IBTEX No. 172 of 2024 November 04, 2024

Currency Watch			
USD	EUR	GBP	JPY
84.08	91.41	109.23	0.55

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INTERNATIONAL NEWS

Goldman Sachs: Possible Post-Election Policy Shifts in Trade

With the U.S. election fast approaching, trade policy remains a top concern, according to a Goldman Sachs report.

Goldman's chief U.S. political economist Alec Phillips expects former President Donald Trump, if he were to get re-elected, to "quickly move" to raise tariffs on imports from China. He noted that Trump has proposed repealing Permanent Normal Trade Relations status for the Asian nation. But he also pointed out that while Trump has proposed a 60 percent tariff on all Chinese imports, that tariff rate is plausible on certain strategic imports and that tariffs on most consumer products would rise by less.

Phillips also said that there's a "fair chance" at 40 percent that Trump could impose an "across-the-board tariff," noting that section 122 of the Trade Act of 1974 would give him legal authority to impose such a tariff of up to 15 percent for up to five months. He also said the more likely scenario in a second Trump Administration would be something that falls short of a universal tariff and instead focus tariffs on certain trading partners or products.

Election results for congressional seats could impact timing of tariff implementation. A Republican sweep scenario could crowd the agenda and push broader trade actions until later in 2025 or even 2026, in light of a potential early- to mid-year fiscal debate as the nation's debt limits needs to be addressed by the third quarter of 2025. In a divided government scenario, a "sparse legislative agenda with the main fiscal debate not until year's end could argue for earlier action on tariffs in a Trump administration," the political economist said.

He also said that control of Congress could influence capacity constraints in connection with immigration and unauthorized border crossings. A fiscal package under a Republican sweep would likely include new immigration enforcement funding. That could see net immigration slow to a rate of 750,000 a year, just below that between 2017 to 2019. A Trump/divided government could see immigration closer to 1.25 million a year, or slightly above the 2017-2019 rate.

Phillips said a Harris administration isn't expected to produce any major changes in policy, but immigration is still expected to "continue to decline from the 2023 peak before settling at 1.5 million a year."

Apparel and retail trade groups have long criticized the policy of raising tariffs. Their reasoning is that tariffs are the equivalent of taxes on goods purchased by American consumers.

Senior global economist Joseph Briggs expects that trade under Trump will result in a narrower set of tariffs, which would have a modest impact on the U.S. economy. But that also depends "on the extent to which tariff revenue is recycled into tax cuts and whether China retaliates," he said.

Briggs also said that Mexico and Southeast Asia are the likely beneficiaries from tariff-driven trade reallocation away from China. "We assume that these effects would take three years to phase in completely, consistent with a more substantial but slower reallocation than the more incremental rerouting during the 2018-2019 trade war," he said.

Source: sourcingjournal.com– Nov 01, 2024

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E Europe at critical healing stage; C Asia to see moderate growth: DNB

While Eastern Europe stands at a critical juncture of recovery, characterised by steady growth, declining inflation and gradually accommodating monetary policies incentivising further growth, Central Asia is poised for a period of moderate growth, driven by favorable commodity prices, better regional integration and efforts to diversify economies away from traditional sectors, according to Dun & Bradstreet (DNB) Global Economy Outlook October 2024.

As Eastern Europe confronts geopolitical and labour market challenges, its focus on digital transformation, infrastructure investment and human capital development will be essential in ensuring long-term economic resilience, the DNB document noted.

Eastern Europe is projected to achieve gross domestic product (GDP) growth rates between 3 per cent and 4.5 per cent this year, supported by robust domestic consumption, a rebound in foreign investment and a gradual recovery in export markets.

Countries like Poland, Romania and the Czech Republic are expected to lead this growth, while nations like Russia, Belarus and Ukraine will experience war-driven economic demand.

The average inflation rate across Eastern Europe stands at approximately 4.5 per cent, a substantial reduction from prior peaks, largely attributable to declining energy prices and enhanced supply chain efficiencies.

