives.

Additionally, one in four brand leaders struggle with controlling unauthorised sellers and distributors, which undermines their sales efforts.

Another significant barrier reported by a quarter of executives is the difficulty in expanding to new channels and marketplaces, restricting their growth potential. These insights underline the strategic shifts and challenges faced by brands as they navigate the evolving e-commerce landscape.

Many executives are turning to outside partners to overcome these barriers. In the analysis, executives that are working with an e-commerce accelerator to sell on marketplaces were twice as likely to report that they have no major impediments to their growth at this time.

Source: fibre2fashion.com– July 20, 2024

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UK retail sales volumes fall 1.2% in Jun; clothing-footwear stores hit

UK retail sales volumes are estimated to have fallen by 1.2 per cent in June this year, following a rise of 2.9 per cent in May, according to the Office of National Statistics (ONS). Volumes fell by 0.2 per cent over the year to June and were 1.3 per cent below their pre-pandemic level in February 2020.

All sub-sectors fell over the month, with strong downward contributions from department stores, clothing and footwear retailers and furniture stores, an ONS release said.

These fell by 0.1 per cent quarter on quarter (QoQ) and by 0.2 per cent year on year (YoY) in Q2 2024.

Non-food stores sales volumes, i.e., the total of department, clothing, household and other non-food stores, fell by 2.1 per cent in June, following a rise of 3.3 per cent in May.

Election uncertainty, poor weather and low footfall affected sales, UK retailers said.

When comparing the Q2 2024 figure with that of Q1, non-food stores sales volumes fell by 0.5 per cent.

The amount spent online fell by 2.7 per cent MoM during June, but rose by 2.3 per cent YoY.

As total spend, the sum of in-store and online sales fell by 1.3 per cent MoM and the proportion of sales being made online decreased from 27.5 per cent in May (revised from 27.2 per cent) to 27.1 per cent in June.

Source: fibre2fashion.com– July 19, 2024

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European Cotton Takes Center Stage in Milan

The European Cotton Alliance (ECA) took advantage of the influx of industry players in Italy for Milano Unica last week to present EUCotton. The initiative, part of the association's pan-European promotional campaign, centers around raising awareness about European cotton's quality and sustainability properties.

More than 80 attendees—including representatives from leading Italian brands like Versace, Gucci, Superga and Candiani Denim—gathered in central Milan on July 10 for an evening of panel discussions and networking to promote Europe's cotton production.

The event kicked off with a welcome speech by Francesco Casile, a long-time Italian industry insider recently knighted with the title of Cavaliere dell'Ordine al Merito. Casile emphasized the importance of sustainable yarn sourcing.

Greek and Spanish ECA delegates—Antonios Siarkos, president of the ECA, and Dimitris Polychronos, CEO of Nafpaktos Textile Industry—then described the benefits of using European cotton to produce sustainable and high-quality garments that are completely traceable from farm to shop. The Greek and Spanish EUCotton delegation representatives said made-in-Europe cotton—primarily from Greece and Spain—is natural and certified, produced without genetically modified seeds to yield versatile and "superior" fibers. Considering this cotton is produced locally, it doesn't compete with any preexisting categories such as that of the Better Cotton Initiative or fibers grown from regenerative agriculture practices.

"Global textile production almost doubled between 2000 and 2015, and the consumption of clothing is expected to increase by 63 percent by 2030," Siarkos said. "This relentless expansion in consumption has an enormous impact in natural resources, the climate and the environment. In Europe, this impact is estimated to be the fourth highest after food, housing and mobility."

A panel discussion moderated by Maria Cristina Pavarini, senior editor of the Italian publication The Spin-Off, followed. The round table was comprised of Polychronos as well as Vassilis Markou, CEO of Greek cotton ginner Violar SA; Simon Giuliani, head of sustainability at Candiani Denim; Flavio Berto, CEO of Berto Industria Tessile; Tommaso

Cumerlato, chief sales officer at Italian sewing company MIC Spa; and Lucinda Spera, chief marketing officer at John Richmond. The group looked into ways the European cotton industry and the Italian fashion and textile industry could work together for more sustainable and conscious clothing production.

The discussion also highlighted the importance of raw material characteristics, global market trends and "phenomena" like greenwashing. From this comparison, a significant topic emerged: garment traceability. This starts with the raw materials and extends to the yarns themselves, using tools like the EUCotton traceability platform.

"In order to address the challenges of the textile sector, the European Commission has recently presented the new strategy for sustainable and circular textiles," Siarkos said. "The new EU strategy sets out the vision and proposes actions to ensure that, by 2030, textile products placed on the EU market will be more durable, reusable and recyclable, free of hazardous substances and produced in respect of social rights and the environment."

