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Currency Watch			
USD	EUR	GBP	JPY
83.98	92.68	109.84	0.59

INTERNATIONAL NEWS

No	Topics
1	World Trade Report 2024 highlights trade's role in supporting inclusiveness
2	The U.S., UK and EU Signed an AI Treaty. What Does That Mean for Retail?
3	Trump, Harris and China Weigh in on Tariffs Ahead of Impending Increases
4	Investment by China's Sunrise Group to revive Morocco's textile sector
5	China's new back doors into western markets
6	Fashion industry failing on climate action, report
7	China to lift restrictions on foreign investment in manufacturing
8	Japan revises down Q2 GDP growth figure over preliminary estimate
9	Vietnam: Global trade hub could be answer for textile segments
10	Bangladesh trade chamber hails LC margin withdrawal by central bank
11	Pakistan: Textile exports: what does FY25 look like?

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NATIONAL NEWS	
No	**Topics**
1	India fine tuning FTAs with countries to suit domestic industry: Prasada
2	India-UK FTA talks likely to resume next month, Labour to revisit mobility
3	Uzbekistan to Host ITMF Annual Conference and World Fashion Convention in Samarkand, Showcasing its Textile Heritage and Global Influence
4	World Bank's India Development Update unlikely to be taken seriously
5	Exporters fret over dip in credit as costs soar
6	E-commerce revolution is not inclusive enough

INTERNATIONAL NEWS

World Trade Report 2024 highlights trade's role in supporting inclusiveness

The 2024 edition of the WTO's World Trade Report presents strong evidence that trade has played a crucial role in narrowing the income gap between economies since the WTO was established 30 years ago. The flagship publication also analyses trends in the distribution of the gains of trade among people within economies, and emphasizes the need for a comprehensive strategy that integrates open trade with supportive domestic policies.

"Perhaps the biggest takeaway from the report is its reaffirmation of trade's transformative role in reducing poverty and creating shared prosperity — contrary to the currently fashionable notion that trade, and institutions like the WTO, have not been good for poverty or for poor countries, and are creating a more unequal world," WTO Director-General Ngozi Okonjo-Iweala says in her foreword to the report.

"But the second biggest takeaway is that there is much more we can do to make trade and the WTO work better for economies and people left behind during the past 30 years of globalization," DG Okonjo-Iweala says.

Examining how international trade has contributed to making the global economy more inclusive, the report showcases data establishing a strong link between trade participation and the narrowing of income disparities among economies. From 1996 to 2021, a high trade share in GDP is significantly correlated to faster growth in low- and middle-income economies, converging to the level of GDP per capita in high-income economies.

Moreover, membership in the WTO and its predecessor the General Agreement on Tariffs and Trade (GATT) has boosted trade between members by an average of 140 per cent, while economies that undergo rigorous WTO accession negotiations are shown to grow 1.5 percentage points faster during their accession period.

Analysis further suggests that trade cost reductions between 1995 and 2020 led to a 20 to 35 per cent faster income convergence of low- and middle-income economies with high-income economies.

Contrary to common belief, the report found weak correlation between trade openness and within-country income inequality, based on a comparison of the 2021 Gini inequality index and trade openness index of 157 economies. While income inequality remains high it is not systematically linked to trade and import competition. The report also highlights challenges, noting that many economies with weak trade participation and high commodity dependence have been left behind.

Between 1996 and 2021, low- and middle-income economies that grew slower than the average high-income economy in income-per-capita terms represented 13 per cent of the global population and were mainly in Africa, Latin America and the Middle East. Low- and middle-income economies that have lagged behind generally tend to engage less in international trade, receive less foreign direct investment, rely more on commodities, export less complex products, and trade with fewer partners.

"Less trade will not promote inclusiveness, nor will trade alone," WTO Chief Economist Ralph Ossa said. "True inclusiveness demands a comprehensive strategy — one that integrates open trade with supportive domestic policies and robust international cooperation."

The report emphasizes the need for a comprehensive strategy that integrates open trade with supportive domestic policies to make trade more inclusive such as vocational training, unemployment benefits, education for a more skilled and mobile workforce, competition policy to ensure consumers benefit from lower prices, reliable infrastructure, and well-functioning financial markets. Reducing trade costs, bridging the digital divide, and updating the WTO rulebook to reflect the growing importance of trade in services, digital, and green sectors are essential. Greater international trade cooperation is also necessary to address evolving challenges in areas crucial to the future of trade. Better coordination among international organizations could help to leverage synergies between trade policies and complementary policies, and reinforce their impact on inclusiveness across and within economies.

The World Trade Report 2024 can be downloaded from the WTO website. An executive summary of the report is available here.

Source: wto.org– Sep 09, 2024

HOME

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The U.S., UK and EU Signed an AI Treaty. What Does That Mean for Retail?

The United States, the United Kingdom and the European Union have banded together on a powerful new treaty set to regulate the rights of consumers and users when it comes to artificial intelligence.

The treaty, called the AI Convention, has been in the works and under negotiations for several years. Last week, the three governments, as well as a few others, finally signed the agreed-upon final version, which contains fewer sticking points than previous versions.

The AI Convention mandates that each of the signatories work to "ensure that activities within the lifecycle of artificial intelligence systems are fully consistent with human rights, democracy and the rule of law."

It encompasses issues like privacy and data protection, individual autonomy and non-discrimination, which each signatory will need to put forth their own strategies and compliance mechanisms for the legally binding Convention.

The Convention differs from the EU AI Act, which entered into force earlier this year. That legislation was the first comprehensive set of law around AI in the bloc, and categorizes systems by risk level to hand down specific requirements.

Because the Convention's direct charter is to protect human rights, retailers could be affected by its eventual enforcement. Jesse Creange, vice president of supplier management at data intelligence company Akeneo, said forward-facing tools like virtual try-on, product recommendations, personalized shopping experiences and more will soon be subject to scrutiny.

"Fashion and retail companies have historically been using AI to create personalized shopping recommendations and unburden their customer support teams through tools such as AI-powered chatbots, so these companies, in particular, must ensure two key things: that the technology that they've already employed and technology that will be incorporated in the future does not lead to discriminatory practices or privacy violations, and [secondly], that affected consumers have avenues for recourse if they

experience harmful outcomes from AI-based decisions," Creange told Sourcing Journal.

Consumer control over data could be one of the most important pieces of the Convention, Michael Elliott, CEO of Over-C, a data and analytics platform based in the UK. That's of particular interest on biometric information like race and weight, which can be requested as part of hyperrealistic virtual try-on applications employed by retailers.

"Many people think of the dangers of AI as running away and opening up our bank accounts and doing all of that sci-fi stuff, but I think the reality is much closer to home," he said. "When we talk about data privacy, at the moment, we think of it as being our name, where we live and that sort of stuff. But now we're talking about giving AI information that's in medical records, and that for me is where we have to sit here and think about what we're doing."