Central banks in the region are adopting a cautious approach, likely maintaining steady or slightly reduced interest rates to support economic growth while managing inflation expectations.

As recovery gains traction, the average unemployment rate in Eastern Europe is projected to decline to around 5.5 per cent by the end of this year. This reflects a tightening labour market, with sectors like technology, healthcare and skilled trades experiencing significant labour shortages.

Eastern Europe is witnessing renewed foreign direct investment (FDI) inflows, bolstered by growing investor confidence, nearshoring, government incentives and strategic investments in key sectors.

The region is increasingly focusing on green energy transition, with significant investments anticipated in solar, wind and bioenergy projects.

Countries across Eastern Europe are actively diversifying their energy sources to enhance security and reduce reliance on Russian gas. This strategy involves increased investments in liquefied natural gas terminals, renewable energy infrastructure and energy efficiency measures. Such initiatives are not only pivotal for energy independence but also crucial for meeting environmental sustainability goals, the DNB report noted.

Central Asia is navigating a complex landscape shaped by geopolitical dynamics, climate challenges and demographic changes, the report said. The region is projected to see GDP growth rates ranging between 4 per cent and 5.5 per cent this year. This growth is primarily supported by robust demand for natural resources, particularly oil, gas and minerals, which are vital to the economies of Kazakhstan and Turkmenistan.

Additionally, increasing domestic consumption and investment in infrastructure projects are expected to bolster growth across the region. Uzbekistan and other countries are pursuing ambitious reforms aimed at enhancing economic productivity and attracting foreign investment, contributing to a more vibrant economic environment, the DNB report observed.

The average inflation rate in Central Asia is anticipated to stabilise at around 6.5 per cent in 2024, a moderation from previous peaks. This is attributed to improved supply chain conditions, lower food prices and the gradual easing of global energy prices.

Central banks across the Central Asian region are likely to maintain a cautious monetary policy stance, with most expected to keep interest rates steady to support growth while monitoring inflationary pressures.

The unemployment rate in Central Asia is projected to remain stable, averaging around 6 per cent by the end of 2024. Many citizens in the region seek employment opportunities abroad, especially in Russia and Kazakhstan.

Source: fibre2fashion.com– Nov 03, 2024

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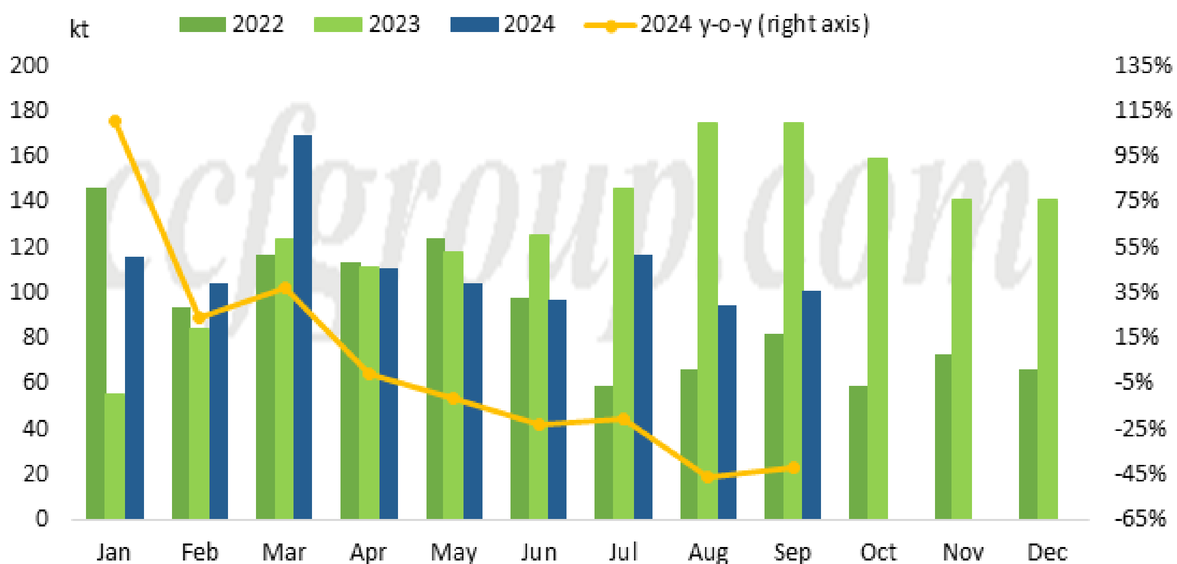
China's cotton yarn import unit price hits a new low in Sep