Professors from Italian universities, including Nuova Accademia di Belle Arti (NABA), Polidesign and Cuoa Business School, also attended to collaborate with EUCotton in creating exclusive workshops for their students.

"Opportunity lies in developing regional, resilient, traceable and transparent supply chains that can efficiently and reliably support the advanced requirements of brands and retailers looking to better serve their customer's needs," Siarkos said. "This is exactly the case of the European Cotton: a strictly regulated crop produced by non-GMO seeds, which results to a superior quality, natural, renewable fiber. And, most importantly, locally produced."

Source: sourcingjournal.com– July 19, 2024

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Pakistan: Moderate business on cotton market

Cotton Analyst Naseem Usman told that the rate of new cotton in Sindh is in between Rs 17,800 to Rs 18,300 per maund. The rate of Phutti in Sindh is in between Rs 7,400 to Rs 8,200 per 40 kg.

The rate of cotton in Punjab is Rs 18,800 to Rs 19,000 per maund. The rate of Phutti in Punjab is in between Rs 7,800 to Rs 8,500 per 40 kg.

The rate of cotton in Balochistan is in between Rs 18,000 to Rs 18,100 per maund and the rate of Phutti is in between Rs 7,800 to Rs 8,300 per 40 kg.

Around, 2400 bales of Tando Adam were sold in between Rs 17,800 to Rs 18,000 per maund, 1000 bales of Shahdad Pur were sold at Rs 17,600 to Rs 18,000 per maund, 800 bales of Sanghar were sold at Rs 17,800 to Rs 18,000 per maund, 800 bales of Mir Pur Khas were sold at Rs 17,650 to Rs 18,000 per maund, 400 bales of Shah Pur Chakar were sold at Rs 17,800 to Rs 18,000 per maund, 800 bales of Mian Channu were sold at Rs 18,700 to Rs 18,900 per maund, 200 bales of Chichawatni were sold at Rs 18,800 to Rs 18,900 per maund, 200 bales of Mongi Bangla, 800 bales of Khanewal were sold at Rs 18,800 per maund, 200 bales of Sumunderi, 1200 bales of Vehari were sold at Rs 18,900 per maund, 200 bales of Hasil Pur were sold at Rs 18,700 per maund and 200 bales of Tunsa Shareef were sold at Rs 18,800 per maund.

The Spot Rate remained unchanged at Rs 18,000 per maund. Polyester Fiber was available at Rs 380 per kg.

Source: brecorder.com– July 20, 2024

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Pakistan: Industrialists fear decline in textile exports

In the previous fiscal year, textile exports were nearly flat at $16.7 billion. However, they said, "we fear that exports may drop in FY25 as Pakistan and other export-focused economies are passing through an extremely high inflationary phase, which may force economies into recession."

"Global economists are predicting a recession in the US in the second quarter of this year, though its central bank has hinted at an interest rate cut in the coming months, but things are going in other direction," remarked an industrialist while talking to The Express Tribune.

The United Kingdom is also undergoing a recession-type situation whereas the European Union is feeling the heat of Ukraine war.

"This is an election year; the UK has successfully conducted its elections, while the whole world is waiting for the outcome of polls in the US, which could redefine investor sentiment," he said, adding that global investors expected Donald Trump to be elected as next president and were realigning their investments under the so-called "Trump trade".

"If he wins, as per his plans he will increase tariffs on trade with different countries, which will redefine global trade and Pakistan's exports may also be hurt during the process," the industrialist said.

"We are already losing steam and it is unlikely that with such worrisome export numbers and rising energy tariffs, we can take textile exports into positive territory in the current fiscal year."

In June, the last month of fiscal year 2023-24, textile exports dipped 9.17% month on month, depicting the deteriorating situation of the important sector of Pakistan's economy.

Overall in FY24, the sector experienced a negative trend, as textile exports rose only in December and January. The increase came primarily on the back of "Black Friday" and Christmas sales.

Exporters were concerned over the long-term scenario and demanded a clear industry-friendly policy coupled with subsidised energy tariffs, without which it would be a distinct dream to increase textile exports substantially.

They added that they were aware of the extremely difficult phase for Pakistan, where it just managed to avert default. However, they stressed that it was necessary to tax the untaxed people and businesses instead of adding burden on the existing ones, restructure the power sector instead of penalising industries and domestic consumers, who regularly paid their bills.

