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IBTEX No. 121 of 2024 **July 23, 2024**

Currency Watch			
USD	EUR	GBP	JPY
83.65	91.08	108.13	0.53

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INTERNATIONAL NEWS

Global trade may reach almost $32 trn in 2024: RBI Bulletin

Global trade may reach almost $32 trillion this year, though it is unlikely to surpass the record level of $32.2 trillion in 2022, according to an article in the Reserve Bank of India's monthly bulletin for July.

Global economic activity appears to be strengthening across advanced economies (AEs) and emerging market economies (EMEs) and global trade in goods and services is gathering momentum, it noted.

In terms of purchasing managers' indices, EMEs continued to outperform AEs for a second straight year, with India ahead of the rest on the back of robust growth expectations.

Monetary policy divergence is setting the tone for global economic developments. Labour markets are easing from historically tight conditions and wage growth is slowing, the article noted.

While there is a regaining of pace in global merchandise trade, the robust upsurge in services trade appears to be getting over.

Prices for traded goods are also ticking up, with faster growth in values than in volumes.

Despite this uptick, the annual change in the price of traded goods is expected to remain negative.

Persisting geopolitical tensions, rising shipping costs and muscular industrial policies remain downside risks, the article said.

In India, the second quarter of fiscal 2024-25 has begun with signs of quickening momentum in the economy.

The improvement in the outlook for agriculture and the revival of rural spending in India have turned out to be the bright spots in the evolution of demand conditions.

Consumer price inflation in India ticked up in June this year after three consecutive months of moderation.

Source: fibre2fashion.com– July 22, 2024

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Global cotton trade to expand to 12.4 million tons by 2033: Report

Global cotton trade is anticipated to expand at a steady rate of 2.1 per cent per annum (p.a.) to 12.4 million tons by 2033, according to a report by the Organisation for Economic Cooperation and Development (OECD) and Food and Agriculture Organisation (FAO) of the United Nations.

Titled, 'OECD-FAO Agricultural Outlook 2024-2033,' the report reflects substantial increases in mill use of cotton in Asian countries, particularly Vietnam and Bangladesh, which rely almost entirely on cotton imports to support their burgeoning textiles sectors.

It further highlights, stagnant production growth rate in China will drive an increase in lint imports over the next decade. This will fulfill the demand of local mills and replenish state reserves. By 2033, raw cotton imports are projected to rise by 0.7 per cent p.a to reach 2.8 million tons. However, this growth would be modest compared to the over 3 per cent growth projected for Vietnam and Bangladesh. The United States will maintain its position as the world's largest cotton exporter throughout the outlook period. US exports are projected to hold a 31 per cent share of world cotton trade by 2033, translating to approximately 3.9 million tons.

Brazil's cotton exports are also expected to grow robustly over the next decade, solidifying the country's position as the second-largest exporter by 2033. Sub-Saharan Africa will follow, accounting for around 16 per cent of global cotton exports. Exports from this region are projected to continue growing at about 0.7 per cent p.a., with South and Southeast Asia being the primary export destinations.

The report further projects, international cotton prices in real terms will trend slightly downward in the medium term. This price trend will be influenced by competition from man-made fibers and changes in consumer preferences. Relative price competitiveness between these two types of fibers will not change drastically over the projection period, the report adds.

Source: fashionatingworld.com– July 22, 2024

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Where Does Kamala Harris Stand on Climate, Trade and Tech?

President Joe Biden announced Sunday he had chosen to end his campaign for re-election.

Vice President Kamala Harris has already solidified and announced her plan to run, with Biden's endorsement, as well as the endorsements of other top-ranking Democrats like Sen. Chuck Schumer (D-NY) and Rep. Hakeem Jeffries (D-NY).

While other Democrats could decide to challenge Harris for the nomination, that may prove an uphill battle, given that the party can use the campaign funds from the Biden-Harris ticket for Harris and her running mate, whom she has yet to announce.

Harris' time spent as a senator, a district attorney, an attorney general and, most recently, the country's vice president, has given her a lengthy history on a variety of voter issues. Her work and stance on environmental considerations gave her a unique spotlight during the last election cycle, where she ran for president but ultimately dropped out before any votes were cast.

This time around, her policies—on sustainability, trade, technology and more—could make a real impact on the apparel, supply chain, logistics and retail industries in a way they never had a chance to during the last election cycle.

Environmental policy and climate change

Harris has historically put an onus on emissions reduction, climate justice and environmental health during her tenure as a politician, leaning left of Biden's stances prior to her acceptance of the vice presidential nomination.

Though she has largely gone along with the Biden administration's climate-related projects during this presidential term, some of her own, more left-leaning aspirations for the environment got left on the campaign trail in 2020. Fracking is just one example of the differences between the sitting president's actions and the now-potential president's platform in previous years.

“There’s no question I’m in favor of banning fracking,” she said during her last campaign for the presidency.

Ultimately, Biden has not taken that same approach, focusing primarily on ending fracking on federal land and working to halt new leases for fracking. But Harris’ stance on fracking is far from the only reason that many consider her an opponent of big oil and fossil fuels.

As a senator, Harris also co-sponsored the Green New Deal, which was introduced by Rep. Alexandria Ocasio-Cortez (D-NY) and Sen. Ed Markey (D-MA) in 2019 and was, where climate is concerned, aimed at sourcing clean energy for all of the country’s power demand by 2030. While the initiative never made much progress in Congress, some of its pieces aligned with Harris’ own plan in her last presidential jaunt.

During her 2019 campaign for the presidency, Harris proposed a $10 trillion climate plan, which she said would have used private and public spending to decrease greenhouse gas emissions, with the end goal of reaching a net-zero economy by 2045. She also proposed instituting a carbon tax.

Trucking and logistics

Related to her environmental work, Harris took a few steps toward electrification and decarbonization of trucks and ports during her tenure as Biden’s second in command.

In 2022, she announced that the Department of Transportation (DOT) would encourage grant applications for the Port Infrastructure Development Program, centered around emission reduction, air quality improvement in communities adjacent to high-polluting facilities or ports and more.

In 2021, Harris announced that the administration would pump $127 million into the Supertruck 3 program, which is meant to help companies decarbonize medium- and heavy-duty trucks.

Recipients of the program’s third round included PACCAR, Daimler, Ford, Volvo Group North America and General Motors. The companies’ efforts focused around projects like bringing electric trucks to payload parity with diesel trucks, developing more efficient battery and fuel cell-electric vehicles and more.