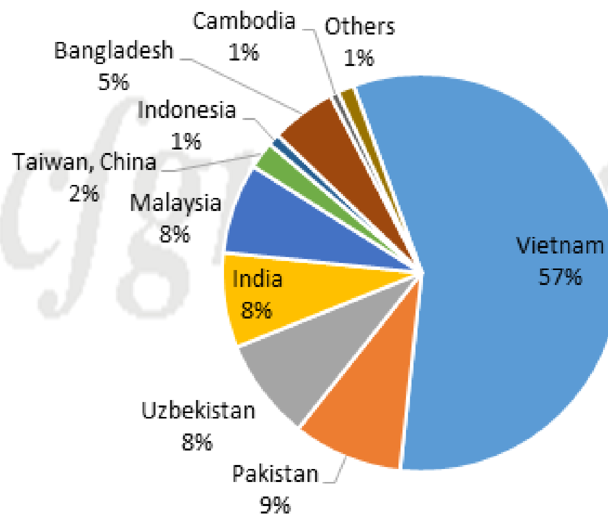
I. China's cotton yarn imports totaled 100.8kt in Sep

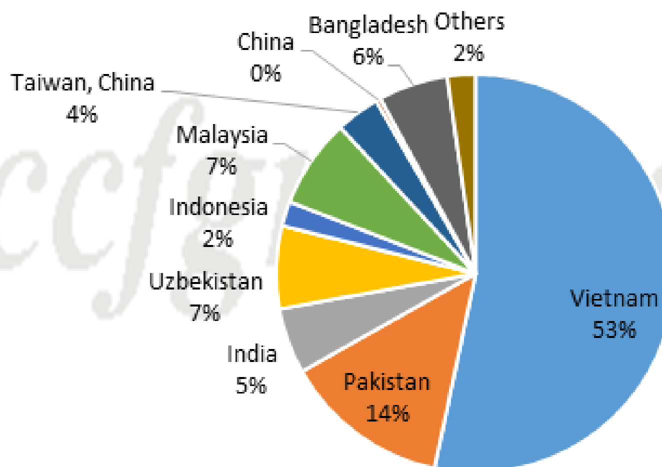
In Sep 2024, China's cotton yarn imports were around 100.8kt, increasing slightly by about 6.4kt. However, this is significantly lower than the level recorded during the same period last year of 175kt, with a year-on-year decline of about 42.4%. From Jan-Sep 2024, China's total import of cotton yarn reached 1.013 million tons. Judging from the recent domestic procurement and overseas shipments, the annual import volume may be less than 1.4 million tons. In the early stage, domestic cotton yarn prices remains lower than overseas yarn prices for a long time, resulting in a reduction in domestic speculative replenishment. At present, overseas yarn mills still have a strong willingness to hold up prices, and short-term improvements in the profits are not yet obvious.