"At least, the powerful elite can start enforcing austerity measures from the top, which will not only curb expenditures but will also send a positive signal to the entire nation," an exporter said.

Source: tribune.com.pk – July 20, 2024

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NATIONAL NEWS

Exports to top-10 nations grow faster than overall figures in Q1 FY25

India’s top-10 exports (by country) grew at a faster pace of 16.5 per cent during the April-June quarter, compared to the nation's overall merchandise exports growth of 5.8 per cent, commerce department data showed.

Except China, which saw 2.8 per cent contraction in exports, nine of the top-10 countries — United States (10.4 per cent), United Arab Emirates (17.6 per cent), Netherlands (41.3 per cent), United Kingdom (21.9 per cent), Singapore (26.55 per cent), Saudi Arabia (4.9 per cent), Bangladesh (10.5 per cent), Germany (3.4 per cent) and Malaysia (81.8 per cent) — witnessed positive growth.

These top-10 countries comprised 52 per cent of India’s total value of goods exported during the first quarter of this financial year.

The United States (US) continued to remain India’s largest export market, followed by the United Arab Emirates (UAE) and Netherlands.

After witnessing a 3 per cent contraction in the financial year 2023-24, outbound shipments from India saw positive growth in the three consecutive months of the current financial year. However, the growth wasn’t even.

The year started with a 2 per cent export growth in April, followed by a robust 13 per cent rise in May.

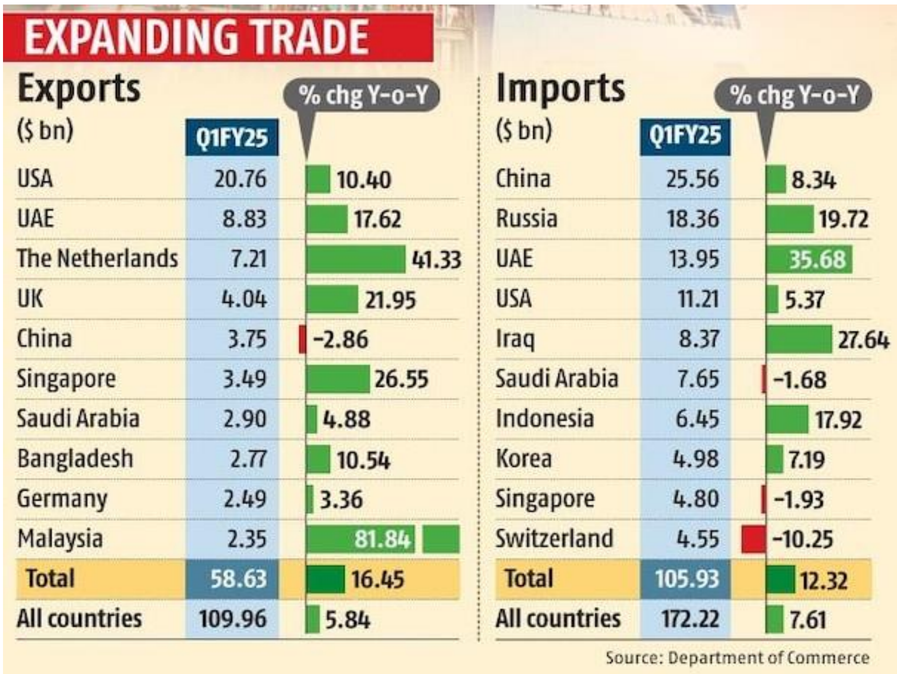
The growth, thereafter, slowed to 2.5 per cent during June, as exporters grappled with muted demand and logistics-related woes.

Imports

Of India’s top-10 import partners — barring Singapore, Saudi Arabia and Switzerland — inbound shipments from the remaining countries witnessed growth during the first quarter of the financial year, the data showed.

The top-10 countries account for over 62 per cent of India's merchandise imports.

Import growth from these top-10 countries jumped 12 per cent compared to the overall growth in inbound shipments of 7.6 per cent.This was driven by items such as electronic goods, petroleum products, non-ferrous metals and machinery.