Trade

Harris' stance on the climate has also impacted her position on trade. As a senator, she was just one of 10 to oppose the United States-Mexico-Canada Agreement (USMCA), even after the addition of several provisions meant to appease the Democrats.

Though the additions addressed some labor and environmental considerations, for Harris, its protections weren't far reaching enough.

"I can tell you that in a Harris administration, there would be no trade deal that would be signed unless it protected American workers and it protected our environment," she said in 2019 during her presidential campaign.

In 2016, while Harris campaigned for the Senate seat she eventually won, she opposed the Trans-Pacific Partnership, an Obama-era trade agreement between the U.S. and 11 other countries that was meant to ease trade and reduce tariffs. At the time, she worried that the agreement would have moved some Americans' jobs overseas. The proposal had also faced major backlash from labor groups.

Former President Donald Trump pulled the U.S. out of the agreement in 2017.

While Biden has largely taken a voluntary approach to regulation of artificial intelligence in the U.S., Harris has been a bit more outspoken around her intentions to regulate the emerging technology.

She supported Biden's executive order on AI, issued in October 2023, but also had an interest in the technology's development and effects prior to that. In July of last year, the vice president met with labor group leaders to discuss how AI might impact their respective industries and bucked what she called the "false choice" between innovative technological advancement and protecting American citizens.

In March, Harris announced alongside the White House Office of Management and Budget that the administration had put a variety of safeguards and rules in action for federal agencies and executive offices, which included growing the AI workforce inside those entities, using AI responsibly for forward movement on issues like climate change and public health and more.

Harris seems a bit wary of AI's potential impact if not regulated. At the moment, far-reaching, federal regulation of the technology does not exist, though some members of Congress have introduced AI-centric bills.

Just a month after Biden signed the AI executive order, Harris said at an AI safety summit in the United Kingdom that, despite its merits, AI has the potential to "endanger the very existence of humanity" and stood firmly with the stance that legislation will be needed.

"As history has shown, in the absence of regulation and strong government oversight some technology companies choose to prioritize profit over the wellbeing of their customers, the security of our communities and the stability of our democracies," she said. "One important way to address these challenges—in addition to the work we have already done—is through legislation, legislation that strengthens AI safety without stifling innovation."

The question over the vice presidential nominee

If Harris becomes the Democrats' nominee, she will need to nominate a running mate; at the moment, the person she would add to her ticket remains to be seen. So far, a number of names have emerged as potential vice presidential nominees: Sen. Mark Kelly (D-AZ); Pete Buttigieg, the Biden administration's secretary of transportation; Gov. Gavin Newsom (D-CA); Gov. Andy Beshear (D-KY); Gov. Roy Cooper (D-NC); Gov. Gretchen Whitmer (D-MI) and Gov. Josh Shapiro (D-PA).

All of those politicians—with the exception of Whitmer—have already put their endorsement behind Harris, as have a number of trade organizations. They also each have a different set of issues to campaign on and may appeal to different subsections of voters.

Harris is likely to select a running mate who would play well in difficult swing states; several of those potential choices, like Beshear, Cooper, Whitmer, Shapiro and Kelly, currently represent constituencies in key swing states, where voter issues like climate change and labor often prove particularly important.

Source: sourcingjournal.com– July 22, 2024

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Italian textile machinery orders drop 17% in Q2 - ACIMIT

Italian textile machinery manufacturers saw a decline in orders during the second quarter of 2024 compared to the same period last year. The drop, attributed to a cautious global market, was particularly pronounced in foreign markets, which account for a significant share (86 per cent) of total orders.

The ACIMIT index, a measure of order intake, fell by 17 per cent to 49.8 points (base 2021=100). This decrease was driven entirely by a 22 per cent decline in foreign orders, with the index for those markets reaching 48.8 points.

However, a bright spot emerged in the domestic market. Italian orders saw a 25 per cent increase compared to Q2 2023, with the index reaching 57.3 points. This suggests a potential rebound within Italy.

Despite the overall decline, order backlogs remain healthy, providing Italian manufacturers with 4.3 months of assured production. Additionally, capacity utilization is expected to rise from 61 per cent in the first half of 2024 to 64 per cent in the latter half.

ACIMIT President Marco Salvade attributed the slowdown in foreign markets to global geopolitical uncertainty. This trend is further confirmed by declining Italian textile machinery exports (excluding China and Egypt) in the first quarter of 2024.

Source: fashionatingworld.com– July 22, 2024

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Red Sea Diversions Have Cost the Suez Canal $2 Billion

The ongoing Houthi attacks in the Red Sea and neighboring Gulf of Aden have cost the Suez Canal a pretty penny.

The Suez Canal Authority (SCA) saw revenue dip more than $2 billion in the 2023-2024 fiscal year, as the onslaught on commercial vessels has forced ocean carriers to divert container ships around southern Africa's Cape of Good Hope.

Osama Rabie, the head of the Egyptian canal's authority, said on Thursday revenues fell to $7.2 billion in its financial year from $9.4 billion the year before, a 23 percent drop. Total tonnage through the canal has fallen by a third to 1 billion tons from 1.5 billion in 2022-2023 season. Since the diversions only took up half of the fiscal year, current traffic suggests that next year's numbers will be even lower unless the security situation improves.

The canal's concerns don't appear to be easing any time soon, as more industry stakeholders anticipate the Houthi attacks to continue into 2025. Container ships have largely avoided the canal since December, weeks after the Yemen-based militant group began launching their missile and drone attacks on vessels.

Houthi representatives have claimed since the start of the attacks last November that they are in response to the Israel-Hamas war in Gaza.

Even if the assaults were to end immediately, there's no guarantee the Suez Canal would be able to get its traffic back immediately.

According to a Hapag-Lloyd spokesperson, even after declaring that voyages can return through the Suez Canal, it would take at least four to six weeks to rearrange schedules and for operations to return to normal.

The revenue decline raises concerns for the economy of Egypt. Revenues from the Suez Canal account for roughly 2 percent of Egypt's gross domestic product and are an important source of foreign currency.

While the lack of ships is putting the canal under more financial distress, and forcing shippers to pay up more as vessel capacity decreases, the container shipping firms avoiding the waterway are seeing a windfall of cash.

The first quarter of 2024 saw ocean carrier giants reel in $5.4 billion in net profit, according to an analysis from container shipping expert John McCown.

Both Maersk and Hapag-Lloyd have already raised their annual guidance twice due to the better-than-expected profits, which have aligned with escalating ocean freight rates.

While Drewry's World Container Index (WCI) went up 1 percent yesterday on a week-over-week basis to $5,937 per 40-foot container as of Thursday, those rates have soared nearly 330 percent from $1,382 per container as of Nov. 30.

