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USD	EUR	GBP	JPY
84.07	91.49	109.37	0.56

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INTERNATIONAL NEWS

Monthly Cotton Economic Letter: October 2024

Cotton benchmarks were flat or higher over the past month.

- The December NY/ICE futures contract increased from values below 70 cents/lb to those as high as 74 cents/lb in September. In early October, prices retreated slightly, and current levels are near 72 cents/lb.
- The A Index increased from 79 to 84 cents/lb over the past month.
- The Chinese Cotton Index (CC Index 3128B) increased from 94 to 100 cents/lb. In domestic terms, prices rose from 14,700 to 15,600 RMB/ton. The RMB strengthened slightly against the dollar, from 7.12 to 7.08 RMB/USD.
- Indian spot prices (Shankar-6 quality) decreased from 91 to 86 cents/lb. In domestic terms, values fell from 60,000 to 56,700 INR/candy. The INR held near 84 INR/USD.
- Pakistani spot prices decreased from 81 to 77 cents/lb. In domestic terms, values fell from 18,500 to 17,700 PKR/maund. The PKR was steady at around 278 PKR/USD.

Supply, Demand & Trade

The latest USDA report featured relatively minor changes to global production (+219,000 bales to 116.6 million) and mill use (-7,000 bales, essentially holding at 115.7 million). Historical figures were revised, primarily for 2023/24. A net result of those changes was to lower 2024/25 beginning stocks -411,000 bales to 75.2 million.

With the updates to beginning stocks, production and mill use, the forecast for 2024/25 ending stocks decreased -167,000 bales to 76.3 million. This ranks as the highest level of warehoused supply outside of the crop year most affected by Covid-19 (2019/20) and those crop years when China had extreme levels of supply in its reserve system (2012/13-2015/16). In 2024/25, Chinese stocks are forecast to hold near the highest levels recorded since 2015/16. The world-less-China is expected to end 2024/25 with 40.1 million bales of stocks. Apart from the 2019/20 and 2022/23 crop years, this represents the highest level volume of stocks for the world outside of China.

The largest changes in production included those for China (+400,000 bales to 28.2 million), Brazil (+100,000 bales to 16.8 million), and the U.S. (-311,000 bales to 14.2 million).

For mill-use, the only revision of 100,000 bales or more was for Bangladesh (+100,000 bales to 7.8 million).

The global trade forecast was reduced -513,000 bales to 42.5 million. At the country level, the only notable change to import figures was for China (-500,000 bales to 9.0 million). This widens the expected year-over-year decrease in Chinese import demand. In 2023/24, China imported 15.0 million bales. The largest changes for exports were for the U.S. (-300,000 bales to 11.5 million) and Brazil (-200,000 bales to 12.3 million).

Price Outlook

Several major economies made policy revisions favorable for economic growth over the past month.

Inflation has been weakening globally, allowing central banks to pull back on interest rates. In the U.S., the Federal Reserve lowered interest rates by half a percentage point in September. This was the first time the Fed has made a cut since it began the cycle of rate increases in March 2022.

The European Central Bank began decreasing interest rates before the Federal Reserve and is widely expected to announce two additional decreases in policy rates in October and December.

In China, a series of measures were announced to improve confidence around lending and the housing market. There have also been declarations that government spending would be leveraged to lift economic growth over 5 percent.

The U.S., the E.U. and China represent three of the largest consumer markets in the world. In the U.S. and the E.U., recent policy moves by the central banks in those locations should not necessarily be considered stimulative. Interest rates in both areas remain well above what likely could be considered the neutral rate (neutral rate is the level of interest rates that is neither stimulative nor contractionary). However, the recent reductions in rates do represent lighter headwinds for economic growth.

The situation in China has been different, with inflation not being a source of concern. As a result, interpretations of the policy movement in China are also different. If China implements a major spending package on top of what it has done to ease credit conditions, it will represent an important stimulative effort (not just a lighter push on the interest rate brakes, which is occurring in the U.S. and the E.U.).

For the global economy, it may be important that all of these favorable policy shifts are happening at the same time. After the period of sluggish growth that followed the onset of inflation and the rise in interest rates, simultaneous revision of policies that are more supportive of growth could lift the outlook for demand and could help encourage order placement through supply chains.

While it will take some time to see if these policy changes have a meaningful impact on cotton demand, there have been developments affecting production. Hurricane Helene hit the southeast growing region of the U.S. cotton belt at a time when about 75 percent of bolls were open and exposed to the elements. The USDA reduced the U.S. harvest estimate this month, but the size of the decrease was about half of the loss estimated by officials representing cotton growers in Georgia (the largest cotton-growing state in the southeast region and the second-largest cotton-growing state in the U.S.).

It may be notable that the market did not react to the storm, even when the U.S. was already expected to have a crop on the smaller end of normal production levels. This could be because the market may feel adequately supplied. A record volume of exportable supply is expected from major cotton shipping countries, and China looks to be pulling back on imports.

Source: sourcingjournal.com– Oct 15, 2024

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KPMG: Sourcing, Supply Chain Operations to Continue to Migrate to Americas in Coming Years

New data from KPMG shows the Americas are hot for companies looking to strengthen their supply chains—for reasons from cost reduction, to improved resiliency against ongoing geopolitical tensions.