Perhaps the most major piece of using that kind of consumer data is how it's stored and what kind of autonomy they have over the information after they've initially disclosed it.

"The problem that we have is, even depending upon what day of the week it is, sometimes we're willing to give that information and other days, we're very guarded. The problem, really, is not so much have we given the data, it's can we recall it back? Can we say, 'Actually, that was a mistake, and I don't want you to have that data anymore'? And what confidence am I going to have in that actually being [deleted]?" Elliott said.

With new regulations and consumer sentiment in mind, Creange and Ron De Jesus, chief privacy officer at Transcend, recommend retailers and brands facing new regulations and guidelines prepare their businesses by assessing their existing—and future—technology goals against the type of regulations they may soon be subjected to.

De Jesus went on to say that, as companies audit their current systems, they may have a bit of wiggle room on timing, since each individual government has to determine how it will enforce the guidelines set forth in the Convention.

"It's difficult to translate these principles into concrete, enforceable AI regulation. Given the AI Convention is a regulatory guide without a centralized enforcement mechanism—not a formal piece of legislation—

consistent enforcement isn't really possible," De Jesus told Sourcing Journal. "Each government will need to interpret the high-level commitments of the treaty into their own specific, actionable legislation. We know this takes time—a lot of time. And at the pace that AI is evolving, it will be difficult for global governments to keep up as new use cases, challenges and risks emerge.".

As regulations and laws have begun to emerge around AI and its impacts on society, some have criticized the strength of certain legislative provisions, whether proposed or actual. They often cite the argument that legislation could stymie or stifle innovation, causing the pace at which the technology develops to be less rapid than it has been up until this point.

However, De Jesus, Elliott and Creange all said that responsible, ethical development and innovation will only continue as legislation emerges. For many companies, that's because having goalposts to follow makes it easier to align technology strategy with legislative and compliance strategies. It also means that, in some cases, companies need to adapt their plans to meet the moment. All three experts agreed that regulation is a welcome and necessary piece of the AI game for most companies, especially those not directly involved with developing it, as time goes on.

"This treaty focuses more on protecting the rights and data of individual people rather than trying to limit the advancement of AI technology, aiming to strike a balance between promoting AI innovation and safeguarding against bias, discrimination and privacy breaches," Creange said.

"In actuality, by setting clear guidelines and standards, the treaty should drive more ethical innovation, encouraging companies to develop AI solutions that are effective, compliant and responsible. And, considering there is already a palpable sense of hesitation from consumers around over-use of AI, the treaty could help promote public trust in AI technology, which should ultimately lead to wider adoption of AI worldwide."

Source: sourcingjournal.com– Sep 09, 2024

HOME

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Trump, Harris and China Weigh in on Tariffs Ahead of Impending Increases

In the wake of the Biden Administration's deferral of a final determination on steep tariff increases on China-made industrial goods, presidential candidates Donald Trump and Kamala Harris are seeking to make their positions known.

The U.S. was scheduled to implement a 100-percent tax on electric vehicles, a 50-percent tariff on semiconductors and solar cells, and a 25-percent duty rate for lithium-ion batteries, aluminum, steel and ship-to-shore cranes in August as a part of President Biden's economic plan, released in May—but blowback from American industry prompted a review of the decision that would take public comments under advisement.

The Office of the U.S. Trade Representative (USTR) on Aug. 30 released a statement saying it "continues to work to finalize the determination" and it intends to release a final judgment on the tariffs in the coming days.

Despite the concerns of certain U.S. entities reliant on Chinese technology and raw materials, the trade war rages on. And in the 59-day lead-up to the election, neither ticket wants to appear soft on China.

Former president Trump has repeatedly extolled the virtues of duties on foreign-made products. He took to the stage at the Economic Club of New York on Thursday, giving a rambling, hour-plus long speech in which he referenced tariffs 27 times.

Trump outlined an economic plan based on building up American industry in large part by taxing imports. "The key to this effort will be a pro-American trade policy that uses tariffs to encourage production here and bring trillions and trillions of dollars back home," he said.

The Republican nominee said he'd start by slashing the corporate tax rate from 21 percent to 15 percent for companies that make products in the U.S. "If you outsource, offshore, or replace American workers, you're not eligible for any of these benefits. In fact, you will pay a very substantial tariff when a product comes in from another country," he said.

He claimed that America's "vast manufacturing wealth" was cultivated "at a time with very little domestic taxation, few regulations, and most revenue came from tariffs from other countries"—a framework he said the country should return to in the present day. "That was when we were at the wealthiest ever, proportionately," he added.

Trump has maintained that he would up punitive duties on China-made goods to a rate of up to up to 60 percent, and he has also floated an "All Tariff Policy" wherein goods from anywhere in the world would face a universal, 10-percent to 20-percent duty rate.

"We impose lower tariffs and no tariffs on foreign producers," he said Thursday. "We have the lowest tariffs of any nation in the world, and we relentlessly punish our own companies for doing business in America."

But many are skeptical of the former president's plan, including those on the same ideological spectrum.

Desmond Lachman, a senior fellow at conservative Washington, D.C. think tank the American Enterprise Institute said that "Trump is proposing a very much more aggressive and go it alone trade policy than he pursued in his first term"—and it's reminiscent of the "highly unfortunate" 1930 Smoot-Hawley Tariff Act that historians have credited with aggravating the Great Depression.

"It is difficult to see how such a unilateral trade policy in flagrant violation of World Trade Organization rules would not lead to retaliation by our trade partners with import tariff increases of their own," the former deputy director of the International Monetary Fund's (IMF) Policy Development and Review Department wrote. "As in the 1930s, that could lead us down the destructive path of beggar-my-neighbor trade policies that could cause major disruption to the international trade system."

According to Lachman, Trump's proposal could be uniquely detrimental to American exporters, and could even "heighten the chances of both a U.S. and worldwide economic recession."

Trump railed against the notion that the tariffs he implemented have heightened or underscored the effects of inflation last week. "Smart tariffs will not create inflation," he said. "In my first term, we imposed historic tariffs with no effect on consumer prices or inflation."

But the AEI senior fellow said "voters should be warned not to expect the same satisfactory economic performance in a potential second Trump term as we had in his first term in office."

With more radical plans taking shape, "Other untoward consequences of Trump's proposed trade policy are that it would add to every household's tax bill and it would increase inflation both directly and by stifling foreign competition." Lachman pointed to research from the Peterson Institute of International Economics released earlier this year that estimated that higher tariffs on foreign products could add $2,600 to the average American household's tax burden.

Vice President Harris, whose campaign began less than two months ago, has only begun to wade into the issue on the campaign trail.

In a speech about her economic plan in mid-August, she criticized Trump's universal tariff proposal, saying, "He wants to impose what is, in effect, a national sales tax on everyday products and basic necessities that we import from other countries that will devastate Americans." Costs are already too high on everyday items, from food to back-to-school clothes, she said. She estimated that carrying out the Trump plan would cost middle-class households up to $4,000 a year.