Other major effects have been felt due to the avoidance of the Red Sea, as the schedule changes from the detour around Africa have created "vessel bunching" at key transshipment ports, which has led to port congestion in some of the busiest global gateways, including Singapore, China's Ports of Shanghai and Ningbo and Malaysia's Port Kelang.

Vessel deployments have also been shuffled and reorganized on trade lanes around the globe to free up more tonnage for the Cape of Good Hope route, with Maersk saying that the industry has lost up to 20 percent of capacity due to the lengthier Asia-to-Europe voyage.

Maersk CEO Vincent Clerc even admitted that the container shipping giant will be missing vessel capacity in the coming months, and will rely on some ships of different sizes than usual, which will "imply reduced ability for us to carry all the demand that there is."

Since February, the U.S. and the U.K. have been launching air strikes on Houthi targets in Yemen intended to weaken the capabilities of militants. However, the strikes have done little to deter the Iran-backed rebel faction.

Source: sourcingjournal.com– July 22, 2024

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Gradual economic recovery expected to continue in Germany in 2024: IMF

Gradual economic recovery is expected to continue this year in Germany, according to the International Monetary Fund (IMF), which recently said that with wage growth now exceeding inflation, private consumption is expected to drive recovery.

A return to growth is, in turn, expected to reinforce confidence, which, alongside a gradual easing of monetary policy, should further bolster consumption and investment next year, the IMF said after its executive board concluded the Article IV consultation with the country recently.

Inflation in Germany is expected to slowly ease further as lower energy prices continue to pass through to retail prices, with core inflation remaining somewhat above headline inflation due to robust wage growth, the IMF noted. Over the medium term, however, rapid population aging is expected to slow gross domestic product (GDP) growth to below 1 per cent, absent significant increases in productivity or much higher-than-expected immigration.

Risks to the outlook are broadly balanced. Upside risks include the possibility that positive economic news could spur a faster-than-expected recovery in consumption and investment. Key downside risks include the potential for accelerating geo-economic fragmentation, worsening global conflicts and intensifying stress in global commercial real estate markets. Uncertainty about the pace of disinflation poses risks in both directions, an IMF release said.

To further boost potential growth, IMF directors urged German authorities to continue efforts to cut red tape, promote digitalisation and innovation, and deepen the European single market, including by progressing towards a Capital Markets Union.

They also encouraged continued efforts to strengthen labour supply, including by enhancing the integration of immigrants and further promoting women’s full-time labour market participation.

Source: fibre2fashion.com– July 23, 2024

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Pakistan: Balancing exports and stability

With these numbers, the current account deficit in FY24 came in less than $1 billion, a significant change from the past trend of a burgeoning current account deficit. However, the challenge facing the policymakers today is to kickstart the economy and lower inflationary pressure.

The slump in business activities because of measures to curtail the current account deficit has resulted in shortages and an upward spiralling inflation. The exports from Pakistan had increased at more than 25% in FY22 and surpassed $31.5 billion but had decreased to $27.7 billion in FY23.

The current level of exports, which is less than 10% of Pakistan's GDP, will not be able to sustain a low current account balance once the demand for imports starts to increase.

Policies to curtail the double-edged sword, which involves a large current account deficit and a fiscal deficit, often hurt consumers and producers. While the former face shortages and rising prices of final goods, the latter face increased taxes that often adversely impact their business activities.

The recent tax policies that include a shift for textile exports from a final tax regime of 1% on turnover to a normal tax regime of 29% on profits have raised deep concerns among the biggest exporters as their reliance on government incentives is likely to reduce.

The textile sector contributes approximately 60% of the exports from Pakistan. Textile exports constitute a much smaller percentage in major regional counterparts such as India, China, and Vietnam.

Although Pakistan has recently moved up the value chain as a large proportion of exports include readymade garments and apparel that involve higher value addition due to the downstream nature of the products, cotton yarn accounts for a significant proportion of the exports.

On the other hand, Vietnam and Bangladesh are mainly exporters of value-added downstream products, with intermediate goods likely constituting a much smaller share of their total textile exports.

Even within textiles, it is imperative for Pakistan to increase its exports of products manufactured from synthetic and man-made fibre. In recent years, Bangladesh has increased exports of such products as it diversifies its product range.

This is highlighted in a recent report, titled “Pakistan and EU Trade Potential: The Bottlenecks and Roadmap for Reforms”, published by the Friedrich Naumann Foundation for Freedom Pakistan.

Export subsidies are a contentious issue between policymakers and exporters as the latter rely on them to generate much-needed export revenue, but it drains meagre financial resources. Pakistan has provided incentives for exporters such as export finance schemes for exporting firms and drawback on duties and taxes.

However, with the burgeoning fiscal budget, many of the benefits have been reduced. Pakistan has mostly focused its incentive schemes on traditional exports such as textiles, rice, and leather.

Recently, the IT sector has gained some traction as it has been identified as an important contributor to GDP as well as job growth. Regional counterparts do provide incentives to their exporters, but these incentives have become more innovative in recent years.

The data on export subsidies is extracted from Global Trade Alert. For instance, Bangladesh has introduced incentives to encourage environmentally friendly investments and green transformation funds so that their products can continue to sell in advanced countries that are likely to adopt carbon-based tax mechanisms to deter imports of goods produced using dirtier technologies.

India is targeting more specific products in its newer policies to encourage greater diversification in exports.

China has introduced policies to encourage product development of high-quality health and medical equipment. Such policies are likely to impact the production in textile products, particularly the downstream industries.

A recent study, titled “Do export subsidies dampen export unit values across markets? A case study on Pakistan,” describes how export unit value is likely to be influenced by export market characteristics based on whether the products are provided with export subsidies.

The export subsidies are defined using the Global Trade Alert database. The study finds that products receiving export subsidies are likely to show lower dispersion in export unit value across markets, highlighting the dampening role of export market characteristics on export unit value across export destinations.

However, exporters that do not receive export subsidies on the products report that different export market characteristics can influence the export unit value generated from export sales.

For instance, selling in richer markets may raise export unit value on such products. Hence, it is critical that the policymakers devise strategies to encourage exporters to not only diversify their product range but also upgrade the quality of the products as they compete in different export market destinations, particularly those that can add significant value to export unit value and reduce dependency on export subsidies.

In essence, Pakistan needs to adopt policies that encourage sustainable growth in its exports. As the government faces pressure on its fiscal accounts, the financial incentives and relief to exporters are likely to be reduced. It is imperative that the government undertakes measures to boost the productivity of firms so that they can become more competitive regionally and globally.