EXPANDING TRADE

Exports ($ bn)	Q1FY25	% chg Y-o-Y	Imports ($ bn)	Q1FY25	% chg Y-o-Y
USA	20.76	10.40	China	25.56	8.34
UAE	8.83	17.62	Russia	18.36	19.72
The Netherlands	7.21	41.33	UAE	13.95	35.68
UK	4.04	21.95	USA	11.21	5.37
China	3.75	-2.86	Iraq	8.37	27.64
Singapore	3.49	26.55	Saudi Arabia	7.65	-1.68
Saudi Arabia	2.90	4.88	Indonesia	6.45	17.92
Bangladesh	2.77	10.54	Korea	4.98	7.19
Germany	2.49	3.36	Singapore	4.80	-1.93
Malaysia	2.35	81.84	Switzerland	4.55	-10.25
Total	58.63	16.45	Total	105.93	12.32
All countries	109.96	5.84	All countries	172.22	7.61

Source: Department of Commerce

Growth in inbound shipments were seen in the case of the US (5.4 per cent), UAE (35.7 per cent), Iraq (27.6 per cent), Indonesia (17.9 per cent), South Korea (7.2 per cent), Russia (19.7 per cent) and China (8.3 per cent).

Imports from Russia grew almost by a fifth to $18.36 billion during the quarter ended June, mainly due to India's dependency on crude oil.

The country continued to remain India's second-largest import partner after China.

Imports from Switzerland, which is mainly driven by gold, contracted 10.5 per cent to $4.56 billion.

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

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DGFT pushing proposal to further extend interest equalisation scheme for exporters

The popular interest equalisation scheme for exporters, that lapsed last month-end for all beneficiaries except for the MSME sector, may get extended for all. The Directorate General of Foreign Trade, under the Commerce Department, is moving a proposal to retain the scheme in its earlier form and will soon present it to the Expenditure Finance Committee (EFC) for its approval, official sources have said.

"Once the EFC agrees to the proposal of retaining the interest equalisation scheme for all beneficiaries and decides on the time period for which the scheme should be extended, it will be sent to the Union Cabinet for clearance," an official told businessline.

Extension of the scheme

The interest equalisation scheme, first implemented in April 2015 for five years, allows exporters of 410 identified products and all exporters from the MSME sector, access to bank credit at a subsidised interest rate determined by the government. The government then reimburses the banks for their lower interest earnings.

After the initial five years of the scheme, it was extended several times for smaller period of time. The last extension lapsed on June 30, 2024, following which it was extended for two more months just for the MSME sector.

"The two-month extension of the scheme for the MSME sector was to give breathing time to the Commerce & Industry Ministry to formulate a fresh proposal for its extension and get the relevant clearance. MSME exporters are the most vulnerable, so they needed protection. Hopefully, the EFC will agree to extend the scheme with retrospective effect for all exporters from July 1, 2024," the official said.

Boost competitiveness

The DGFT has proposed that the scheme should be extended as it was providing an interest equalisation benefit at the rate of 2 per cent on pre and post shipment rupee export credit to merchant and manufacturer exporters of the 410 identified tariff lines and 3 per cent to all MSME manufacturer exporters.

“Export bodies had made a case for higher subvention rates but the Commerce Department is proposing extension of the scheme at the rates that were in place when the scheme lapsed on June 30, 2024,” the official said.

The EFC is chaired by the Revenue Secretary so the scheme will get clearance if the Finance Ministry is on board. The Finance Ministry wants it to be firmly established that the scheme has been delivering results in terms of increasing exports, but a definite co-relationship is difficult to prove, the official said.

“The logic that the Commerce & Industry Ministry is pushing is that if peer countries, like East Asian countries and developed nations, have lower interest rate, then we are making our exporters uncompetitive because of our own policies. Our monetary policy is affecting them. So, the idea is to bring interest rates at par or at least lower them a little so that the country’s exporters become more export competitive,” the official explained.

Source: thehindubusinessline.com– July 19, 2024

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Customs clearance time for imports drops 6% at air cargo complexes: CBIC

The Central Board of Indirect Taxes and Customs (CBIC) on Friday released the National Time Release Study (NTRS) 2024 report. Time Release Study (TRS) is a performance measurement tool that aims to present a quantitative measure of cargo release time.

The release time is essentially the time taken from the arrival of the cargo at the customs station to its out-of-charge for domestic clearance in the case of imports and the arrival of the cargo at the customs station to the eventual departure of the carrier in the case of exports.

For imports, the study has noted that, out of the 15 ports covered under the purview of the study, 9 ports have witnessed a reduction in the average release time in 2024 vis-a-vis previous year.

Also, there has been reduction in release time in case of Integrated check posts (ICPs) and Airport Cargo Complex (ACC) -- a significant 50 per cent reduction in case of ICPs and 6 per cent reduction in case of ACCs in 2024 compared to the corresponding period in 2023.

On export end, the study underlined that the time of the arrival of the cargo at the customs station/port to its regulatory clearance, marked by grant of Let Export order (LEO) has reduced for ICDs and ACCs in 2024 vis a vis 2023.