KPMG uses the term "strategic shoring" to describe global supply chains shifting to various countries in North and South America in an effort to better serve the demands of the U.S. market. While this is often referred to as nearshoring, KPMG executives said that term has become synonymous with moving supply chain operations to Mexico from China or another Asian country, when, in reality, the trend affects multiple countries in the Americas.

Already, 59 percent of industry-agnostic supply chains are based in the Americas, but KPMG's data shows that supply chain executives project that, within the next few years, 69 percent of those supply chains will be based in the Americas. Three-quarters of the surveyed executives said these changes are slated to occur within the next two years.

However, just because the Americas continue to become a hotspot across various industries, that doesn't mean that every country stands to benefit from a manufacturing or logistics standpoint.

While today, the U.S. and Canada have the largest market share of supply chain operations in the Americas—with 39 percent and 62 percent indicating that they rely on those two countries, respectively—those figures are expected to slip within three years. By 2027, Canada is expected to handle supply chain operations for just 30 percent of companies, and the U.S. is slated to do so for 44 percent of companies.

In turn, a few countries will see a bump to their supply chain game. While today, 27 percent of surveyed companies report a supply chain reliance on Mexico, that will increase by 9 percentage points to 36 percent in the next three years. Meanwhile, smaller countries, like Colombia and Chile, are expected to see smaller increases—from 22 percent, to 23 percent and from 20 percent to 21 percent, respectively.

If all goes according to projections, the U.S. will still have the largest share of the supply chain operations market, followed by, in order, Mexico, Canada and Brazil. Though Brazil, per the data, will become the No. 4 go-to country for Americas supply chain operations, it is still expected to see a slight decrease in market share; currently, 29 percent of surveyed executives said their company has some sort of supply chain activity in Brazil, but 27 percent said they expect that to be the case in three years.

Tapestry, for instance, has tapped into Brazil for its footwear business. But Vincent Golebiowski, the company's global head of supply chain, said that, despite its success in Brazil, the company is always evaluating new opportunities for sourcing and supply chain.

"We always try to understand if our current footprint is the right one, but it can change year on year, depending on our suppliers. I thought our footprint would be more static, but in fact, it is evolving all the time," Golebiowski said in a statement.

Among companies moving their supply chain to the Americas—or expanding their current presence on the two continents—three in 10 cite greater agility and faster time to market as the most important reasons for the moves. One-quarter cite better access to talent or skills, and the same proportion mentioned a reduction in geopolitical risk.

KPMG's experts posit that cost of labor may also be playing a role in the shift toward Latin America—Mexico, in particular. According to their research, "In 2001, U.S. manufacturing workers were paid 36.4 times more than their peers in China. That dropped to 5.5 by 2022, which is more in line with the wage difference between the U.S. and Latin America. And, as China's wage gap with the U.S. has narrowed, Mexico's has stayed fairly consistent over the same period, at 7.2 times lower than the U.S. in 2022."

Despite some companies' shifts toward the Americas, China and other Asian countries still play an important role in sourcing and supply chain for many. KPMG's report notes that China is far from obsolete, with some companies choosing the "China plus one" model—that is to say, splitting production between China and another country closer to the United States, depending on demand and strategy.

When it comes to more macro-level themes, cost still takes the cake when it comes to the most important outcome for a company's supply chain strategy—and that could be why China continues to be such a major player in many industries' supply chains.

Among responding executives, some said cost, tax incentives and compliance are less important today than they were two years ago, while agility, speed and sustainability are slightly more important today than they were two years ago.

The report states that change could be due to a shift toward sustaining businesses' competitive advantage for the long term, rather than focusing on short-term outcomes.

Megan Schoenberger, senior economist at KPMG, said that, as companies continue to face added levels of disruption, a more resilient supply chain will become increasingly critical.

"People are paying more attention to storm seasons and cyber attacks because they affect supply chain operations. So, when it comes to strategic shoring, being able to do that in the most streamlined way possible can really help the macro-economy," Schoenberger said in a statement.

Even though companies' views on sourcing and supply chain have continued to evolve, some companies have had a difficult transition to strategic sourcing. KPMG's data shows four in ten leaders that decided against nearshoring did so because of how complex the change would be, while 34 percent of respondents said they were satisfied with their current sourcing costs. That same proportion of leaders said they already had better access to talent in their current sourcing matrix.

Roberto Durán Fernández, research professor at Tecnológico de Monterrey, said geopolitical disruption may be so strong a force that it could cause companies that have already decided against nearshoring or strategic sourcing to think twice.

Indeed, 66 percent of respondents said geopolitical uncertainty has caused them to re-think their assumptions about the supply chain, and six in ten leaders noted that a tough global trade landscape has caused them to have a renewed interest in regionalized sourcing.

“Many companies have started to see the issues with offshore models that create long intercontinental supply chains,” Durán Fernández said in a statement. “And they are figuring out that shorter supply chains are a way to build resilience against geopolitical [and] environmental…shocks.”

Source: economictimes.com– Oct 15, 2024

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Cambodia preparing strategy to graduate from LDC status by 2029: PM

Prime Minister Hun Manet recently said the Cambodian government is preparing a strategy to graduate from the least developed country (LDC) status by 2029.