Reducing bureaucratic hurdles must be made a priority. First, digitalisation of all trade procedures is the key, and the implementation of the Pakistan Single Window is a step in the right direction. Second, the government must ensure that exporters are able to access not only their inputs but also purchase and upgrade their machinery and equipment. Import restrictions must be reduced.

Third, Pakistan must address the gap in the quality of goods produced domestically and those produced in its main export destinations. Often standards and quality control measures by trading partners are imposed that can limit the exports from Pakistan. A better-integrated trade information portal that improves the efficiencies of regulatory authorities will help bridge this gap. It is imperative to rethink the export strategies at a time of deep fiscal challenge.

Source: tribune.com.pk– July 22, 2024

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Pakistan's textile in a brave new world

Exchange rate, energy prices, or pricing in the global market – something will have to give, and fast. Despite fears and gloom, Pakistan's textile and garments industry has delivered a robust year of export performance. Although the dollar value of exports remained flat-lined over the previous year, the quantum of exports grew across the board, with virtually all major value-add segments recording double digit growth in volume exported.

In a year of historic markup rates on bank financing, it was survival of the fittest – and concentration of exports with large firms paid dividends (of course, only if your definition of dividends is protection against erosion of export earnings). The top 30 textile firms account for one-third of industry's total exports, with an even higher share at sponsor group level. The concentration of exports among a few giants delivered resilience in the face of declining export prices amid possibly harshest exogenous conditions faced by the industry at large in history.

Consider this: despite an average 15 percent exchange rate depreciation during the outgoing fiscal year, unit prices fetched by various value-added product categories came in lower in Pak Rupee terms! Yes, you heard that right. In fact, compared to the historic export performance year of FY22, average unit price in dollars for products in the top performing segment - knitwear – declined by 43 percent; for readymade garments by 31 percent; and for cotton yarn, by 24 percent. In other words, if textile prices in the global market had persisted at 2022 levels, industry exports would have easily breached $21 billion based on FY24 volumes!

Click here for more details

Source: brecorder.com– July 22, 2024

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NATIONAL NEWS

FY24 Indian textile-apparel exports up 1% at $35.5 bn: Economic Survey

India's export of textiles and apparel, including handicrafts, increased by 1 per cent in fiscal 2023-24 (FY24) to reach ₹2.97 lakh crore (~$35.5 billion), according to the Economic Survey released today by the finance ministry.

Readymade garments accounted for the largest share of 41 per cent, with exports worth ₹1.2 lakh crore (~$14.34 billion), followed by cotton textiles (34 per cent) and man-made textiles (14 per cent).

The survey document projected India's real gross domestic product (GDP) for FY25 at 6.5-7 per cent.

The report identified several challenges for the textile and apparel sector.

As most of the country's textile and apparel production capacity is on account of micro, small and medium enterprises (MSMEs), which account for over 80 per cent of the sector, and the average scale of operations is relatively small, efficiency and economies of scale from large-scale modern manufacturing are limited.

The fragmented nature of India's apparel sector, with raw materials sourced predominantly from Maharashtra, Gujarat and Tamil Nadu, while spinning capacities are concentrated in southern states, contributes to higher transportation costs and delays.

Other factors, like India's heavy dependence on imported machinery, except in the spinning segment, inadequate availability of skilled manpower and technological obsolescence also act as significant constraints.

The central government will set up seven PM Mega Integrated Textile Region and Apparel (MITRA) Parks, with a budget of ₹4,445 crore ($0.531 billion), between FY22 and FY28 in Tamil Nadu, Telangana, Gujarat, Karnataka, Madhya Pradesh, Uttar Pradesh and Maharashtra.

Launched with an outlay of ₹1,480 crore ($0.177 billion) for FY21 to FY24, the National Technical Textiles Mission (NTTM) focuses on increasing the use of technical textiles in various sectors.

It has four components: research innovation and development; promotion and market development; education, training and skilling; and export promotion. It has been extended till March 2026, with a sunset clause until March 2028.

NTTM has seen 137 approved research projects worth ₹474 crore ($56.65 million) so far, said the Economic Survey.

The National Handloom Development Programme (NHDP) approved an outlay of ₹998 crore ($119.3 million) between FY22 and FY26.

In FY24, the government initiated steps to set up 96 small handloom clusters. Nine mega handloom clusters were also set up.

Source: fibre2fashion.com– July 22, 2024

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Economic Survey 2024 Highlights: Steady Indian Economy, 6.5% to 7% GDP growth, infra boost and more

The Indian economy remains robust and stable, demonstrating resilience in the face of geopolitical challenges, according to the Economic Survey 2023-24 presented by Finance Minister Nirmala Sitharaman in Parliament.

The 476-page Economic Survey underscores that India's economy has solidified its post-Covid recovery. Policymakers have played a crucial role in ensuring economic and financial stability, with the economy continuing to expand despite global volatility.

The survey highlights the necessity of substantial domestic efforts to sustain recovery, given the challenging global environment. "For the recovery to be sustained, there has to be heavy lifting on the domestic front because the environment has become extraordinarily difficult to reach agreements on key global issues such as trade, investment, and climate," the Survey read.

Public investment has been pivotal in sustaining capital formation, with the private sector also beginning to invest significantly since FY22. The Survey noted, "Public investment has sustained capital formation in the last several years even as the private sector shed its balance sheet blues and began investing in FY22. Now, it has to receive the baton from the public sector and sustain the investment momentum in the economy. The signs are encouraging."

The survey indicates that the headline inflation rate is under control, though some specific food items remain elevated. The trade deficit in FY24 was lower compared to FY23, with the current account deficit around 0.7% of GDP. Foreign exchange reserves remain ample.

National income data shows a vigorous expansion in non-financial private-sector capital formation in FY22 and FY23 after a decline in FY21. Despite a decline in investment in machinery and equipment during FY20 and FY21, there was a strong rebound. Early corporate sector data for FY24 suggest that capital formation in the private sector continued to expand, albeit at a slower rate.

Economic Survey 2023-24: Key Highlights

Indian Economy – Steady as She Goes

• Global economic growth has been 3.2 per cent in 2023 as per the April World Economic Outlook. Diverging growth patterns have emerged among countries. The stark difference in the growth performance of countries has been on account of domestic structural issues, uneven exposure to geopolitical conflicts and the impact of monetary policy tightening.

• India's economy carried forward the momentum it built in FY23 into FY24 despite a gamut of external challenges. India's real GDP grew by 8.2 per cent in FY24, exceeding 8 per cent mark in three out of four quarters of FY24. The focus on maintaining macroeconomic stability ensured that external challenges had minimal impact on India's economy.