When it comes to China, it's widely expected that the Democratic nominee's trade policy will align with that of the current administration. Harris co-signed President Biden's economic plan, released in May, which included the directive that the USTR impose staged tariff increases worth $18 billion on electric vehicles and industrial equipment.

And by and large, the 45th and 46th presidents' China strategies haven't showcased many remarkable deviations. Biden opted to keep Trump's Section 301 tariffs, implemented in 2018 and 2019, in place, surprising many in the business community.

Harris appears to be following the lead of the current Commander in Chief. She's remained mum on whether she would roll back or remove the existing China tariffs, though a campaign spokesperson said in a statement that she plans to "employ targeted and strategic tariffs to support American workers, strengthen our economy, and hold our adversaries accountable."

In a Tuesday note obtained by Bloomberg, Goldman Sachs economists said they don't anticipate more tariff increases under a Harris administration. But Trump's proposals, including taxes on critical goods from China, the E.U. and Mexico, could cause inflation to spike with a peak impact of 30 to 40 basis points on the Federal Reserve's preferred price gauge, they believe.

Beijing, for its part, is making its sentiments known. After the USTR announced a second delay on the Biden administration's decision on the forthcoming tariff rollout, China Ministry of Commerce spokesperson He Yongqian countered the U.S. should "immediately" lift all tariffs on Chinese goods. "China has made solemn representations to the United States on the issue of the 301 tariffs many times," she said.

According to the spokesperson, imposing further tariffs on Chinese products is "adding insult to injury" when it comes to the U.S.-China trade relationship. The deferment of the decision "shows the Section 301 tariffs are unpopular among the U.S. public," she added.

Source: sourcingjournal.com– Sep 07, 2024

HOME

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Investment by China's Sunrise Group to revive Morocco's textile sector

Morocco's Prime Minister Aziz Akhannouch recently met Lei Xu, chairman of Chinese textile company Sunrise Group, in Shanghai and conveyed his government's support for implementing a 4.1-billion-dirhams ($421.3 million) strategic investment project by the latter in Morocco.

The meeting, held on the sidelines of the Summit of the Forum on China-Africa Cooperation (FOCAC), was attended by Moroxxo's minister of investment, convergence and evaluation of public policies Mohcine Jazouli and director general of the Moroccan Agency for Investment and Export Development Ali Seddiki.

The project will help revitalise Morocco's textile sector, integrating it fully into global value chains, and is expected to create 11,000 direct jobs over the next three years across several regions in the country.

The industrial initiatives under the project are expected to integrate the entire ecosystem, media outlets in Morocco reported.

A study by French association Evalliance this year said Morocco has the third highest minimum wage among apparel suppliers to the European Union. At $307 per month, the country surpasses those of Bangladesh, Pakistan and Myanmar by a significant margin and stands 50 per cent higher than Tunisia's.

Source: fibre2fashion.com– Sep 10, 2024

HOME

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China's new back doors into western markets

A nondescript serviced office on the 24th floor of an anonymous block in Singapore might seem a curiously low-key place to base an affiliate of a giant Chinese mining conglomerate.

But in the case of Yuxiao Fund, a Singapore-domiciled Chinese company, which tried to acquire control of military-use mineral assets in Australia, it was entirely deliberate.

Instead of pursuing its interest in Northern Minerals, an Australian rare earths company, from their headquarters in China, the owners of mining conglomerate Jinan Yuxiao Group chose to set up a low-profile Singaporean entity.

The point of a Singapore domicile was that it changed the angle of attack. A bid originating from a neutral South-East Asian nation with a highly regarded legal system was intended to reduce suspicions in Australia over Chinese acquisitions in sensitive industries, analysts say. It is one of several strategies that Chinese corporations are using to adapt to a hostile world around them.

Ultimately, its attempt to raise its stake in Northern Minerals was blocked by an Australian government "wary of allowing a foreign entity, especially one with strong links to the Chinese Communist Party, to control a critical national resource", according to John Coyne, analyst at the Australian Strategic Policy Institute, a think tank based in Canberra.

But Yuxiao Fund's use of Singapore hints at a much bigger and more complex geopolitical trend. An intensifying rivalry between China and the US-led West is driving a fragmentation in the world's economic order. Beijing, Washington, Brussels and other capitals have imposed a range of tariffs, export controls and other measures to protect their domestic markets and stymie competitors' technological progress.

In response, company executives and analysts say, Chinese corporations are setting up shop in a host of relatively non-aligned third countries, hoping they can bridge the increasingly hostile gap that divides China from the West.

The prime motivation behind shifting investment into these relatively insulated countries – which include Singapore, Vietnam, Ireland, Hungary and Mexico, among others – has been to circumvent protectionist measures imposed by Western powers against China-based companies.

Chinese investment is pouring into such countries, according to figures provided exclusively to the Financial Times by the Rhodium Group, a research provider. But as more of China's exports are rerouted through these jurisdictions, officials in the US and Europe are growing increasingly concerned about the emergence of back doors into their markets.

"Global Chinese companies are definitely facing their most challenging time ever," says Frank Pieke, professor at the East Asian Institute of the National University of Singapore.

"But they are also much better equipped than in the past to meet these challenges. They are larger, more sophisticated and have much more to offer to the countries that they operate in."

China's emergence as an economic superpower over the past four decades has been propelled to a large degree by globalisation.

Open markets and free trade underpinned China's long export boom and helped facilitate huge transfers of capital, knowledge and technology from the West to Chinese companies.

Many have gone on to become world leaders in their sectors: examples include BYD and CATL in electric vehicles and batteries, Huawei in telecoms and ByteDance in social media.

Faced with imported goods that are a match for their domestic incumbents in quality terms, and growing more concerned about national security issues, Western powers have cooled on globalisation.

According to a recent IMF study, trade and investment between two distinct blocs – one centred on the US and the other on China – have declined by more than within those blocs, especially since the onset of the war in Ukraine.

There is a track record of Singapore becoming a cover for companies with questionable ties to China, and even the Chinese state.

— Ja-Ian Chong, associate professor of political science at the National University of Singapore

So-called connector countries are seeking to insert themselves between the two and are "rapidly gaining importance and serving as a bridge", according to the IMF. Flows of trade with and investment in such countries have increased dramatically since the US, Europe and others began erecting trade barriers with China.

For Chinese companies, investing in such countries brings several advantages. One is access to large free trade areas with minimal tariffs and regulatory friction. Another is that domiciling in a new geography can allow Chinese companies to dilute or repurpose their identity, thus remaining below the trade flak flying between China and the US-led West, analysts say.

So marked is this behaviour in Singapore that it has earned a distinct name. "Singapore-washing" describes a process through which Chinese companies set up a subsidiary or reincorporate in the city-state to mitigate the geopolitical risks and scrutiny often directed at China-based entities.