In absolute terms, the average release time taken in the export Customs clearance regulatory process, in 2024, stood at 22:49 hours for seaports, 30:20 hours for ICDs, 3:50 hours for ACCs and 5:28 hours for ICPs.

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

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Textile sector seeks a stitch in time as govt mulls tax cuts

In a bid to give a boost to India's robust textile and apparel (T&A) industry, the government is considering a series of measures, including tax incentives like the removal or reduction of basic customs duty on imported organic cotton as well as long-staple cotton. Currently, these products attract a 5 per cent basic customs duty and an additional 5 per cent duty.

The proposed move assumes significance as India is one of the largest T&A exporters in the world. The share of T&A in India's total merchandise exports stands at 10-11 per cent, with a commendable 5 per cent share in global trade. Additionally, it is one of the largest employment generators, providing jobs to more than 45 million people, including 60 per cent women.

Therefore, any decision by the government in its upcoming Budget will have a larger impact on one of the mainstays of the economy. Also, a higher allocation to the micro, small, and medium enterprises (MSME) sector will have a positive impact on the textile sector, as 80 per cent of its manufacturers are small players.

With an average consumption of around 31.6 million bales per year, cotton contributes to around 60 per cent of the raw material consumption in the country. If the duty of 11 per cent on imported cotton is waived, the cotton price could stabilise according to the international market price, providing relief to the industry.

Hence, any decision in this regard will have positive implications for the industry, which is battered by global geopolitical uncertainties like the Russia-Ukraine war, the Red Sea crisis, and the Israel-Hamas conflict, low demand from the US and Europe due to economic crises, a dip in domestic consumption, and volatile raw material prices.

Other steps under government consideration include raising the basic customs duty on man-made fibre spun yarn flooding domestic markets from 5 per cent to 10 per cent and setting up a national textile fund to push the technological shift in the sector.

One of the major demands being floated by the industry is a revised Production Linked Incentive (PLI 2.0) programme, after a tepid response to the scheme in the textile sector.

"We request the announcement of Production Linked Incentive (PLI) 2.0 by fixing the threshold limit for Rs. 15 crore investment, considering the Knitwear Garments MSMEs in Tiruppur Cluster. Also, we request to include cotton in the purview of PLI apart from garments made of MMF," said KM Subramanian, president of the Tiruppur Exporters Association (TEA).

The PLI scheme was launched in 2021 with the government targeting Rs 10,683 crore for five years to promote the production of man-made fibre apparel, fabrics, and products of technical textiles. The government has already indicated that the PLI scheme may be extended to the garments sector.

Other key demands by the sector include the supply of cotton, polyester, and viscose fibre at internationally competitive prices. On the other hand, downstream synthetic textile manufacturers are also seeking the government to revoke Quality Control Orders (QCOs) on man-made fibres (MMF).

"QCO suspended on fibre and yarn has so far not equitably imposed on the value-added fabric and garments. It is regressive to stop raw material imports and promote value-added imports," said Sanjay K Jain, chairman of the ICC National Committee and managing director of Delhi-based TT Ltd.

The early conclusion of free trade agreements with the UK, European Union, New Zealand, and Gulf Cooperation Council is also on the industry's wishlist. One of the major industry demands is implementing an alternative scheme in place of the Amended Technology Up-gradation Fund Scheme (ATUFS).

"Only 15 per cent of the fund allotted was utilised and 85 per cent remained unutilised. In view of this, the announcement of an alternate scheme in place of the ATUF Scheme will go a long way in promoting the growth of the textile industry and exports," Subramanian added.

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

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India flags trade gap with China at WTO

India has raised concern over its large trade deficit with China and the non-transparent subsidies and mechanisms followed by the latter, which it said lead to low prices and hurt the local industry. At the World Trade Organization (WTO) Trade Policy Review of China this week, India also said it hoped China would support issues concerning the global south.

China's overall merchandise exports increased significantly to $3,594 billion in 2022 from $2,589 billion in 2020 but fell to $3,380 billion in 2023.

"India noted that its bilateral trade with China represents the biggest trade deficit with any country. India said it was concerned by the size of the deficit, the imbalance persisting year after year, and non-transparent subsidies and mechanisms," said a Geneva-based official, who did not wish to be identified.

In 2023-24, India's exports to China amounted to $16.65 billion while imports totalled $101.75 billion, leaving a trade deficit of $85.08 billion, higher than $83.19 billion in 2022. China was India's largest trade partner during the financial year.