• The Government's thrust on capex and sustained momentum in private investment has boosted capital formation growth. Gross Fixed Capital Formation increased by 9 per cent in real terms in 2023-24.

• Moving forward, healthier corporate and bank balance sheets will further strengthen private investment. The positive trends in residential real estate market indicate that the household sector capital formation is increasing significantly.

• Inflationary pressures stoked by global troubles, supply chain disruptions, and vagaries of monsoons have been deftly managed by administrative and monetary policy responses. As a result, after averaging 6.7 per cent in FY23, retail inflation declined to 5.4 per cent in FY24.

• The fiscal balances of the general government have improved progressively despite expansionary public investment. Tax compliance gains driven by procedural reforms, expenditure restraint, and increasing digitisation helped India achieve this fine balance.

• The external balance has been pressured by subdued global demand for goods, but strong services exports largely counterbalanced this. As a result, CAD stood at 0.7 per cent of the GDP during FY24, an improvement from the deficit of 2.0 per cent of GDP in FY23.

• Indian economy has recovered and expanded in an orderly fashion post pandemic. The real GDP in FY24 was 20 per cent higher than its level in FY20, a feat that only a very few major economies achieved. Prospects for continued strong growth in FY25 beyond look good, subject to geopolitical, financial market and climatic risks.

Click here for more details

Click here for Economic Survey 2023-24

Source: economictimes.com– July 22, 2024

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Exports likely to rise but fragmentation, protectionism a problem: Economic Survey

Exports of goods and services from India are likely to increase this fiscal with advanced economies looking up but increased fragmentation along geopolitical lines and renewed thrust on protectionism may distort goods trade growth, impacting India's external sector, the Economic Survey for 2023-24 has said.

It advised that the industry must focus on maintaining safety and quality of its products and the government needs to provide a stable policy regime to deal with the situation.

"In an era when global economic growth is likely to be buffeted by geopolitical tensions and protectionism, growing India's exports of goods and services will be a stiffer challenge than before. Product safety and quality consciousness in the private sector and policy stability in the public sector are obvious starting points to turn the challenge into an opportunity,"

With improving growth prospects in advanced economies, goods exports will rise and services exports are also likely to witness a further uptick, it added.

Despite ongoing geopolitical headwinds, including the Red Sea crisis, lowering international commodity prices ensured a lower trade deficit in FY24 than in FY23.

Trade deficit

A narrowing merchandise trade deficit and rising service exports have improved the current account deficit (CAD), ending with a surplus of 0.6 per cent of GDP in Q4 of FY24, it observed.

"In the coming years, India's trade deficit is expected to decline further as the PLI scheme is expanded and India creates a globally competitive manufacturing base in several product categories. Further, the recently signed FTAs (Free Trade Agreements) are expected to increase the global market share of the country's exports," it added.

After a gap of nearly 10 years, four new FTAs have been signed over the period 2021 to 2024, with Mauritius, the UAE, Australia, and the European Free Trade Association or EFTA, the survey observed. “Having signed FTAs with most East Asian partners, these new trade engagements focus on gaining access to the Western and African markets, as well as potential partners having trade complementarity,” it noted.

Various international agencies and RBI expect the CAD to GDP to moderate to below one per cent for FY24, driven by growing merchandise and services exports and resilient remittances. “Affected by ongoing geopolitical tensions, India’s merchandise exports witnessed contraction in H2 of FY23 and H1 of FY24. However, there is evidence of a trend reversal in H2 of FY24, with merchandise exports registering positive growth,” the survey noted.

In 2023-24, goods exports declined 3 per cent to $ 437 billion but in the first quarter of 2024-25, exports are back on the growth track.

Source: thehindubusinessline.com– July 22, 2024

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India's share in global exports of both goods and services has risen: Eco Survey

The Economic Survey 2023-24, tabled in Parliament on Monday, said the country's share in global exports (goods and services) has increased, and its broad and diversified trade relations will help it sail through global disruptions.

"The adverse trade environment in 2023 is expected to ease somewhat this year and next, boosting goods trade in 2024 and 2025. World merchandise trade volume is expected to grow at 2.6% and 3.3% in 2024 and 2025, respectively, as demand for traded goods rebounds," the survey said.

Citing the latest report by the UN Trade and Development, the survey said that there is evidence of global trade turning positive in the first quarter of 2024. The reason behind this growth has been increased exports from China (9%), India (7%) and the USA (3%), said the UNCTAD report.

However, there are still chances that geopolitical tensions and policy uncertainty could limit the scope of any trade rebound, the survey said. "While export growth is expected to improve in many economies as external demand for goods picks up, food and energy prices could again spike due to geopolitical events and climate disturbances. Further, restrictive trade practices increasingly adopted by many countries are leading to higher prices because supply chains have become increasingly complex."

Two of the world's leading shipping routes — the Panama Canal and the Suez Canal — are being tested during these times. The survey highlighted that the Panama Canal handles 6% of global trade and over 70% of traffic destined for or originating from the US. But due to drought, it is operating at partial capacity. The Suez Canal handles about 12% of global trade and about one-third of container shipping between Asia and Europe, the survey read.

"The traffic diversion from the Red Sea and around the Cape of Good Hope has added ten days to Asia-Europe journeys while also increasing fuel costs. Although global shipping costs returned to pre-pandemic levels by the middle of last year, container shipping rates have risen again.

Extended detours around the Cape of Good Hope have led to a significant surge in ocean freight rates, reaching up to $10,000 per 40-foot container. Moreover, the Suez Canal Authority has declared a 5-15% hike in transit fees for ships passing through the Panama Canal," it stated.

However, even though there are chances of these geopolitical turmoil hindering global trade rebound, India might benefit because of its strong trade relations with many countries. "India has broad and diversified trade relationships with Asia, Europe, and the US," it read.

The survey said the trade openness indicator has risen from 37.5 in FY05 to 45.9 in FY24. This has contributed significantly to economic growth as it facilitated an "efficient allocation of resources through comparative advantage".

The country's market share has also grown in global exports of both goods and services.

"Its share in global goods exports was 1.8 per cent in FY24, against an average of 1.7 per cent during FY16-FY20. Similarly, its share in global services exports rose to 4.3 per cent in FY23 from an average of 3.3 per cent during FY16-FY20," it added.