Chen Zhiwu, professor at the University of Hong Kong, says he is "always impressed by human ingenuity when it comes to responding to the rise of deglobalisation forces".

"As long as there are diverse political institutions among the nations on earth, some countries will try to offer a platform for globalised businesses to engage in cross-institutional arbitrage," he says.

Perhaps the best-known example is Shein, the fast-fashion group currently seeking a public listing in either London or New York. It originated in 2008 in the eastern city of Nanjing and its supply chains, warehouses and inventory remain in China.

But in 2021 its enigmatic founder Sky Xu, who also goes by the names Xu Yangtian and Chris Xu, relocated himself and the company's headquarters to Singapore. Shein, valued at $US66 billion in its last private funding round, now defines itself as a "Singapore-headquartered global online fashion and lifestyle retailer", according to its website.

It will still need approval from Chinese regulatory authorities ahead of its planned overseas listing, according to multiple people familiar with the situation. Beijing's powerful Cyberspace Administration of China is also reviewing whether there is a risk that some of Shein's data could fall into foreign hands.

But the company's customers, business partners and potential investors will look at Singapore and see a respected jurisdiction providing a transparent pathway towards legal redress if things go wrong, analysts say.

Singaporean identities are also sometimes used to access the market in India, skirting New Delhi's clear antipathy towards Chinese investment. In a crackdown that started in 2020 after clashes between Chinese and Indian troops along their shared Himalayan border, India has banned more than a hundred Chinese social media, lending and other apps, citing data protection and privacy concerns. It has also launched several regulatory probes against Chinese tech companies.

But that has not stopped China's Shunwei Capital – established by Lei Jun, the founder of smartphone maker Xiaomi – investing in Indian market automation platform WebEngage and dairy brand Country Delight in 2022. Those deals were done through SWC Global, which describes itself as the Singapore "affiliate of a leading multi-billion venture capital firm based in Asia".

Joyy, a US-listed tech business with roots in China, has also recast itself as a Singapore-based global company after establishing an entity in the city-state in 2021, according to corporate filings.

"There is a track record of Singapore becoming a cover for companies with questionable ties to China, and even the Chinese state," says Ja-Ian Chong, associate professor of political science at the National University of Singapore and a non-resident scholar with Carnegie China.

China also has reservations about Singapore-washing. One senior Chinese official, who declined to be identified, says Beijing felt a sense of discomfort with the trend among certain Chinese companies to "de-Chinafy" when they set up offices overseas. "It raises questions of loyalty to China that some in Beijing find uncomfortable," the person says.

Shein declined to comment.

Chong believes such concerns are mirrored in Singapore. "If there is an accumulation of such cases, especially companies with [Chinese Communist Party] ties using Singapore's preferential arrangements with other countries, or increasingly using their entities here to circumvent restrictions, this could end up with negative speculation and political risks for Singapore," he says.

Jinan Yuxiao Group is a case in point. It has equity affiliations with the state-owned Chinese miner Shenghe Resources, says Mary Hui, a Hong Kong-based researcher on China's industrial strategies and author of the a/symmetric newsletter.

As well as having stable relations with China and the West, many of the group of third countries also tend to be members of free trade areas that guarantee access to large Western markets at zero or low tariffs.

Singapore and Vietnam are both members of the Regional Comprehensive Economic Partnership (RCEP), a grouping of 15 Asia-Pacific countries that accounts for around 30 per cent of the world's GDP. In addition, both have long-standing bilateral free trade agreements with the US.

"Setting up in Singapore has a whole range of benefits for a Chinese company," says the vice president of one Singapore-based Chinese technology company, who declined to be further identified.

"If we do business from China, we hit a wall of tariffs and suspicion over everything we want to do in the US market," the executive says. "From Singapore, there are no tariffs and the suspicion is much less."

Similar considerations apply to Ireland and Hungary. Both are members of the EU, whose single market provides regulatory unity and zero tariffs across 27 member states and 450 million people. Tariffs imposed by the bloc on products imported from China do not apply if those same products are manufactured and sold inside the EU.

Ireland's experience shows the clear commercial dividends that a country can reap from linking China and the West.

Bilateral trade with China has tripled in the past five years and there is a clear desire on both sides to increase investment, said Ireland's then-prime minister Leo Varadkar as he welcomed his Chinese counterpart Li Qiang on a visit early this year.

Big-ticket Chinese investments in Ireland include those from ByteDance, parent of the short form video app TikTok; WuXi Biologics, a drug company; Huawei, the Chinese telecoms equipment giant; and the Bank of China, a big Chinese state-owned bank. In total, around 40 Chinese companies employing 5100 people are clients of Ireland's investment promotion agency IDA.

IDA executives say the agency "definitely considers" TikTok to be a Chinese company. But TikTok itself is at pains to stress its non-Chinese credentials. Its spokespeople in Ireland said the company's international headquarters are in Singapore, while in Europe it is incorporated in the UK and Ireland and is subject to UK, Irish and EU laws, not Chinese ones. They said although ByteDance, which is headquartered in Beijing, remains TikTok's parent, about 60 per cent of ByteDance is beneficially owned by global institutional investors such as the Carlyle Group, General Atlantic and Susquehanna International Group.

WuXi Biologics said it "would prefer not to participate in a story focused specifically" on its country of origin. "We believe our impact is most accurately reflected as part of the collective achievements within Ireland's vibrant life sciences sector," the company said.

Hungary, another key country for Chinese investment in Europe, has notably warmer relations with Beijing than many others. On a visit to Budapest earlier this year, Chinese President Xi Jinping described bilateral ties as being "as mellow and rich as Tokaji," referring to a Hungarian dessert wine.

Hungary's authoritarian president Viktor Orban, the EU's longest-serving head of government, praised China for loving peace and being an "important stabilising force" in the world.

Hungary received 44 per cent of all Chinese foreign direct investment in Europe in 2023, overtaking the "big three" economies of Germany, France and the UK, according to a study by Berlin-based think-tank Merics.

Mexico is a member of the US-Mexico-Canada Agreement (USMCA), the successor to NAFTA, which embraces 510 million people.

Chinese companies have quietly gained a considerable foothold as investors in Mexico over recent decades. North America's USMCA free trade agreement means Chinese businesses making everything from

fridges and televisions to textiles in Mexico gain privileged US market access.

America Movil, the telecoms group controlled by the billionaire Carlos Slim, relies heavily on Huawei technology. Mexican appliance and refrigerator manufacturer Mabe is 48 per cent owned by the acquisitive Chinese group Haier.

One in five cars purchased in Mexico last year was made in China, with half of those coming from Chinese manufacturers. Electric vehicle makers such as BYD and Chery are now scouting Mexico for factory sites so they can export to the US and avoid tariffs on vehicles imported to the US from China, which rose to 100 per cent at the start of August.

However, US patience with Mexico's role as a tariff-free staging area for Chinese companies to the US market is already running thin. The US Trade Representative, which oversees America's trade policy and negotiations, has also scolded Mexico over a lack of transparency in its steel and aluminium imports from third countries like China.