Addressing an event to celebrate the 20th anniversary of Cambodia's accession to the World Trade Organization (WTO) in the capital, he said the country needs to implement measures to ensure sustainable development after the graduation.

Cambodia has received the evaluation of the United Nations Committee for Development Policy (CDP) to pass the three-year review so that the former can exit the LDC status.

The prime minister said the country needs to be self-reliant and independent following graduation.

Commerce minister Cham Nimul said the country will face the loss of preferential tariffs and stricter rules of origin for goods, which could affect its competitiveness in key markets.

"Cambodia must turn these challenges into opportunities by enhancing competitiveness, engaging in regional and global supply chains, diversifying markets, expanding production, adding value, strengthening trade facilitation and attracting investment in new industries to support sustainable and resilient growth," Nimul was quoted as saying by domestic media reports.

These tasks are set out in the environmental section of the Pentagonal Strategy I, which his ministry and other relevant ministries are actively implementing, he added.

Source: fibre2fashion.com– Oct 16, 2024

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USDA raises global cotton production by 200,000 bales

The United States Department of Agriculture (USDA) has raised global cotton production estimates by over 200,000 bales, each weighing 217.7 kg (480 pounds). Cotton production is projected to increase in China, Brazil, and Argentina, more than offsetting reductions in the US and Spain.

In its October 2024 World Agricultural Supply and Demand Estimates (WASDE) report, the USDA indicated that global cotton trade may decrease by over 500,000 bales, largely due to reduced imports by China. Meanwhile, global ending stocks are expected to reduce slightly to 76.3 million bales. The report did not make significant revisions to the global cotton balance sheet for 2023-24.

The WASDE report lowered US cotton production by over 300,000 bales to 14.2 million bales. Hurricane Helene caused significant damage, particularly in Georgia and North Carolina, due to strong winds and heavy rains that affected open bolls. Some other states saw minor gains, but the national all-cotton yield was reduced by 18 pounds, bringing it to 789 pounds per harvested acre.

Compared to last month, the US cotton balance sheet for 2024-25 reflects lower production, mill use, and exports. The National Agricultural Statistics Service (NASS) reduced the estimate for US all-cotton production by just over 300,000 bales to 14.2 million in its October Crop Production report, primarily due to damage from Hurricane Helene.

Georgia and North Carolina accounted for much of the reduction, as high winds and heavy rains devastated open bolls, while some other states experienced small offsetting gains. Overall, the national all-cotton yield estimate decreased by 18 pounds from last month to 789 pounds per harvested acre.

Source: fibre2fashion.com– Oct 15, 2024

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Slowest expansion in emerging market nations in nearly a year: S&P GMI

Emerging market economic growth decelerated again at the end of the third quarter, according to S&P Global's purchasing managers' index (PMI) surveys.

While growth remained relatively broad-based with both manufacturing and service sectors remaining in expansion, the slowdown of manufacturing output growth to near-neutral levels will be worth monitoring in these economies, according to S&P Global Market Intelligence.

This is especially with forward-looking PMI indicators signalling the potential for manufacturing sector conditions to further moderate.

Cost pressures eased for emerging market businesses for both goods producers and service providers in September. While selling prices rose at a slower pace as a result of lower cost pressures, it also reflected the reduction in pricing power as emerging market businesses grapple with heightened competition amid lower demand.

The PMI surveys compiled globally found that rate at which output expanded across the emerging markets collectively slowed for a fourth successive month.

The gross domestic product (GDP)-weighted emerging market PMI output index fell to 51.1 in September, down from 52.1 in August. This is the lowest reading seen since October 2023, but nevertheless extended the sequence of growth that commenced in January 2023, Jingyi Pan, economics associate director, operations-IMPG at S&P Global Market Intelligence, wrote on the company's website.

While developed markets also grew at a slower rate, it retained the lead upon emerging markets for a third straight month and to the widest degree since May 2022.

September's global growth was supported primarily by the service sector in September, but both the manufacturing and service sectors continued to expand for emerging markets. This marked the twenty-first successive month of broad-based expansion for emerging markets.

Manufacturing output growth slided to the softest in 11 months and was only marginal.

Only three of the four major emerging market economies expanded at the end of the third quarter, with Russia sliding into contraction after two successive months of growth. China's expansion was the shallowest in 11 months, with manufacturing activity rising only marginally in the latest survey period.

On the other hand, Brazil's expansion sped up in September with output rising solidly across manufacturing.

India remained the fastest growing of the four major emerging market economies. However, its expansion decelerated to the slowest since last November with manufacturing sector growth easing, albeit remaining steep overall.

The slowdown in India's expansion coupled with catch-up by Brazil had, therefore, resulted in the smallest lead in the year-to-date for India ahead of the second-fastest growing BRICs economy.

Forward-looking indicators, especially for the manufacturing sector in emerging markets, hint at potential softening of conditions in the coming months, S&P Global Market Intelligence added.

Source: fibre2fashion.com– Oct 16, 2024

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US retail sales drop 0.32% in Sept, clothing sales up by 1.06% MoM

Total retail sales witnessed 0.32 per cent month over month (MoM) drop in September in the US, but consumers continued to spend more than last year as interest rates and inflation fell and employment rose, as per a recent report by the National Retail Federation (NRF). Clothing and accessories stores were up 1.06 per cent month over month seasonally adjusted and up 10.31 per cent year over year unadjusted.