Source: economictimes.com– July 22, 2024

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Rise in trade through Mexico and Vietnam has a Chinese hand: Eco Survey 2023-24

The Economic Survey 2023-24, tabled by Finance Minister Nirmala Sitharaman in the Lok Sabha on Monday, has highlighted the changing dynamics of global trade.

The survey said that while the US and China might be reducing reliance on global markets, the rest of the world is not. A rise in trade through Mexico and Vietnam is happening as Chinese firms are simply diverting their supply through these nations.

The survey said de-globalisation trends are highly heterogeneous across countries. "While the US and China are gradually decreasing their reliance on global markets, this does not seem true for the rest of the world. Research by the Bank for International Settlement (BIS) shows that despite its policies, the US remains reliant on Chinese inputs. In fact, the rise in trade through Mexico and Vietnam is a result of Chinese firms re-routing their supply through these countries (or by locating themselves in these countries)," the survey stated.

Global trade patterns have been in a reconfiguring phase for the last couple of years. The survey noted that in 2023, Mexico became the largest goods trade partner of the US, surpassing China and Canada, with a total trade of $798 billion. At the same time, Vietnam's trade with China and the US has recently seen a jump with US imports from Vietnam doubling from $46 billion in 2017 to $114 billion in 2023. At the same time, Vietnam's imports from China jumped to $111 billion from $58 billion.

"These shifts reflect the emergence of new practices in international trade such as 'decoupling', 'derisking', 'reshoring', 'nearshoring', and 'friend sharing' and the growing narrative of de-globalisation," the survey read.

As the pandemic highlighted the need to diversify risk away from China, nations across the world started to look at the China+1 or China+n strategy. India has been trying to grab these opportunities to become an attractive destination. However, the de-coupling mission has appeared to be easier said than done as China has established a strong foothold in many critical sectors such as energy, infrastructure, automobile, manufacturing and semiconductors.

The survey also added that China's dominance in the supply of processed critical minerals and materials for energy transition makes the decoupling not easy nor likely.

Source: economictimes.com– July 22, 2024

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Major Port Authorities Act, 2021, enhanced efficiency and governance of Major Ports: Economic Survey 2023-24

The Economic Survey 2023-24 highlights that the Major Port Authorities Act, 2021 with a focus on decentralised decision-making, professionalism, and PPP models has enhanced efficiency and improved governance of major ports. Indian ports are rapidly expanding capacity to meet growing trade.

The Major Port Authorities Act, 2021 provide for regulation, operation and planning of Major Ports in India and vests the administration, control and management of such ports upon the Boards of Major Port Authorities.

The legislation empowers these ports to perform with greater efficiency on account of increased autonomy in decision making and by modernising their institutional framework.

Capacity at Major Ports that are governed by the Central Government has nearly doubled since 2014. Improved connectivity through coordinated planning under the PM Gati-Shakti National Master Plan and a focus on public-private partnerships have enhanced India’s maritime competitiveness globally.

India’s rank in the International Shipments category in the World Bank Logistics Performance Index has improved to 22nd in 2023 from 44th in 2014.

Further, policy reforms and the induction of new technology have enhanced port efficiency and productivity. The container turnaround time has dropped by 50 per cent between 2014 and 2023-24. The union capital expenditure towards ports, shipping and waterways sector has grown by 27 per cent between FY23 and FY24.

Under the Sagarmala national programme launched in 2015, a total of 839 projects worth ₹5.8 lakh crore have been undertaken across five key areas of Port modernisation & fresh development, connectivity enhancement, port-led industrialisation, coastal community development and coastal shipping and inland water transport.

Under this programme, 262 projects worth ₹1.4 lakh crore are completed, while 217 projects worth ₹1.65 lakh crore are under implementation and 360 projects worth ₹2.7 lakh crore are under development.

India's Maritime Vision 2030 outlines over 150 initiatives to improve ports, shipping, and inland waterways and envisions investments of ₹3-3.5 lakh crore. The Maritime Amrit Kaal Vision 2047 outlines over 300 initiatives across 11 key areas to drive growth and development in India's coastal regions.

Its vision aims to reduce the average vessel turnaround time (containers) from 25 hours in 2020 to less than 20 hours in 2030. Likewise, it also aims to increase the average ship daily output (gross tonnage) from 16,000 in 2020 to more than 30,000 in 2030.

Coastal Shipping and Inland Water Transport

With the focus of the Government to foster coastal shipping, the gross tonnage through this mode has increased from 1.19 million GT as on 1, April 2014 consisting of 846 vessels to 1.72 million GT with 1039 vessels as on 1, April 2024.

India has a large endowment of rivers, canals, and other waterways, with a total navigable length of around 14,500 km11. The notification of the Inland Vessels Act 2021, was aimed at replacing the over 100 years old Inland Vessels Act of 1917, making the legislative framework user-friendly.

Capital expenditure by the Inland Waterways Authority of India (IWAI) for FY24 was ₹1010.5 crore. Based on feasibility and detailed project reports prepared for 106 new National Waterways (NWs), technical interventions have been planned for safe navigation and shipping on technically viable waterways.

Over 63 per cent of the Jal Marg Vikas Project on NW-1 has been completed as of March 2024. Phase-I development of NW-3, NW-4, NW-5 & 13 new NWs was approved at a cost of ₹267 crore for 2025-2026.

The Indo Bangladesh Protocol (IBP) route, developed jointly by India and Bangladesh at an estimated cost of ₹305.84 Crore, provides an alternate connectivity for all North-eastern states from Guwahati and Jogighopa to Kolkata and Haldia ports. With the initiatives taken in last 9 years, the cargo handled via IBP route has increased significantly.

The report says that 'Harit Sagar'- Green Port guidelines were launched in May 2023 - under which four major ports are already generating more renewable energy than their demand.

Development of an all-weather greenfield deep draft major port at Vadhavan in Maharashtra has been approved by the Cabinet. The total project cost, including land acquisition component, is ₹76,220 Crore.

The project will be constructed by Vadhavan Port Project Limited, an SPV formed by Jawaharlal Nehru Port Authority and Maharashtra Maritime Board. This will include core infrastructure, terminals and other commercial infrastructure in PPP mode.

The project will create a cumulative capacity of 298 million metric tonnes per annum.

Source: thehindubusinessline.com– July 23, 2024

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DGFT, customs process overhaul, revamp textile PLI scheme, QCO suspension to aid exports: GTRI

Think tank Global Trade Research Initiative (GTRI) has suggested suspension of quality control orders (QCO) on polyester and viscose staple fibre for a few years to allow domestic manufacturers to become competitive, expansion of products covered and criteria relaxation in the textile production linked incentive (PLI) scheme, overhaul of Directorate of Foreign Trade (DGFT) and Customs procedures, and addressing monopolistic practices of domestic suppliers, to boost India's garment exports.