But some in Mexico City say China is too deeply embedded in Mexico to change course. In any case, there is only so much either country can do to limit China's reach.

"In Washington, they've only just realised," says Enrique Dussel Peters, director of the Centre for Chinese-Mexican Studies at UNAM, the National Autonomous University of Mexico. "They think the discussion is: 'on Monday I don't want to see China in Mexico'.

"That was maybe an option 20 years ago. Today it isn't."

Source: ft.com– Sep 08, 2024

HOME

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Fashion industry failing on climate action, report

A damning new report, 'What Fuels Fashion?', has exposed the fashion industry's abysmal track record on climate action. The report, which analyzed 250 of the world's largest fashion brands, reveals a shocking lack of transparency and ambition in addressing the industry's significant carbon footprint.

The report, a special edition of the annual 'Fashion Transparency Index', grades brands on their disclosure of climate and energy-related data, primarily focusing on supply chain emissions. The average score was a dismal 18 per cent, with a 13 per cent of major brands receiving a zero rating, highlighting the industry's overall failure to prioritize climate change. In fact, a staggering 32 brands scored a zero, indicating a complete absence of climate-related disclosures.

Highlights of the study

Lack of commitment to decarbonisation: Nearly a quarter of brands disclosed no information on decarbonisation, while less than half had Science-based targets covering their entire value chain.

Missing climate targets: Almost 86 per cent companies lacked a public coal phase-out target, and 94 per cent had no public renewable energy target.

Transparency gap: Most brands (89 per cent) did not disclose annual clothing production, and nearly half failed to reveal raw material emissions.

Focus on false solutions: While many brands touted sustainable materials, only a fraction disclosed their supply chain's energy sources.

Supplier burden: Despite being major emitters, 94 per cent of brands failed to disclose investment in supply chain decarbonisation, often shifting costs onto suppliers.

Worker neglect: Almost no brands engaged with workers affected by climate change, with 94 per cent lacking disclosure on such efforts.

Renewable energy advocacy failure: Only 13 per cent brands disclosed renewable energy advocacy in their supply chains, and just 2 per cent shared the outcomes.

Supply chain reliance on coal: Despite 96 per cent of fashion's emissions originating in manufacturing, only 8 per cent of brands had a renewable electricity target for their supply chain.

Just transition overlooked: The majority (96 per cent) of brands lacked a public commitment to a Just Transition strategy, with only 4 per cent disclosing efforts to support supply chain workers.

Click here for more details

Source: fashionatingworld.com– Sep 09, 2024

HOME

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China to lift restrictions on foreign investment in manufacturing

China will lift restrictions on foreign investment in the manufacturing sector, as per the 2024 version of the negative list for foreign investment access released by the National Development and Reform Commission (NDRC) this week.

Jointly issued by the NDRC and the Ministry of Commerce (MOC), the updated list, effective from November 1, 2024, reduces the number of restrictions from 31 to 29, eliminating all limitations in the manufacturing sector.

According to NDRC, the release and implementation of the 2024 negative list is a key step in establishing a higher-level open economy. The NDRC, alongside the MOC and other departments, will work to implement the system of pre-establishment national treatment plus the negative list for foreign investment access, ensuring the smooth introduction of new opening measures.

Source: fibre2fashion.com– Sep 10, 2024

HOME

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Japan revises down Q2 GDP growth figure over preliminary estimate

Japan's gross domestic product (GDP) expanded by an annualised 2.9 per cent in the second quarter (Q2) this year from the previous three months, according to revised data released by the cabinet office recently.

The forecast in the preliminary estimate was a 3.1-per cent rise.

The revised figure implies a quarter-on-quarter expansion of 0.7 per cent in price-adjusted terms, compared with a 0.8-per cent rise issued last month.

The slightly slower pace is the result of downward revisions in corporate and household spending, domestic media outlets reported.

The capital expenditure component of GDP rose by 0.8 per cent in Q2 2024, revised down from a 0.9 per cent uptick in the initial estimate.

Private consumption, accounting for more than half of the country's economy, rose by 0.9 per cent compared to the preliminary reading of 1-per cent growth.

Source: fibre2fashion.com– Sep 10, 2024

HOME

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Vietnam: Global trade hub could be answer for textile segments

It is expected that in October, the associations will deploy a survey team to learn from the experiences of countries that have successfully built the global trade centre model to ensure it is suitable for reality and operates effectively.

Deputy Minister of Industry and Trade Phan Thi Thang said, "We cannot carry out outsourcing forever. The textile and footwear industry needs to master the source of raw materials and design stages. Building a trading centre to develop raw materials and accessories for the Vietnamese fashion industry is necessary."

She suggested that the construction of such a centre for the fashion industry should have been carried out a long time ago. "Therefore, we need to speed up the implementation of the project in a specific manner, including the stages of operation, proposed policies, and mechanisms," Thang said.

It is expected that the centre could be built from private investment capital, gathering domestic and foreign suppliers of raw materials for textile and footwear production to display and introduce products to shorten the time to find sources of supply, competitive prices.

At the same time, the centre would be able to support businesses in tracing the origin of textile and footwear raw materials to standardise and make the trading market transparent, as well as deploy activities to connect, trade, and exhibit products and technologies for the production of raw materials. It could also update trends and tech for related production to support and promote domestic raw material production activities.

Nguyen Duc Thuan, chairman of the Vietnam Leather, Footwear, and Handbag Association, said one of the difficulties is that the supporting industry for raw material supply is underdeveloped. Therefore, meeting the domestic origin ratio for raw materials as required by trade agreements is an obstacle.

"It is necessary to promote the development of the raw material supply market towards scale, standardisation and transparency by building a trading centre for developing raw materials and innovating the

Vietnamese fashion industry in the southern province of Binh Duong. Only then can businesses in the leather and footwear industry, especially small- and medium-sized enterprises, have the opportunity to rise up and participate in the industry supply chain," he said.

Pham Tuan Anh, deputy director of the Vietnam Industry Agency under the MoIT, added that the heavy dependence on imported raw materials could have a major impact on the overall development of the industry, when countries are aiming for net-zero and are setting strict regulations on supply control, requiring products to meet a high percentage of domestic origin.

"Furthermore, the import of raw materials will affect the advantage of import tax exemption for textiles and footwear products in markets where Vietnam has signed a free trade deal, and regulations on rules of origin have been implemented," Anh said.

According to the World Trade Organization, Vietnam is the second-largest footwear exporter and the third-largest textile and garment exporter in the world.

In the first six months of 2024, the total export turnover of these two industries still reached nearly $30 billion, accounting for nearly 16 per cent of Vietnam's total export turnover and creating nearly five million jobs, accounting for 22 per cent of Vietnam's industrial labour force, according to the MoIT.