Online and other non-store sales were up 1.59 per cent month over month seasonally adjusted and up by 15.21 per cent year over year unadjusted in September. Total retail sales, excluding automobiles and gasoline are up by 0.55 per cent unadjusted year over year in September. That compared with increases of 0.45 per cent month over month and 2.11 per cent year over year in August, according to the Consumer News and Business Channel (CNBC)/NRF Retail Monitor.

"After seven consecutive months of gains, consumers pulled back a bit in September, which is historically a soft month for retail sales. Due to geopolitical tensions, uncertainty regarding election outcomes, anticipation of the port strike and lingering inflation in services, shoppers showed caution. However, year-over-year gains showed consumers were still spending on household priorities," said NRF president and chief executive officer (CEO) Matthew Shay.

The Retail Monitor calculation of core retail sales (excluding restaurants in addition to automobiles dealers and gasoline stations) was down 0.28 per cent month over month in September but up 0.94 per cent year over year. That compared with increases of 0.17 per cent month over month and 1.93 per cent year over year in August.

The month over month decline was the first since January for both total and core sales and only the second since the Retail Monitor began tracking sales in October 2022. Total sales were up 1.91 per cent year over year for the first nine months of 2024 and core sales were up 2.18 per cent.

Source: fibre2fashion.com– Oct 15, 2024

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Poland's Jan-Aug export turnover drops 8.3% YoY, imports drop 6.3% YoY

Poland's export turnover in January-August this year at current prices was worth PLN 991.9 billion—a decrease of 8.3 per cent year on year (YoY), while its imports were worth PLN 981.2 billion—a YoY drop of 6.3 per cent, according to official data.

The trade surplus was PLN 10.7 billion during the eight months, while in the same period last year, it was PLN 34.6 billion.

The country's exports expressed in US dollars amounted to $248.4 billion—a YoY decrease of 2.5 per cent, while imports amounted to $245.7 billion—a YoY drop of 0.4 per cent. The trade surplus was $2.7 billion, while in the same period last year, it was $8.1 billion.

Poland had the largest share in total exports with developed countries during the period—86.4 per cent, of which exports to the European Union (EU) comprised 73.9 per cent. In imports from developed countries, its share was 65.7 per cent, of which imports from the EU comprised 53.5 per cent.

However, the smallest trade share was observed with the countries of Central and Eastern Europe, exports to where comprised 5.2 per cent of its total exports. Imports from these nations comprised 2.1 per cent of the total imports.

A trade deficit of PLN 232.2 billion ($58.2 billion) was recorded with developing countries during the eight-month period, a release from Statistics Poland said.

The trade surplus with developed countries was PLN 211.7 billion ($53.1 billion), of which the surplus with EU countries was PLN 208.1 billion ($52.2 billion) and with Central and Eastern Europe PLN 31.1 billion ($7.8 billion).

Among the main trade partners of Poland in January-August this year, YoY decreases in exports were observed, except Ukraine, exports to where increased by 7.7 per cent, and the United States, exports to where rose by 0.4 per cent YoY.

As for imports during the period, the main trade partners reported YoY decreases, except the United States (an increase of 9.9 per cent YoY), Saudi Arabia (a 2.8-per cent YoY rise) and Norway (a 0.5-per cent YoY increase).

The export turnover with the top ten trade partners of Poland during the period accounted for 66.3 per cent of the total export turnover—the same as in the corresponding period of 2023, while the import turnover with these partners comprised 61.2 per cent of the total import turnover during the period (the figure was 60.5 per cent in January-August 2023).

Source: fibre2fashion.com– Oct 15, 2024

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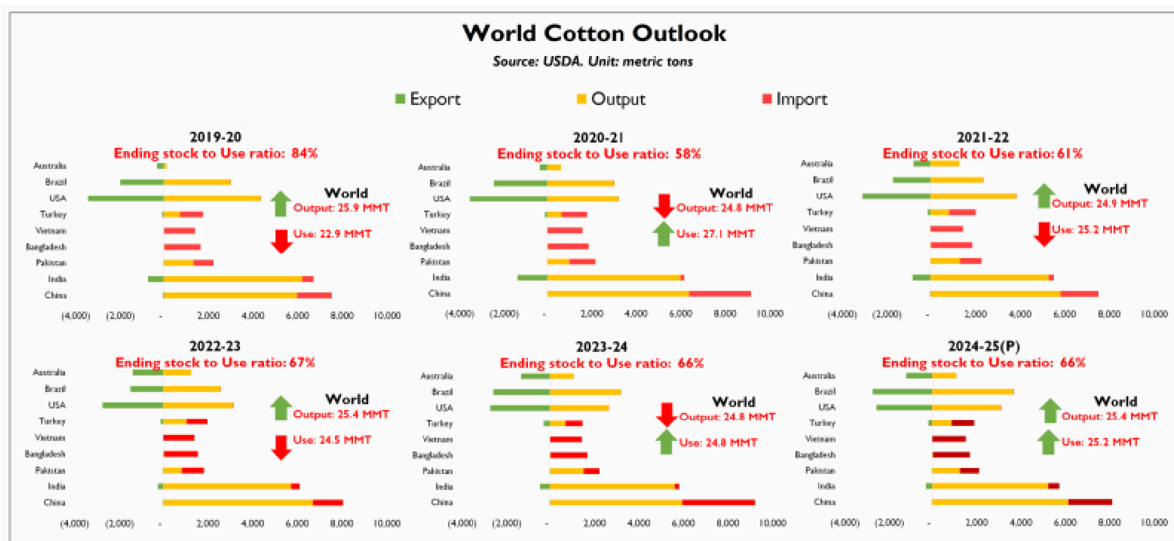
Pakistan: Cotton outlook: breaking the holding pattern?