Highlighting complex procedures, import restrictions and domestic vested interests are hindering the export growth of the Indian garment sector, it said that sourcing quality raw fabric, particularly synthetic fabric being the root causes of exporters' problem.

The report assumes significant in the wake of India losing to other countries even as garment and textile imports rise steadily.

In 2023, China exported $114 billion worth of garments, followed by the EU with $94.4 billion, Vietnam with $81.6 billion, Bangladesh with $43.8 billion, and India with just $14.5 billion.
"This shows India significantly trails behind," said Ajay Srivastava, co-founder, GTRI.

From 2013 to 2023, Bangladesh's garment exports grew 69.6%, Vietnam's 81.6%, but India's outbound shipments rose 4.6%.

As a result, India's global market share in garment trade has declined from 2015 to 2022. The share of knitted apparel dropped to 3.10% in 2022 from 3.85% in 2015, and the share of non-knitted apparel decreased to 3.7% from 4.6%.

Srivastava said that QCOs have undermined the MMF supply chain's competitiveness by limiting access to affordable and specialized raw materials. Moreover, the Bureau of Indian Standards is slow in registering foreign suppliers and this delay compels exporters to buy from domestic monopolies at higher prices.

Unlike in Bangladesh and Vietnam, where exporters easily access quality imported fabrics, Indian exporters struggle daily, according to the report.

“High import duties on fabrics, coupled with DGFT and Customs; intricate procedures, force exporters to meticulously account for every inch and type of fabric imported,” he said.

Garment imports rose 47.9% between 2018 and 2023 while India’s textile imports increased 20.86% during the period.

GTRI also said firms obtain advance authorisations from DGFT for importing duty-free inputs for export production, and the directorate currently requires that unutilised authorisations surrendered to them must be accompanied by a non-utilisation letter/certificate from Customs, which increases the transaction costs.

Source: economictimes.com– July 21, 2024

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Useful WIPO guide on Trade Secrets and Innovation

In recent years, many exporters and importers have felt aggrieved that the confidential data they furnish to the Customs through the ICEGATE portal are sold by certain individuals/organisations despite the deterrence provided in Section 135AA of the Customs Act, 1962. They should now go through the 'Guide to Trade Secrets and Innovation' brought out by the World Intellectual Property Organization (WIPO) and strategize their responses.

The WIPO's guide has separate sections dealing with strategic roles of trade secrets in the innovation ecosystem, basics of trade secret protection, trade secret management, trade secrets in litigation, trade secrets in collaborative innovation and trade secrets and digital objects.

The WIPO has also brought out a supplement titled "Overview of Trade Secret Systems in Certain Countries and Regions" summarising certain aspects found in national/regional trade secret laws such as sources of law, definition of trade secret, scope of trade secret protection, exceptions, civil remedies, criminal sanctions, procedural provisions and trade secret protection in judicial proceedings. A second supplement gives trade secret management practices in different industry/service sectors.

Trade secrets are confidential information, not generally known among, or accessible to, the persons in the relevant business sector. They are commercially valuable. The rightful holder of the confidential information must take reasonable steps to keep it secret. In principle, unauthorised acquisition, use or disclosure of a trade secret by others in a manner contrary to honest commercial practices is considered misappropriation of the trade secret.

When patented inventions or trademarks are used without authorisation of their owners, the words "patent infringement" or "trademark infringement" are used.

When trade secret information is used without authorisation of the trade secret holder, this is called "misappropriation" and those who carry out the misappropriation are called "misappropriators", in the guide.

When trade secret misappropriation happens, the trade secret holder canseek various legal remedies. No registration is necessary to obtain trade secret protection. As long as the information qualifies as a trade secret, it is protected indefinitely.

Where specific laws do not exist to protect trade secrets, common law can be pressed into service for seeking necessary relief through the courts, which may be in the form of injunctions restraining further acts of acquisition, disclosure or use of trade secrets, monetary remedies if a causal link can be established between the alleged trade secret misappropriation and the losses claimed by the trade secret holders or unjust enrichment of the misappropriator and additional remedies as appropriate. The guide discusses what issues need to be looked at before taking legal action, how the trade secret holder can build a strong case against the misappropriators and how to discharge the burden of proof.

Exporters invest lots of time, effort and money in finding customers and developing products to meet the requirements of the buyers. Similarly, the importers invest in discovering items that suit their processes and developing vendors who can supply such products. Leakage of information regarding their products, customers or vendors, price, quantity, frequency of shipments etc. can jeopardise their competitive advantages.

The WIPO guide gives information on what they can do to preserve such trade secrets and what action to take whenever another party takes undue advantage by accessing sensitive data through unfair means. Exporters and importers should get familiar with their options for taking legal action against such unscrupulous elements.

Source: business-standard.com– July 22, 2024

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Economic Survey: PLI, FTAs to aid India's trade deficit decline; protectionism, lower demand risk export growth

Fall in demand from major trading partners such as the US, rising trade costs, protectionism, commodity price volatility and changes in trade policies by major trading partners or geopolitical developments are risks to India's export opportunities and market access, according to the Economic Survey 2023-24, even as trade deficit is expected to decline further due to the expansion of the production-linked incentive schemes scheme and the recently signed free trade agreements (FTA).

After a gap of nearly 10 years, India has inked four new FTAs between 2021 to 2024. These FTAs are with Mauritius (signed in February 2021), the UAE (February 2022), Australia (April 2022) and the European Free Trade Association or EFTA (March 2024)

Economic Survey 23-24: Indian Economy is on a strong wicket & stable footing, saysV Anantha Nageswaran, Chief Economic Advisor.

"The risks to the performance of India's external sector are on the downside due to the persistence of current geopolitical tensions and policy uncertainty," it said.

Noting that it is "critical to explore what these changing paradigms mean for India", the Survey said that policies need to be a mix that straddles security concerns with economic considerations.

"India's push towards manufacturing in complex and niche sectors through schemes such as PLI and Make in India aims to balance these goals. On the other hand, India's edge in services will catalyse our globalisation over the coming years," it said.

It highlighted that global economic growth and international trade are passing through a particularly challenging phase of uncertainty and hence, open, inclusive, predictable, non-discriminatory, and mutually beneficial trade can provide an impetus to economic growth.