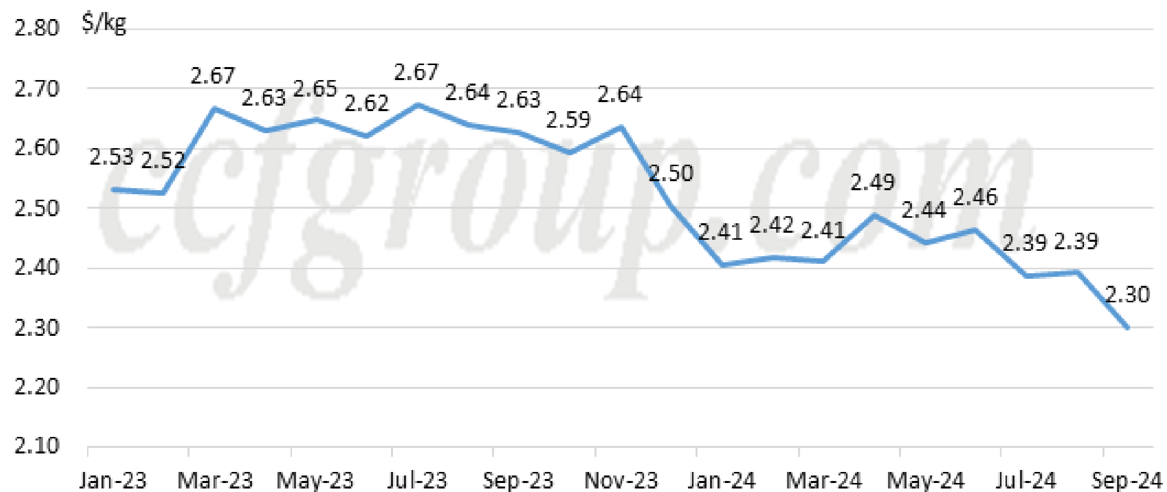


II China's cotton yarn imports by origin in Sep 2024

In Sep, the import volume of Vietnamese yarn totaled 53.7kt, and the proportion slightly decreased to 53%. The import volume of Pakistani yarn in September increased by more than 5,000 tons compared with August to around 13.6kt, and the import share rose to 14%. The import volume of Malaysian cotton yarn surpassed that of Uzbekistan and ranked third. A total of 7,328 tons arrived in September. The import volume of Uzbekistani yarn continued to decline in September, with a total of about 6,749 tons arriving.


China's cotton yarn import by origin in Aug 2024
Cambodia 1%
Others 1%
Bangladesh 5%
Indonesia 1%
Taiwan, China 2%
Malaysia 8%
India 8%
Vietnam 57%
Uzbekistan 8%
Pakistan 9%


China's cotton yarn import by origin in Sep 2024
China 0%
Bangladesh 6%
Others 2%
Taiwan, China 4%
Malaysia 7%
Indonesia 2%
Uzbekistan 7%
India 5%
Pakistan 14%
Vietnam 53%


Average unit price of imported cotton yarn
$/kg
2.80
2.70
2.60
2.50
2.40
2.30
2.20
2.10
2.53 2.52 2.67 2.63 2.65 2.62 2.67 2.64 2.63 2.59 2.64 2.50 2.41 2.42 2.41 2.49 2.44 2.46 2.39 2.39 2.30
Jan-23
Mar-23
May-23
Jul-23
Sep-23
Nov-23
Jan-24
Mar-24
May-24
Jul-24
Sep-24

After Indian yarn prices rose along with local cotton prices in the early stage, Chinese buyers' orders decreased sharply. In September, the arrival volume ranked after Bangladesh, only about 5,375 tons.

According to the unit price of cotton yarn imports, in September, the lower limit of China's cotton yarn import unit price was refreshed again, and the average import unit price dropped to around $2.30/kg. On the one hand, the import cost has indeed decreased to a certain extent. On the other hand, the recent domestic market's preference for importing low-priced coarse-count yarn has increased to a certain extent.

III China's cotton yarn imports by structure and by origin in Sep 2024

In September 2024, China's cotton yarn imports were still concentrated in carded single yarn 8-25s, totaling about 52kt. The import share continued to rise from 49.9% in August to 51.5%. In this specification, Vietnamese yarn accounts for about half. Secondly, the import volume of carded yarn below 8s also increased significantly, with a total of about 25kt arriving, an increase of nearly 8kt compared with August, and the import proportion rose to 24.8%.