The world cotton market has entered a new phase of uncertainty. World cotton prices, which thus far had been on a downward trajectory for the past thirty months, have now conclusively entered another period of volatility, where a clear direction may remain elusive for months to come.

Although global demand appeared to have cooled off after the post Covid boom, weighed down by stubborn inflation and the strategic decoupling from China. The world market now appears to be moving into stasis, with considerable risks to price stability.

Let's start with the basics: historically, world cotton production has been distributed fairly evenly across four key regions: China, South Asia (India and Pakistan), the Western Hemisphere (mainly Brazil and the United States), with the remainder supplied by key players such as Australia and Turkey. While this fragmentation has provided a semblance of supply stability, the status quo is increasingly threatened by a myriad of economic and geopolitical shifts.



For the last two years, bears have dominated the world market due to stagnating global demand. With the global economy facing a pronounced slowdown, expectations for a robust recovery in cotton consumption were slim. Until recently, estimates of world demand hovered around 115 million bales—solidly average by recent historical standards—but far from enough to absorb the existing stockpiles and justify higher prices. China, the world's largest cotton producer, consumer, and importer, remains in a holding pattern.

High inventory carryover from last year means its import demand remains subdued, which means fewer purchasing surges from the world's largest textile producer, exporter, and consumer. Given this backdrop, price pressures seem unlikely to abate in the near term, as Chinese cotton consumption remains weak.

Meanwhile, on the supply side, major exporters are sitting in a relatively comfortable position. Brazil and the United States have both harvested strong surpluses, and the two countries are poised to keep the world market well-stocked for the foreseeable future. But supply news out of South Asia is stirring up some concerns. India, a top global cotton producer, has managed to maintain production levels consistent with last year, but a twist in trade dynamics is throwing the market a curveball. For the first time in over a decade, India is set to become a net importer of cotton. Rising yarn prices within the country reflect this new demand pattern, which is largely fueled by the shifting of textile orders away from China. This shift has already benefited India's textile industry but will also drive up domestic cotton consumption, potentially squeezing global supplies further.

In neighboring Pakistan, production has plummeted, though official USDA forecasts have yet to account for this decline. Should Pakistan's output estimates of under five million bales are incorporated into the world supply position, it could have a pronounced impact on world cotton prices, particularly as the country competes with India for textile export orders. With tightening supplies from South Asia and weather risks looming large on the horizon, the world cotton market could see a rocky road ahead. The impending threat of El Niño, coupled with fears of water stress and drought conditions, is likely to constrain future supply. These factors have already prompted a downward revision of global carryover inventory estimates, further emphasizing the potential for supply shocks.

What does this mean for the price outlook? While a weak global economy dampens any near-term hopes for a demand-fueled rally, several factors could still push prices higher. If Pakistan's production disappoints and India's shift to a net importer status continues, the resulting supply pressure could lift prices out of their current $0.80 to $0.90 per lb range. Additionally, rising oil prices—particularly if the Middle East conflict escalates—could add inflationary pressure on cotton as transportation and input costs rise in tandem.

In sum, the world cotton market is walking a tightrope. While surplus stocks from Brazil and the U.S. may provide some breathing room in the immediate term, factors such as regional supply shifts, geopolitical instability, and the threat of adverse weather patterns all point to potential price volatility.

Unless there is a collapse in demand from major textile export destinations in the EU and the U.S., cotton prices could soon make a play for the higher end of the current range, with the chance of breaking above it should more risks materialize. For those invested in the cotton industry, it's time to brace for what could be a bumpy ride as the market navigates through a period of heightened uncertainty.

Source: brecorder.com– Oct 15, 2024

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USDA revises up Bangladesh's MY25 cotton use forecast to 7.8 mn bales

Bangladesh's cotton consumption is expected to rise marginally to 7.8 million bales in marketing year (MY) 2024-25, which started in August this year, according to a latest US department of agriculture (USDA) report. Out of that, 7.7 million bales will be imported—around 2 per cent higher than the previous MY's import figure.

In its initial projection in April this year, the US agency estimated cotton consumption for MY 2024-25 in Bangladesh at 8 million bales. A bale equals 480 pounds or 218 kg.

It revised the projection downwards in August and September (7.7 million bales) before raising the forecast in its latest update.

Import and consumption of cotton yarn in Bangladesh increased last year.

Cotton prices in the country dropped by 15 per cent year on year (YoY) to $1.79 per kg in July-September from $2.11 a year ago, according to the World Bank commodities price data.

The domestic cotton market had been sluggish in July and August, with demand only starting to pick up by the end of September, as per the country's media reports.