As per the Survey, the resilience of global trade is being tested by disruptions on two of the world's leading shipping routes- the Panama Canal and the Suez Canal. The Panama Canal handles 6 % of global trade and over 70 % of traffic destined for or originating from the US. It is presently operating at partial capacity due to freshwater shortages, with restrictions

likely to remain in place for some time. Meanwhile, the Suez Canal handles about 12 % of global trade and about one-third of container shipping between Asia and Europe.

Source: economictimes.com– July 22, 2024

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Indo-Bangla trade comes to standstill as students' protests intensify

Trade between India and Bangladesh via land ports came to a standstill on Sunday as there was no movement of cargo trucks to and fro due to the ongoing student protests in the neighbouring country, officials said. The Bangladeshi side of the Petrapole landport remained non-functional, they said. Nearly one-third of land-based trade between India and Bangladesh takes place through Petrapole.

"Trade from other land ports to Bangladesh, including Petrapole, Gojadanga, Fulbari, and Mahadipur, has also stalled as Bangladeshi Customs announced a two-day holiday from Sunday, following the government's declaration of a holiday except for essential services due to unrest," West Bengal Exporters' Coordination Committee Secretary Ujjal Saha said.

The cargo trucks that crossed over to Bangladesh on Saturday from Mahadipur port in Malda have not returned, but they are safe, he said.

"There has been no movement of trucks (import and export) at the Petrapole border since Sunday morning. Our land border remains open, but due to Benapole, trade has been impacted," the Manager of Land Port Authority of India (Petrapole), Kamlesh Saini, told PTI.

On Saturday, 110 trucks crossed over to India from Bangladesh, while 48 trucks went to Bangladesh with export, he said. Saini said around 700 trucks with general merchandise are stranded in parking lots, loaded with cargo, waiting to go to Bangladesh.

On an average, 400-450 trucks with goods cross the Petrapole land port from India, while 150-200 trucks come to India from Bangladesh every day, officials said.

Saini, however, said that passenger movement continued. The majority of them are students who are returning due to security concerns.

A Border Security Force (BSF) spokesperson said Indians are being evacuated from violence-hit Bangladesh, and the BSF has assisted in the return of 572 Indian, 133 Nepalese, and four Bhutanese students so far.

Petrapole, South Asia's largest land port, is located in North 24 Parganas district in Bongaon, about 82 km from Kolkata.

Indo-Bangla trade analyst Sagar Khastagir said that trade was already low due to economic factors and the monsoon, but the unrest has had an adverse impact.

He said exports from waterways have not stopped but have reduced significantly, primarily due to demand. Fly ash, a key commodity for export from India to Bangladesh for cement production, will be impacted due to evacuation logistics hindrances in Bangladesh caused by curfew and unrest.

Source: economictimes.com– July 22, 2024

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India's garment export woes are self-inflicted: report

Exports from India's labour-intensive garment sector, which have been losing ground to rivals like Vietnam and Bangladesh and were lower than 2013-14 levels last year, have been dented more by the country's high duties and barriers on raw material imports along with difficult customs and trade procedures, rather than other nations' competitive strengths, a research report has flagged.

India's garment exports in 2023-24 stood at $14.5 billion, compared with $15 billion in 2013-14. Between 2013 and 2023, garment exports from Vietnam has grown nearly 82% to hit $33.4 billion while that of Bangladesh has grown nearly 70% to hit $43.8 billion. China exported about $114 billion of garments in the same year, nearly a quarter lower than a decade earlier.

A Production Linked Incentive (PLI) scheme for textiles launched by the Centre in 2021 has failed to gain traction with investors and needs significant modifications to be effective, the think tank Global Trade Research Initiative (GTRI) has noted in a report titled, "How Complex Procedures, Import Restrictions and Domestic Interests Hinder India's Garments Exports".

The report has also raised concerns about a steady rise in India's garments and textiles imports in recent years, which had grown to almost $9.2 billion in calendar year 2023. It warned that this tally could rise faster if the export slide isn't arrested, especially with firms like Reliance Retail expected to kick off sales of Chinese brands like Shein in the country.

"Complex procedures, import restrictions and domestic vested interests are holding up Indian garment export growth. At the root of the exporters' problem is difficulty in obtaining quality raw fabric particularly synthetic fabric," the GTRI report said, adding that Bangladesh and Vietnam do not suffer from these complexities, while Indian firms have to "waste time and money" on them.

The report, based on interactions with small, medium-sized, and large garment exporters, pointed out that recent Quality Control Orders or QCOs issued for fabric imports have complicated the process of bringing in essential raw material. This is pushing up costs for exporters who have to rely on pricier options from domestic firms who dominate the market for raw materials like Polyester Staple Fibre and Viscose Staple Fibre.

"This scenario forces exporters to use expensive domestic supplies, making Indian garments overpriced and unappealing to global buyers who prefer specific fabric sources," it explained. Moreover, the procedures laid down by the Directorate General of Foreign Trade and Customs are archaic, requiring exporters to meticulously account for every square centimetre of imported fabric, buttons, and zippers, ensuring these are used in the production process and reflected in export product description, the report said, mooting a comprehensive overhaul to change the status quo.

Source: thehindu.com– July 21, 2024

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Huge potential for Indian garment players to export products to Japan: APEC

Indian garment players have huge potential to export their products to Japan and the domestic industry should take greater advantage of the free trade agreement (FTA) between the two countries, AEPC said on Sunday. The Apparel Export Promotion Council (AEPC) said to tap the growing potential, they are leading a delegation to participate in the India Tex Trend Fair (ITTF) in Tokyo.

The three-day fair will begin from July 23 and over 200 exhibitors are participating. Some of the renowned Japanese brands, including Sumitomo Corporation, MUJI, Toyoshima, Marubeni, Mitsubishi, Koyo trading, United Arrows, MYK Fashion will be there to source their requirements, it said.

"Indian exhibitors from across the country will be displaying a diverse range of Indian RMG across various categories, including summer and winter collection," it said. Chairman AEPC Sudhir Sekhri said Japan is the fourth largest garment importer in the world.

"With Indian apparel having duty-free access to Japan under Indo-Japan trade agreement as against 9 per cent duty for Turkey and 9.5 per cent for China, it makes business sense for Indian readymade garment manufacturers and exporters to participate in this fair and avail this unique opportunity," he said.

Total garment imports of Japan is USD 23 billion and India's share is just 1.37 per cent.

"A strong Indian garment industry with a complete value chain and unique offerings provides huge scope for Japanese trading companies to source from India. Further, stronger opportunities for trade diversion are emerging with continuous fall in Chinese share in this market. Indian suppliers have built-in flexibility and can cater to both small size customised orders as well as large orders," he said.

Source: economictimes.com– July 22, 2024

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