The European Union also raised concerns over China's distortive and opaque industrial policies and practices, import substitution and a politicised business environment, among other issues. Another official said India also had concerns over China's non-trade barriers, services and intellectual property rights. "India hoped China would support issues concerning the global south and it would give real and tangible benefits to developing and less developing countries," the first official said.

While the EU asked China to give up its claim to developing country status in the future, Australia and Japan asked it to relinquish its use of special and differential treatment commensurate with its size and weight in the global trading system.

Source: economictimes.com– July 19, 2024

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Non-tariff barrier resolution on cards

New Delhi: India will launch an online platform for registering and resolving non-tariff barriers (NTBs) faced by exporters in the next 2-3 months, and a task force to look at a strategy to resolve such issues is also in the works.

The portal on SPS (sanitary and phyto-sanitary measures) and TBT (technical barriers to trade) issues would cover three areas, including taking feedback from exporters and finding a resolution strategy, Rajesh Agrawal, additional secretary in the commerce department said Friday.

"The portal will also help us to monitor all the efforts done to resolve those issues. In the next 2-3 months hopefully, we will roll that out," he said.

Around 3,000 notifications are issued across the world and many of them come from India's export markets.

Officials said that Indian industry needs to get aligned to it.

"Change is obviously happening in the industry. Most of these notifications that come also give transition time. India also does that," the official said.

Quality regulations in non-food area have been the focus in last five years. Noting that instead of tariff, now non-tariffs barriers are increasing, he said: "We need to be standardising more we need to be coming out with proper regulations, we need to be very scientific in our production both agriculture as well as industrial production."

Technical regulations are also trade burden on exporters to that economy.

"That also becomes a mechanism to control trade. Every country does it. More developed countries go for more notifications and are largely used for food security," he said.

The online portal will also help find whether the process of conformity assessment or compliance burden is so high that exporters are unable to compete in the market and export.

Efforts are on to capture, identify and work on those to find out what is the resolution strategy.

“Sometimes resolution can come through engagement with the foreign country and sometimes solution can come through better enforcement within our own country,” he said.

Officials said that once the resolution strategy is finalised, the portal will also be used to monitor all the efforts to resolve them as non-trade issues take years to get resolved.

Non tariff barriers have higher costs than tariffs. To meet non tariff measures the additional cost that is required to improve quality is much more than commercial tariffs that would have to be paid.

Most non-tariff measures are domestic rules created by countries to protect human, animal or plant health and environment and take the form of regulations, standards, testing, certification, pre-shipment inspection or non-technical measures like quotas, import licensing, subsidies, and government procurement restrictions.

India’s exports are far below potential as they face NTBs in the EU (European Union), the US, China, Japan, Korea and many other countries. Key Indian exports that routinely face high barriers include chillies, tea, basmati rice, milk, poultry, bovine meat, fish, chemical products to the EU; sesame seed, black tiger shrimps, medicines, apparel to Japan; food, meat, fish, dairy, industrial products to China; shrimps to the US; and bovine meat to South Korea.

On the EU’s Carbon Border Adjustment Mechanism, he said that it is not “strictly” an SPS or TBT issue.

He also said that as customs duty rates are gradually going down, more and more technical regulations are increasing, which most of the time acts as barriers to trade and add to trade burden.

During 1995-2024, India has flagged as many as 43 issues in the SPS committee of the WTO and 40 TBT matters.

25 SPS issues were raised by other countries and 70 TBT matters against India during the period.

Russia

India also plans to take up the issue of NTBs for its shrimp exports to Russia.

To export shrimps to Russia, shrimp units have to be registered. Around 56 units have applied and five have been listed.
Officials said that conformity assessment procedure is sometimes not very transparent and it becomes a technical barrier to trade.

“When we talk with Russia in our bilateral meetings we will (ask) why don’t you take a decision on the rest,” he said.

Source: economictimes.com– July 19, 2024

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MSME Act proposed to be amended to ensure expeditious payments

New Delhi: The government plans to amend the Micro, Small and Medium Enterprises (MSME) Development Act, 2006 to ensure expeditious payment to MSMEs, said people familiar with the matter. The Act is likely to be amended to make the 45-day payment rule more effective by introducing online dispute resolution to settle delayed payments disputes, they said.

The law prescribes a 45-day window for buyers to pay their MSME suppliers. If the buyers fail to pay within this time frame, they are liable to pay the amount and interest on the pending amount, which is calculated at three times the Reserve Bank of India's bank rate. The government believes that the law fails to reflect the contemporary challenges that MSMEs face, the people said.