Judging from the actual circulation situation in the market, this type of specification is mainly composed of Vietnamese coarse-count open-end yarn and Pakistani siro-spun yarn 7s and 8s. In September, only 9,480 tons of carded yarn 30-47s arrived, shrinking by more than 8,000 tons compared with last month.

In this specification range, Xinjiang yarn in China has significant cost advantages, and the selling price is long-term lower than that of imported yarn, which has a great impact on the market share of imported yarns such as 32s and 40s. The demand support of orders with traceability requirement is relatively weak.

IV. China's blended cotton yarn imports in Sep 2024

In Sep 2024, China's imports of blended cotton yarn totaled around 10.3kt, showing a slight decrease of about 800 tons compared to Aug and was around 92.2% imported from Vietnam.

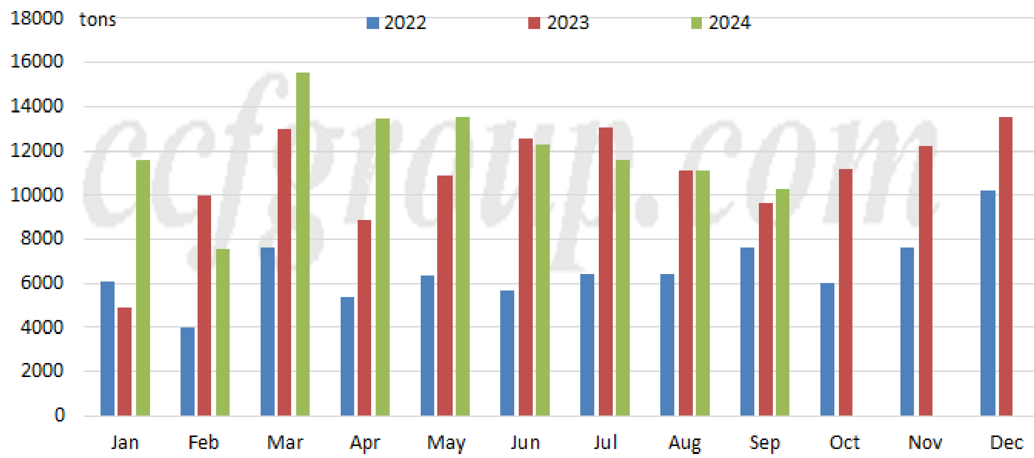
Region	Amount of carded yarn below 8s (kg)	Share	Region	Amount of carded yarn 8-25s (kg)	Share
Vietnam	14418934	57.73%	Vietnam	26064228	50.17%
Pakistan	9112894	36.49%	Bangladesh	5453125	10.50%
Taiwan, China	419104	1.68%	Malaysia	4823362	9.28%
Malaysia	336590	1.35%	Pakistan	4436858	8.54%
Bangladesh	245000	0.98%	Taiwan, China	3159006	6.08%
India	173524	0.69%	India	3035440	5.84%
Indonesia	164317	0.66%	Uzbekistan	2320332	4.47%
Cambodia	73625	0.29%	Cambodia	1124475	2.16%

Region	Amount of carded yarn 30-47s(kg)	Share	Region	Amount of combed yarn 30-47s(kg)	Share
Vietnam	4671606	49.30%	Vietnam	2960505	70.03%
Uzbekistan	3864828	40.80%	India	722307	17.09%
Malaysia	620000	6.50%	Indonesia	255793	6.05%
Indonesia	211275	2.20%	Malaysia	200700	4.75%
India	102967	1.10%	China	64432	1.52%

From January to September 2024, the cumulative import volume of blended cotton yarn has totaled 107kt, and the average monthly import volume was around 10,000 tons. Among the imported blended cotton yarn, carded yarn 8-25s represents about 51.39% of the total, with a total of 5,717 tons arriving.

The share of carded yarn below 8s was around 15.76% in Sep. China's imports of ring-spun carded 25-47s was around 1,100 tons, basically the same as last month. Judging from the feedback from Vietnamese yarn mills, the sales progress of blended yarns is currently slightly slower than that of cotton yarns.