Bangladesh's domestic use of cotton hit 88 lakh bales in MY22 to feed the demand for export-oriented knitwear makers, the main export-earning sector, the USDA report said.

However, cotton consumption began declining in subsequent years and overall use stood at 77.5 lakh bales in MY24.

Millers in Bangladesh import a good chunk from countries in West Africa followed by India, Brazil, the United States and Australia, according to the USDA.

Source: fibre2fashion.com– Oct 15, 2024

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NATIONAL NEWS

Second meeting of Joint Committee under India-UAE CEPA held

India and UAE successfully held the second Meeting of the Joint Committee (JC) under the India-UAE Comprehensive Economic Partnership Agreement (CEPA) in UAE yesterday. The Indian delegation was led by Additional Secretary, Department of Commerce, Government of India, Shri Ajay Bhadoo and Assistant Undersecretary for International Trade Affairs, Ministry of Economy of the United Arab Emirates, H.E Juma Al Kait co-chaired from the UAE side.

Both sides noted substantial growth in bilateral trade during the first two years of implementation of CEPA and expressed optimism in attaining the target of $100 million non-oil trade well before the year 2030. The two sides also held wide-ranging discussions on all aspects of the bilateral partnership including measures to further strengthen and enhance two-way trade.

The progress achieved in accomplishing agreed outcomes from the 1st Sub-Committee Meeting on Trade in Goods which was held in January, 2024 was also reviewed. In this regard, both sides agreed to establish a technical group of technical experts for seamless and timely exchange of trade-related data.

It was decided that the group would meet at the earliest to understand each other's statistical systems and formulate methodologies for harmonization of bilateral trade statistics. It will enable analysis of trade data in a compatible and comparable format further deepening mutual understanding.

On the issue of implementation of Tariff Rate Quotas on earmarked products, both sides agreed to work closely to ensure that UAE exporters are able to access the benefits effectively.

The Indian side conveyed to the UAE counterparts that the procedure for allocation of licenses under TRQ have been amended by factoring in the feedback received from different stakeholders.

Indian side reiterated its request that the Indian Jewellery Exposition Center located in Dubai may be categorized as a Designated Zone so that the benefit of concessional duties may be availed by Indian jewellery manufacturers including those which are non-registered entities under UAE's domestic regulation. UAE side conveyed its willingness to examine this request after consulting its internal stakeholders including federal tax authorities.

On issues related to SPS/TBT measures, Indian side reiterated that the UAE side may grant recognition to the i-CAS Halal scheme which will considerably ease the certification process and promote export of animal products to the UAE. Both sides also agreed to take forward the discussion on fast tracking of registration as well as reference pricing mechanism for pharma products. Both sides agreed on early finalization of MoU on food safety between their competent authorities.

On issues related to the trade in services matter, the two sides exchanged focal points and agreed to hold the First Sub-Committee Meeting at the earliest. Indian side highlighted the need of professional bodies from both sides to enter into Mutual Recognition Agreements that would enable professionals like chartered accountants, lawyers, nurses etc. to provide their services without the need for another certification. Both sides agreed to work on an actionable plan in this regard.

Indian side raised the issue related to the recent surge in imports of silver products, platinum alloy and dry dates and urged UAE to verify compliance to the rules of origin norms and ensure that the rules are not circumvented. UAE agreed to examine concerns raised by the Indian counterparts.

The two sides agreed to hold the next JC in India at a mutually convenient date. The visit of the Indian delegation led by the Additional Secretary to UAE is in keeping with the well-established mechanism of regular exchanges between India and UAE, and to further strengthen the existing close ties of friendship and cooperation between the two countries.

Source: pib.gov.in– Oct 15, 2024

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Trade deal with India remains 'priority', says UK business minister

A trade deal with India remains a "priority" for the UK, Business and Trade Secretary Jonathan Reynolds said during the Labour Party-led government's flagship International Investment Summit in London which coincided with the launch of a new Industrial Strategy green paper. "The Gulf and India are the priority. I think there are clear economic and commercial reasons why we should pursue those," Reynolds said at the Guildhall on Monday.

"Trade and international investment lie at the heart of our plan to drive growth for the whole country. That's because we know the UK has so much potential as one of the largest, most open economies, a legal system that sets global standards, a regulatory environment with some of the strongest safeguards for investment and the greatest incentives for innovation. We benefit from a skilled and diverse workforce, supported by an immigration system that draws talent from around the globe," he said.

The UK is negotiating a Free Trade Agreement (FTA) and Bilateral Investment Treaty with India, which has completed several rounds of negotiations under the previous Conservative government and is expected to pick up from the fourteenth round.

Soon after the general election in July, Reynolds indicated that teams would be "entering negotiating rooms as soon as possible" towards completing the FTA, which is aimed at significantly enhancing the GBP 38-billion a year bilateral trade partnership.

The Department for Business and Trade (DBT) indicated that while a timescale for the negotiations to restart remains unconfirmed, the minister's comments reiterate the commitment to an India-UK FTA.

"Global investors should be in no doubt that under this new government, Britain is truly the best place to do business," added Reynolds.

It came as DBT confirmed nearly 38,000 jobs are set to be created across the UK after a total of GBP 63 billion of investment was announced at the International Investment Summit.