"The amended Act will incorporate concepts such as energy efficiency and decarbonisation, embodying the developmental direction MSMEs need to adopt," said a government official, who did not wish to be identified. The government is also expected to streamline the income tax provisions in line with the proposed changes.

Export Focus

In addition, the government is planning to set up centres of excellence to facilitate MSME exports. A NITI Aayog report earlier this year said that merely 0.95% or about 150,000 of the 15.8 million registered MSMEs claimed to export their goods and services. The proposed centres would seek to bridge the information gap, officials said, adding that these centres are likely to facilitate the exchange of information through collaboration between MSMEs and the Department of Science & Technology as well as the Council of Scientific and Industrial Research for promoting and adopting best technology best practices. These measures top the agenda of the ministry for the first 100 days of the government. "The 100-day action plan is forward-looking and a bridge for achieving the 2047 Viksit Bharat goals," said an official.

Source: economictimes.com– July 19, 2024

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GeM's e-Learning Training Courses now available in 12 Official Languages

Launched earlier this year, the new Government e Marketplace (GeM) Learning Management System is a pioneering government-driven solution that provides access to a multilingual interface and SCORM-compliant interactive e-Learning courses. GeM has introduced its interactive & multilingual LMS in six additional official languages making this user-friendly learning platform now accessible in total twelve official languages of India.

The e-Learning Training Courses are now available in twelve official languages - Assamese, Bengali, English, Gujarati, Hindi, Kannada, Malayalam, Marathi, Odiya, Punjabi, Tamil, and Telugu, catering to diverse user needs. The user-friendly interface provides improved user experience with dedicated libraries and a progress tracking dashboard.

The LMS offers Four-level Buyer Certification program to empower users with progressive learning and valuable certifications. Further, the learning platform lets Buyers and Sellers choose their learning path by topic or certification level, maximizing efficiency.

"With the emphasis on utilisation of GeM for procurement by all government agencies, it was imperative that proper avenues of learning be provided to stakeholders to help them understand the policies, functionalities and navigate the portal with ease. With this ideology, the interactive & multilingual LMS has been rolled out in 12 official languages," highlighted CEO, GeM Shri Prashant Kumar Singh.

"The roll out of a multilingual learning tool ensures better comprehension of intricate public procurement processes, catalyzing GeM portal's adoption among State/Local Government Buyers as well as last-mile sellers across India. Since its launch four months ago, the GeM LMS has witnessed a 32-fold increase in user registration with over 4,000 users enrolled in various courses. More than 600 Buyer certificates have also been issued in this period of time," added Shri Singh.

Recognising the significance of training and capacity building for GeM users, the platform aligns with international learning and development standards. Simultaneously, it effectively caters to the diverse language demographics across all States and Union Territories.

Meticulously designed for Government Buyers, Sellers/Service Providers, and all GeM users, the all-new training courses are purposed to address the specific needs and skill levels of participants, allowing them to unravel and understand the GeM ecosystem at their own pace. GeM's LMS platform sets a new benchmark for Government learning and capability building platforms. The interactive, multilingual courses ensure all users, regardless of location or language proficiency, can gain the skills needed to navigate GeM effectively.

By offering an engaging and multilingual learning experience, GeM is not only supporting its users but also fostering trust and encouraging wider adoption.

Source: pib.gov.in – July 19, 2024

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Bihar looking to develop its textile industry to create jobs: Giriraj

The Bihar government was aiming to develop its textile industry which will help the state's economy and create jobs, Union Textiles Minister Giriraj Singh said on Friday. Speaking to reporters on the sidelines of the 'Textile Investors' Meet' in Patna, Singh said Bihar has the potential to create substantial employment opportunities in the sector.

"The Bihar government's goal is to build a strong textile sector that benefits the state's economy, creates jobs, and promotes sustainable development. The textile industry has a huge potential to create employment opportunities in the country after agriculture," he said.

"Women form 70 per cent of the workforce in the sector. Bihar has a huge potential as there are 1.5 crore 'Jeevika Didis' who are associated with self-help groups. These 'Jeevika Didis' will become the growth engine for development once they are associated with the textile industry," he added.

Singh said a national-level handloom expo will be organised in the state in October. He expressed commitment to promoting Bhagalpuri silk and said plans were afoot to establish a regional office in the state to support the sector.

Deputy Chief Minister Vijay Kumar Sinha said his government was working to provide opportunities to investors in the state. State Industries Minister Nitish Mishra said, "Bihar has the capability to emerge as a major economic hub because of its favourable business environment. This event was organised to showcase the state's potential in the textile sector, attract investments, and create employment opportunities."