Source: vir.com.vn– Sep 09, 2024

HOME

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Bangladesh trade chamber hails LC margin withdrawal by central bank

Praising the recent Bangladesh Bank decision to lift margins for letters of credit (LCs) for all types of imports except some luxury items, the Dhaka Chamber of Commerce and Industry (DCCI) said this will boost industrial output and raise exports.

The central bank's initiative to form a Revolving Refinancing Fund for small ventures would make funding access easier for such entrepreneurs, the chamber noted.

Importers now can bring in all types of capital equipment, consumer goods and capital raw materials without any margin based on a bank-customer relationship.

"If imports increase, new investment, re-investment, availability of capital equipment and overall industrial production will subsequently increase that would bring a positive result in export growth," domestic media outlets quoted DCCI president Ashraf Ahmed as saying.

Besides, an increased supply of raw materials would result in factories being able to ensure production at their maximum capacity, it noted.

The supply of products will accordingly rise, lowering the overall domestic inflation situation, the chamber believes.

Under the Revolving Refinancing Fund, the interest rate will never exceed 8 per cent and no supervision charge or even early settlement fee can be imposed, which would be a relief for cottage, micro, small and medium enterprises, it added.

Source: fibre2fashion.com– Sep 09, 2024

HOME

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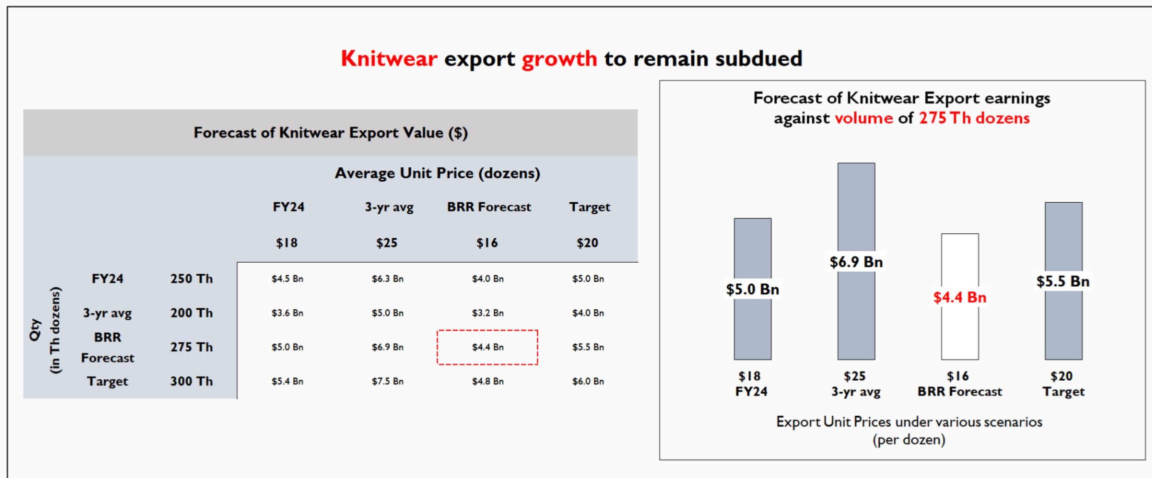
Pakistan: Textile exports: what does FY25 look like?

Will the rise in income tax on exports blow textile exports out of water? Will the rising energy tariffs wipe out billions of dollars' worth of export potential? Will the textile industry be able to survive another year of hostile borrowing rates? Or will international buyers' efforts to diversify away from Bangladesh lead to a miraculous turnaround for Pakistan's textile sector?



Knitwear export growth to remain subdued

Forecast of Knitwear Export Value ($)

Qty (in Th dozens)		Average Unit Price (dozens): FY24 $18	3-yr avg $25	BRR Forecast $16	Target $20
FY24	250 Th	$4.5 Bn	$6.3 Bn	$4.0 Bn	$5.0 Bn
3-yr avg	200 Th	$3.6 Bn	$5.0 Bn	$3.2 Bn	$4.0 Bn
BRR Forecast	275 Th	$5.0 Bn	$6.9 Bn	$4.4 Bn	$5.5 Bn
Target	300 Th	$5.4 Bn	$7.5 Bn	$4.8 Bn	$6.0 Bn

None of the above might happen during the ongoing financial year 2024-25, which could prove to be quite an uneventful year for an industry constantly battered under policy volatility. Textile export growth during the current fiscal year may prove to be remarkably unremarkable, with large and integrated groups managing to hold their ground despite adverse market conditions, and any growth potential from the great shift out of Bangladesh lost to raw material constraint, weak product delivery, and poor speed-to-market.

In fact, the current financial year may witness consumer fatigue with high prices in the developed markets, as recessionary headwinds take their toll. Market watchers would note that world cotton prices have now spent more time – 2 years and three months – falling than they did rising between the Covid April-20 bottom and global commodity supercycle.

Cotton prices have already lost 50 percent of their gains and are well on their way to losing $2 per kg versus the May-22 peak. The latest fall in international oil prices also doesn't bode well for pricing of Pakistan's cotton centric export product portfolio, as a fall in synthetic fiber prices shall soon follow, further drawing demand away from cotton.

While higher value-added export categories may be better able to hold their ground against buyers' demand for price cuts, the effects will eventually be felt across the board. Even if some categories – such as denim and knitwear – manage to perform and grow volume at lower pricing, the volume gain may not prove to be large enough to help grow export earnings on an overall basis.

Meanwhile, medium-value add segments such as towel will struggle to compete at lower pricing, especially as cheap domestic cotton grows dearer amid weak production – and may in fact end up recording volume loss altogether (against last year).

Click here for more details

Source: brecorder.com– Sep 09, 2024

HOME

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NATIONAL NEWS

India fine tuning FTAs with countries to suit domestic industry: Prasada

India is revising FTAs with South Korea, Malaysia and various other Asean countries to benefit the domestic industries, Union Minister of State for Ministry of Commerce and Industry Jitin Prasada said on Monday.

At the 64th annual session of ACMA (Automotive Component Manufacturers Association) here, he noted that the free trade agreements (FTAs) with the UK and the European Union are being spearheaded by Prime Minister Narendra Modi.

"It will play a great role for the auto components industry," the minister said.

He further said: "We are also revising and reworking our FTAs with Korea, with Malaysia, with Asean countries, which will be fine-tuned to the demands of our industry."

Prasada also urged the auto components industry to increase investment in R&D activities.

"We are not investing enough in R&D, I believe this is 1 per cent of the revenue that is being invested so this is very crucial," he noted.

He also emphasised the importance of boosting exports, reducing import dependence and ensuring growth.

Source: business-standard.com– Sep 09, 2024

HOME

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India-UK FTA talks likely to resume next month, Labour to revisit mobility

New Delhi: Talks on a free trade agreement (FTA) between the UK and India is expected to resume next month after a “comprehensive review" of progress so far by the two sides, two people aware of the matter said, with subjects like migration and mobility put under the scanner by the new Labour government led by Prime Minister Keir Starmer.