"After the investments secured as part of this summit, my optimism for Britain burns brighter than ever. It's a sign of confidence in the British economy. And it matters because it will support the growth of businesses big and small across the UK. Helping them create new jobs and making people better off," said Chancellor Rachel Reeves, who will be presenting Labour's inaugural Budget statement in Parliament later this month.

Meanwhile, the Industrial Strategy green paper consultation launched this week is aimed at providing stakeholders with the opportunity to inform Labour industrial plans.

Clare Barclay, CEO of Microsoft UK, has been named chair of the Industrial Strategy Advisory Council, which will inform the development of the Industrial Strategy through its expertise and latest evidence, working with business, trade unions, devolved governments, local leaders, academia and stakeholders.

Source: economictimes.com– Oct 15, 2024

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Focus on quality; export competitiveness won't come from govt subsidies: Goyal to industry

Commerce and Industry Minister Piyush Goyal on Wednesday (October 16, 2024) asked the industry to focus on making high-quality products to tap global markets as export competitiveness will not come from government subsidies or support.

He also said that the government is putting its effort to nudge industry to get into the manufacturing of high quality products as it is a "tough" task to get industry to accept that they should be making quality goods.

Initially, the government faced a huge amount of opposition from the industry on quality control orders.

"Our export competitiveness is not going to come from subsidies or government support. It is not going to come from our closing the doors to the rest of the world. If we are looking at self-reliant India, it can only happen when India will be self-confident and that confidence will only come when we all decide that quality is not our job, it is our duty," the Minister said.

He added that if the Indian industry is not competitive in any product, that can be imported the industry has to work towards competitiveness where it has a comparative advantage with other nations.

The government is taking a series of steps such as rolling out Quality Control Orders (QCOs) to boost manufacturing in the country.

Till 2014, he said, only 14 QCOs covering 106 products were issued, but in the last 10 years, the government has issued as many as 174 such orders covering 732 products to ensure that more and more people will become aligned with better quality standards.

These orders help curb the import of sub-standard products, prevent unfair trade practices and ensure the safety and well-being of consumers as well as the environment.

Under the order, an item cannot be produced, sold, traded, imported or stocked unless it bears the Bureau of Indian Standards (BIS) mark.

Violation of the provision of the BIS Act can attract imprisonment of up to two years or a fine of at least Rs 2 lakh for the first offence. In case of second and subsequent offences, the fine will increase to a minimum of Rs 5 lakh and extend up to 10 times of the value of goods or articles.

QCOs are issued in accordance with the WTO Agreement on Technical Barriers to Trade.

He also said that manufacturing high quality goods helps boost economic activities, generating jobs and increasing exports.

"India will have to aspire to become a manufacturer of high-quality goods and services and it should be recognised globally," Mr. Goyal said.

Citing an example of the pharma industry, the Minister also urged the big industry players to handhold and support MSME units in this area.

"We still have a lot of work to do in terms of getting industry aligned with these QCOs," he said adding India was not able to become a partner of a protocol in the pharma sector as "every single time when we try to join that protocol, which has certain strict conditionalities attached to it, there will be an opposition from those (industries) who would be looking at short cuts".

The Minister urged the industry to participate in the BIS (Bureau of Indian Standards) committees through their skilled technical manpower.

Source: thehindu.com– Oct 16, 2024

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Govt launches textile policy 2024 to boost growth; announces incentives

India has launched its Textile Policy for 2024, focusing on strengthening the textile sector with a range of financial incentives.

The policy highlights two main areas: technical textiles, including clothing and apparel, and various manufacturing processes like weaving and dyeing.

The policy provides various financial support mechanisms for businesses, including capital subsidies ranging from 10 per cent to 35 per cent of eligible fixed capital investments, capped at Rs 100 crores based on taluka and activity.

It offers credit-linked interest subsidies of 5 per cent to 7 per cent for 5 to 8 years, with an annual cap of 2 per cent to 3 per cent. Companies can receive Rs 1 per unit of electricity for 5 years, applicable to DISCOMs or renewable energy sources.

Wage assistance will be available for employees, ranging from Rs 3,000 to Rs 5,000 per month for women and Rs 2,000 to Rs 4,000 for men, depending on their roles. Additionally, self-help group (SHG) members will receive Rs 5,000 per month for training for 3 months and payroll support of up to 25 per cent of job work turnover for 5 years.

The policy also includes measures for quality certification, energy and water conservation savings, and technology acquisition support.The Textile Policy 2024 places a strong emphasis on labour-intensive units, defined as new industrial units that employ at least 4,000 registered individuals under the Employee Provident Fund (EPF) scheme, including a minimum of 1,000 women.

These units can receive capital subsidies of 25 per cent to 35 per cent, capped at Rs 150 crores, and are eligible for credit-linked interest subsidies of 7 per cent to 8 v for up to 8 years, with an annual cap of 3 per cent.

Additionally, they will benefit from electricity tariff subsidies with a maximum annual limit of Rs 15 crores for group captive renewable energy sources.

Wage assistance for female employees will range from Rs 3,000 to Rs 5,000, while male employees will receive support of Rs 2,000 to Rs 4,000 per month for a decade.