Union Textiles Secretary Rachna Shah said that while India was a top producer of textiles and apparel, Bihar was ideally positioned to lead this sector due to its skilled workforce, ample raw materials and supportive industrial policies. The meet attracted over 100 participants from the textile industry, and 22 of them announced their intention to invest in the state, an official statement said.

Source: msn.com– July 19, 2024

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India's W Bengal expects $1.195-bn investment, 0.25 mn jobs at CLC

The government in India's West Bengal state recently said it expects an investment of ₹10,000 crore ($1.195 billion) and creation of about 250,000 jobs at the Karmadiganta Calcutta Leather Complex (CLC) in near future.

Alapan Bandyopadhyay, chief advisor to the state chief minister, said this following a review meeting on the complex by chief minister Mamata Banerjee.

He said 187 more tanneries and 139 more footwear manufacturing units are expected to come up in the complex.

The complex, covering 1,150 acres, houses 500 tanneries and leather manufacturing units now, with a working population of 0.5 million.

The government has also decided to promote products of leather manufacturing units located there, according to media reports from the state.

A leather and cottage industry mall would be established in front of the museum set up on the land where the Alipore Correctional home was located. Half of the space in that mall will be allotted to the leather manufacturing units of Karmadiganta, added Bandyopadhyay.

Source: fibre2fashion.com– July 18, 2024

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Punjab urges Centre to approve BG-III Bt cotton for sowing

Punjab wants the Centre to approve the next generation Bt cotton variety Bollgard-III amid the pink bollworm (PBW) menace damaging the cotton crop over the past 3-4 years. Efforts are, however, on in the government and private sector to prevent the pest attack through innovative technologies.

Last week Gurvinder Singh, a farmer in Fazilka district of Punjab, destroyed his entire cotton crop planted on 10 acres of land by running tractor over the field after the emergence of PBW pests. He has since planted moong crop in the entire area. He said there is no other alternative now as the land does not have assured irrigation. “I cannot grow maize as I do not have the harvesting machine,” Singh said.

After AI smart traps were installed in 18 locations of Punjab by Nagpur-based Central Institute for Cotton Research (CICR), another technology called CREMIT (Controlled Release Enhanced Mating Interruption Technology) has already been deployed by ATGC Biotech on about 1,000 acres in Sirsa district of Haryana and Fazilka and Bhatinda of Punjab with a target to double the area coverage.

‘Insect family planning’

CREMIT technology enables eco-friendly population control by implementing “Insect Family Planning” as a sustainable alternative to traditional insecticides, thus reducing insecticide usage on the crop and soil, said Baljinder Saini, executive director of Reviving Green Revolution Cell under the project.

He said apart from other management tools, one key component is the mating disruption technology which is recommended by Punjab Agriculture University (PAU) and other institutes. “The technology has a synthetic sex pheromone of the PBW which is applied on the field. The idea is to confuse the male moths so that natural mating does not happen and PBW incidence is reduced. The application of the technology has to be used when flowering starts,” Saini said, adding it ensures better PBW control.

Textile company Sportking India has collaborated with ATGC Biotech, Reviving Green Revolution Cell and Team Athena to launch the initiative, "San-Vardhan" (Cotton You Can Trust) in Punjab and Haryana under which CREMIT technology has been introduced.

"The reduction of cotton output is a big loss to smallholder farmers, ginners, yarn manufacturers, cotton fabrics and the entire value chain. PBW is becoming a costly pest for cotton farmers, threatening their income and livelihood as well as disrupting supply," said Munish Avasthi, Managing Director, Sportking India.

Pressure piles on Centre

Meanwhile, Punjab's Agriculture Minister Gurmeet Singh Khudian on July 18 met Union Agriculture Minister Shivraj Singh Chouhan in Delhi and sought his personal intervention in speeding up approval of the next generation BG-III cotton seeds, in view of continuous pest attacks on the cotton crop.

Khudian told that the current generation BG-II cotton needs to be changed by advanced seeds to make the crop resistant to pest attacks, an official release by Punjab government said.

Cotton acreage in Punjab this year has dropped to 1 lakh hectares (lh) as on July 15 from 2.14 lh year ago. In Rajasthan also it has dipped to 4.75 lh from 7.06 lh and in Haryana to 4.76 lh from 6.65 lh. In largest producing State Gujarat also, there is a drop in acreage to 18.61 lh from 23.76 lh. On the other hand, there is 5 lh more area covered each in Maharashtra and Karnataka from the year-ago levels.

Source: thehindubusinessline.com– July 19, 2024

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