"The fourteenth round of FTA negotiations, stalled due to the general elections in both countries, will kickstart again next month, now that elections are over and new governments have taken charge," said the first person mentioned above, speaking under anonymity.

"Both sides are hoping for a quick completion of the FTA. The UK parliament, currently on recess, is expected to resume soon. The FTA talks will gather pace once after the completion of the recess. However, the new UK government could also revisit the FTA discussions to revise agreed terms (terms agreed with the Rishi Sunak government)," the person added.

With most aspects of the India-UK FTA nearly resolved, only “a few minor adjustments" remain, and these are expected to be taken on by the Labour Party, this person said.

These include major issues related to migration, mobility, and a liberalised visa regime for Indian workers, which remain the sticky issues between both sides.

Migration, mobiliy and visas are political hot potatoes for any British government and any such international agreement will need to be ratified by the British parliament. Starmer's Labour party, which won a landslide victory, is set to review contentious subjects in all such agreements, and may even seek a revision in the terms agreed so far.

"While consensus has been reached on most issues, there are discussions expected on migration, mobility, and a liberalized visa regime for Indian workers when both sides meet," the second person mentioned above said, also requesting anonymity.

"The completion of the 14th round of discussions will likely set the stage for the signing of the FTA," the second person added.

Bilateral trade has grown from $17.5 billion in fiscal year 2022 to $20.36 billion in FY23 and to $21.34 billion in FY24.

So far, both sides have completed 13 rounds of discussions to ink an FTA which will give both countries better access to each other's markets.

The 14th round, which kicked off in January 2024, was stalled because of general elections in both countries.

The 13th Round of negotiations took place from 18 September to 15 December last year and focused on issues such as goods, services, and investment.

"The UK side will also be revisiting talks initiated by the former administration led by Rishi Sunak while scrutinizing key aspects of the FTA, with a particular focus on mobility provisions that have previously been contentious," the first person mentioned above said.

"As the review process progresses, these concerns could shape the direction of the talks, potentially leading to revisions in the terms previously negotiated," the person said adding the resumption of discussions is crucial for both India and the UK, with the FTA seen as a pivotal move to bolster bilateral trade and economic ties.

"The ongoing review reflects the Starmer administration's intent to ensure any agreements align with its broader policy objectives," the first person mentioned above added.

A spokesperson of India's commerce ministry didn't respond to emailed queries.
“We have announced our intention to restart trade talks with a number of international partners, including India," said a spokesperson of the UK's Department for Business and Trade.

“We are committed to negotiating an FTA and Bilateral Investment Treaty with India and are working to resume talks and strengthen our trading relationship," the spokesperson added.

On 29 July, the UK's Business and Trade Secretary Jonathan Reynolds announced the government's intention to deliver trade talks with India.

In addition, UK's Foreign Secretary David Lammy reinforced the UK's commitment to a trade deal on his recent trip on 24 July, stating that it will be the floor not the ceiling of UK-India ambitions to unlock shared potential and deliver growth.

'Real challenge lies in India improving product quality'

In merchandise trade, while India's $5 billion export market in textiles, apparel, and footwear could benefit from reduced UK tariffs, the real challenge lies in India improving product quality to truly unlock growth potential, said Ajay Srivastava, the founder of economic think tank Global Trade Research Initiative (GTRI).

"UK exports like automobiles, Scotch whisky, and dairy products face India's high tariffs, including a hefty 100% on cars and 150% on Scotch whisky. Although the UK demands zero tariffs on these goods, India is more likely to adopt a phased reduction in tariffs, similar to its approach with Australian wines," he said.

"In the services sector, the UK seeks greater access to India's insurance, telecom, legal, and fintech markets, while India prioritises easier visa rules for its professionals. The UK's reluctance to grant a large number of work visas, viewing it as a sensitive immigration issue, only deepens the divide. Beyond these, differences persist in areas such as intellectual property rights, labor regulations, trade and gender issues, and sustainability standards," he added.

Source: livemint.com– Sep 09,2024

HOME

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Uzbekistan to Host ITMF Annual Conference and World Fashion Convention in Samarkand, Showcasing its Textile Heritage and Global Influence

The location of these marquee events in Uzbekistan suggests the importance of the country's rich history and reputation as a centre of textile craftsmanship. It marks its increasing influence and importance in the world's textile business.

As Uzbekistan embraces the tenets of a modern economy with an increased global market orientation, it has come forth to stage these events, a confluence of key participants in the international textile and apparel industry. All critical actors in this industry will be present, including representatives of large brands, financial institutions, and major retailers. The presence of over 500 participants signifies their interest and commitment to engaging with a rapidly developing economy hinging on innovation, sustainability and global collaboration.

The conference straddles critical themes such as Innovation, Cooperation and Regulation. There are sessions devoted to the evolution and innovation of cotton fibres, a staple ingredient of the textile and apparel industry. Specific market stories from regions such as the Americas and Africa and countries like Uzbekistan will show common challenges and opportunities while delving into the nuances of these unique markets. There are sessions dedicated to the increasing significance of artificial fibres and the challenges and progress therein, including a discussion on the magical fibre, polyester.

A novel topic in the conference is manufacturers' audit fatigue, as they find the burden of satisfying compliance onerous. The session addresses these challenges through the eyes of manufacturers and suggests approaches to navigating changing regulations and requirements to be socially compliant in global supply chains.

Uzbekistan's experiences increasing its exports of textile and apparel products and evolving up the value chain provide valuable lessons to all participants in configuring sustainable, global supply chains.

Subsequent sessions address global challenges from an increasingly important sustainability perspective and examine the technological changes that will shape the future of the textile industry. Focused panels

will explore sustainability and regulatory frameworks impacting the industry, and the steps companies can take today to prepare for the future. There are also specialist sessions on Digitalization and the use of AI in digital labelling to address skill gaps and improve efficiency in production and distribution.

Participants will also be able to engage in post-conference activities, including visits to local textile factories and a cultural tour of Bukhara, an ancient Silk Road city. These excursions will offer a deeper appreciation of Uzbekistan's textile heritage and its efforts to blend tradition with modernity.

Source: business-standard.com– Sep 09, 2024

HOME

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World Bank's India Development Update unlikely to be taken seriously

The researchers at the World Bank (WB) have summarised recent developments in India’s economy and evaluated them in a medium-term and global context, in the India Development Update (IDU) released last week. They have devoted an entire chapter on India’s trade opportunities in a changing global context and made certain recommendations, some of which may find no favour with our government.

The WB researchers say that over the past decades, despite rapid overall economic growth, India's trade in goods and services has decreased as a percentage of GDP, and India’s participation in global value chains (GVCs) has fallen. Exports are also relatively concentrated in goods and services that tend not to be labor-intensive.

As a result, trade-jobs linkages are not fully exploited. An important factor behind this decline is the increase in import tariffs on key intermediary inputs, which has raised production costs and made producers less competitive in international markets.