Self-help groups (SHGs) will also receive similar financial support. Overall, the policy aims to strengthen India's textile industry, promote employment--especially among women--and enhance competitiveness through various financial aids and technological support.

Source: business-standard.com– Oct 15, 2024

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India seeks consultations with Turkiye on safeguard measures on polyester

India has sought consultations with Turkiye under the WTO's safeguard agreement following Ankara's decision to extend safeguard measures on polyester staple fibres.

In September, Turkiye decided to extend safeguard measures against imports of polyester staple fibres.

"As a member having a substantial trade interest in the export of products concerned, India hereby requests consultations with Turkiye with a view to reviewing the information provided and exchanging views on the extension of the measures," according to a communication of the World Trade Organisation (WTO).

It said that India would like to propose that consultations take place virtually on October 10 or 18 or on a mutually convenient date and time.

As per a provision of the Agreement on Safeguards, a WTO member country proposing to apply safeguard measures shall provide adequate opportunity for prior consultations with those members having a substantial interest as exporters of the product concerned, with a view to reviewing the information provided, exchanging views on the measure, and reaching an understanding on ways to achieve the objective set out in the agreement.

The consultations under this agreement do not fall under the WTO's dispute settlement system.

India's exports to Turkiye stood at USD 6.65 billion in 2023-24, while imports were USD 3.78 billion.

Source: business-standard.com– Oct 14, 2024

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Cotton exports likely to double to 2.85 mn bales in 2023-24 season: CAI

Cotton exports are expected to almost double to 2.85 mn bales in the 2023-24 season against 1.5 mn bales in the previous crop year 2022-23, as the average prices of Indian cotton were cheaper in the world market, Cotton Association of India (CAI) said on Tuesday.

"Indian cotton was ruling at a much cheaper rate during February-March compared to the global market. During this period, a lot of exports took place, including 2 mn bales to neighbouring Bangladesh," CAI president Atul S Ganatra told PTI.

He said that for the current season, which starts from October 1, the average rate of cotton is Rs 57,500 per candy, while in the previous year, it was Rs 62,500 per candy.

Meanwhile, the total production estimated by the CAI Crop Committee for the season 2023-24 stood at 32.52 mn bales compared to 318.90 lakh bales in the previous season.

The cotton imports are now projected at 110,000 bales higher than the previous estimates.

CAI has reduced its domestic consumption estimate by 400,000 bales to 31.3 mn bales.

Source: business-standard.com– Oct 15, 2024

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Indian textile venture expands US presence with Arizona acquisition, stock leaps

Indo Count Industries Ltd., India's global bed linen manufacturer, has announced the acquisition of Modern Home Textiles Inc., a Phoenix-based utility bedding producer. The purchase, made through Indo Count's US subsidiary, Indo Count Global Inc. (ICG), adds an annual capacity of 8 million pillows to the company's portfolio.

The shares of Indo Count Industries Ltd. were trading at ₹368.45 up by ₹6.95 or 1.92 per cent on the NSE today at 10.10 am.

This move follows ICG's recent majority stake acquisition in Fluvitex USA Inc., an Ohio-based pillow and quilt manufacturer. The combined acquisitions give Indo Count a total US production capacity of 13 million pillows and 1.5 million quilts annually, with an expected revenue of over $85 million at full capacity.

Anil Kumar Jain, Executive Chairman of Indo Count, stated that the acquisitions will accelerate the company's growth in the utility bedding segment and enhance its market reach in North America. The strategic locations in the Midwest and West Coast are expected to provide efficient distribution to customers.

These investments are part of Indo Count's larger plan to significantly expand its pillow manufacturing capabilities for the North American market. The company also highlighted its commitment to creating jobs in the United States through these acquisitions.

Source: thehindubusinessline.com– Oct 14, 2024

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Upcoming textile park in Uttar Pradesh attracts investments worth over Rs 100 crore

With companies including Reliance Industries, Arvind Mills, Vardhaman and Ahuja Textile Mills planning to set up their production units, the upcoming mega textile park in Uttar Pradesh has attracted investment proposals worth over 10,000 crore from domestic textile and garment majors.

In all, over 400 big and small textile manufacturers plan to set up their production and processing plants in the textile park located in the Lucknow-Hardoi districts.

Yogi Adityanath, Chief Minister, Uttar Pradesh, says, the textile hub is estimated to attract a total investment of over 15,000 crore. It would also create 300,000 direct and indirect employment opportunities.

Moreover, the textile park will capitaliseon the disruption in Bangladesh's textiles sector, following a political upheaval in the country. It will aim to achieve its export target of garments worth $100 billion in the next five years.

Rakesh Saran, Minister of MSME, Khadi and Textiles, UP, says, the textile park will l not only comprise manufacturing and processing units, but also encompass an entire textiles value chain. It will help establish India as a global textile, garment and apparels major.

The facility will also provide training, marketing, designing, packaging, manpower, consultancy and export services.

Traditionally, UP boasts of major textile hubs of Varanasi, Lucknow, Bhadohi and Gorakhpur. The government aims to expand the textile sector as it is one of the largest employment generators in the state. To achieve this, the government has teamed with Raymond to provide skill training to youth in areas of garmenting and tailoring.

Source: fashionatingworld.com– Oct 15, 2024

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