Besides, India does not participate in mega trade blocs, such as the Regional Comprehensive Economic Partnership (RCEP), despite potential benefits from broader trade cooperation.

India can do much more to reduce trade costs and improve trade facilitation, by simplifying and increasing the transparency of customs procedures and reducing red tape. India could continue pursuing free trade agreements (FTAs) with a focus on assessing their impact and adjusting the overall strategy as needed.

India will need to diversify its export basket even further and enter new markets as that would bring added benefits in terms of risk diversification, by reducing reliance on traditional markets, which may face slower growth or protectionist measures, as well as opportunities for innovation and productivity growth.

Deeper integration with GVCs and additional focus on exports of environmental goods and services could further boost trade diversification and upgrading.

By integrating into GVCs, India can expand the variety of what it produces (by participating in the production of higher-added value goods), enhance its competitiveness (by gaining access to advanced technologies and global markets), and increase flows of foreign direct investment by multinationals seeking to produce in India, says the IDU.

At home, there is general irritation with reports from any agencies based outside the country, especially if the report is unflattering and preachy. Secondly, the government is so busy and obsessive with drum beating about its achievements that there is little patience with reports pointing out any deficiencies and how to overcome them.

Third, many of the IDU prescriptions such as tariff reductions are already known and applied selectively.

Fourth, the government has taken a conscious decision to stay out of RCEP trade negotiations, considering the threat of imports from China. Fifth, the government is committed to protecting domestic producers from imports, as the Commerce Minister's suggestion of imposing border adjustment tax on imports shows. So, there is very little to suggest that the recommendations of IDU will be taken seriously.

The government needs to first recognise that our performance in exports of merchandise is poor and that the principal reason is the erosion of competitiveness over a period of time, especially in the last decade. Without such a recognition and admission of the existence of the problem of competitiveness, very little progress can be made in identifying the factors that contribute to such poor competitiveness. Merely trumpeting achievements is unlikely to help us much.

Source: business-standard.com– Sep 08, 2024

HOME

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Exporters fret over dip in credit as costs soar

NEW DELHI: Credit to exporters has fallen 5% over the last two years, despite the rapid growth in lending to almost all sectors of the economy. The priority sector lending for exports crashed 41%, from Rs 19,861 crore to Rs 11,721 crore, prompting the commerce department to take up the issue with RBI and the finance ministry.

Industry lobby group FIEO has flagged credit flow as a key concern, pointing out how exporters were battling a credit crunch despite the requirement for loans rising over the last two years on account of higher commodity prices, increase in freight rates due to tension in West Asia and Red Sea, which had considerably increased the voyage time and delayed payment.

While exporters have been raising the red flag on the issue, govt and RBI have failed to act on for several months. The issue is expected to come up again during the meeting of the Board of Trade, led by commerce and industry minister Piyush Goyal, later this week.

An industry expert said that the post-Covid guarantee-based loans had helped industry get credit but things have changed drastically. "The lack of collateral free and non-recourse finance is a big challenge," said a source. Banks framing their own policies is seen to be a key stumbling block. FIEO has proposed additional support from Export Credit Guarantee Corporation and higher interest subsidy, sources said.

High logistics cost and higher cost of credit are seen to be key challenges confronting Indian exporters, a sharp contrast to other countries such as Canada, Italy and the UK, not to mention China. Indian exporters are of the view that they are poised to capitalise on the China Plus One strategy but additional funding is a pre-requisite.

Source: timesofindia.com– Sep 09, 2024

HOME

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E-commerce revolution is not inclusive enough

E-commerce poses a significant challenge for jobs. At a time when India is confronting an employment crisis, being clear eyed about how unfolding trends like e-commerce are affecting the quantity and quality of jobs is critical to managing its disruptive effects.

Recently, Commerce Minister Piyush Goyal expressed concern over the growth of e-commerce and its employment impact. The minister highlighted the possibility that half of India's market could become part of the e-commerce network in the next decade, a development he described as "a matter of concern".

Forecasts (by agencies such as BCG) suggest that India's e-commerce market will grow at a compound annual growth rate (CAGR) of 11.79 per cent between 2024 to 2028.

This is almost at par with the US' 11.82 per cent, but it outpaces projected global e-commerce growth of 9 per cent. Online retail in India accounts for approximately a quarter (Invest India estimates) of total organised retail.

As e-commerce grows, a key concern is how it will impact India's micro, small and medium enterprises (MSMEs) — an important source of employment engaging approximately 111 million workers. Among the touted benefits of e-commerce are its potential to provide businesses market access that extends beyond their physical location to a wider geographical radius, and the prospect of boosting exports.

While these may be true for some businesses, they don't apply to the majority. Given that most of India's businesses are unregistered micro enterprises, they confront several obstacles while engaging in e-commerce.

Rapid adoption of online payment systems and UPI among small businesses is often cited as evidence of the propensity of businesses to take on e-commerce. But meaningfully engaging in e-commerce goes beyond that.

A lot of paperwork

The registration of businesses onto platforms requires a lot of paperwork. There are laborious on-boarding processes and platform fees. How do you make sure your shop/product is competitive and stands out among others? These challenges, and additional barriers like access to finance and procurement, are more pronounced for women who engage in e-commerce as artisans or small-scale producers.

Some evidence suggests that businesses that are online are more productive, but that's because to get online and benefit from it, the business must be a 'better' business to begin with.

For many such small businesses, e-commerce starts and ends with adding some app-based delivery personnel and having a UPI payment system. A consolidation of businesses is inevitable when only the fittest survive. This will squeeze out MSMEs.

Beyond the impact of e-commerce on MSMEs, there are questions around whether e-commerce is generating new jobs? E-commerce will create some new positions within firms, for example, in digital marketing and management. What distinguishes e-commerce from traditional, offline supply chains is the use of technology, data, and information to power decisions and connect stakeholders.

But such job roles call for a higher level of education and skill. For those that acquire relevant education and skills, e-commerce offers some opportunities, but these jobs are inaccessible to most. Efficiency also means fewer positions.

A large share of the e-commerce supply chain relies on platform workers. Estimates trying to quantify e-commerce jobs count this form of task-based work as jobs; they are not.

The expansion of e-commerce is creating more opportunities for income generation by breaking traditional jobs into task-based gigs. This kind of 'gigification' means that a growing contingent of workers are self-employed with service contracts that don't provide for labour protections and entitlements.

Women's employment across the e-commerce supply chain, like in traditional supply chains, is gendered. They are more likely to be found in packaging and warehousing than in delivery or high-skilled positions.

E-commerce is on the rise. The genie cannot be stuffed back into the bottle. But it is disingenuous to deny the disruptive effects of this phenomenon on the quantity and quality of jobs in India. Managing the impact is not a matter of more or less regulation, but appropriate and effective regulation to enable businesses and workers to adapt to the pace and scale of disruptions.

Source: thehindubusinessline.com– Sep 08, 2024

HOME

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