Many blended yarn mills are still supplying November shipment containers, while the sales of cotton yarns have begun to enter the December shipment period. The price increase of blended cotton yarns is also relatively smaller compared to cotton yarns.



Source: ccfgroup.com– Nov 01, 2024

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China's manufacturing sector expands in Oct after 5 contraction months

B4The manufacturing sector in China expanded in October after five months of contraction in a row.

Manufacturing activity last month saw faster growth, with key sectors like basic raw materials, equipment manufacturing, high-tech manufacturing and consumer goods continuing their stable and positive performance.

The purchasing managers' index (PMI) for the sector was 50.1 in October, up from 49.8 in September and surpassing the neutral 50 mark for the first time since May, the National Bureau of Statistics (NBS) said in a recent statement.

The manufacturing PMI in October often fell below that of September in past years.

The business expectation index also rose to a four-month high of 54 in October, reflecting growing confidence among manufacturers, a state-controlled media outlet reported.

The non-manufacturing PMI came in at 50.2 in October, up from 50 in September, and the general PMI climbed from 50.4 to 50.8.

Experts believe that the positive trend in the manufacturing sector will be sustained in the fourth quarter.

Source: fibre2fashion.com– Nov 04, 2024

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GDP up 0.4% QoQ in euro area, 0.3% QoQ in EU in Q3 2024: Eurostat

Seasonally-adjusted gross domestic product (GDP) increased by 0.4 per cent quarter on quarter (QoQ) in the euro area and by 0.3 per cent QoQ in the European Union (EU) in the third quarter (Q3) this year, according to a preliminary flash estimate by Eurostat, the EU statistical office.

In Q2 2024, GDP had grown by 0.2 per cent QoQ in the euro area and by 0.3 per cent QoQ in the EU.

Seasonally-adjusted GDP increased by 0.9 per cent year on year (YoY) both in the euro area and in the EU in Q3 2024, after a 0.6-per cent YoY rise in the euro area and a 0.8-per cent increase in the EU in Q2.

Ireland (plus 2 per cent) recorded the highest increase compared to the previous quarter, followed by Lithuania (plus 1.1 per cent) and Spain (plus 0.8 per cent).

Declines were recorded in Hungary (minus 0.7 per cent), Latvia (minus 0.4 per cent) and Sweden (minus 0.1 per cent). The YoY growth rates were positive for seven countries and negative for six.

Euro area annual inflation is expected to be 2 per cent in October this year, up from 1.7 per cent in September, according to the flash estimate.

Source: fibre2fashion.com– Nov 04, 2024

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Spain opens its doors to China as a European trade war looms

In January, the Catalan regional government in Spain created a specialized desk dedicated to increasing investment and trade with China, the world's second-largest economy. In July, the Port of Barcelona approved plans to build a terminal with direct access to the port's railway for electric vehicles that China is exporting to Europe.

Last month, during a visit to Beijing by Prime Minister Pedro Sánchez, the Chinese wind turbine giant Envision Energy agreed to team up with his government and invest $1 billion to build a green hydrogen industrial park.

The activity is a sign of how Spain is trying to expand its economic ties with China when tensions with the West are growing.

"China is a key economic partner" for the European Union and Spain, Carlos Cuerpo, Spain's economic minister, said from his office in Madrid. "Europe has to find its own way."

It is a hard path to locate these days. On Thursday, Europe is set to increase tariffs on Chinese electric vehicles to as much as 45%. The European Union maintains that government subsidies have enabled Chinese companies to sell their cars at cut-rate prices, threatening the bloc's own industry.

The vote splintered the European Union's 27 members, drawing support from France and opposition from Germany. Spain, the union's fourth-largest economy, was among 12 countries that abstained, reflecting how China is viewed as both an economic opportunity and a threat.

To skeptics, China's attempts to inundate Europe with cheap, subsidized solar panels and electric vehicles imperil industries that are essential to the continent's prosperity. Meanwhile, its support for Russia since the invasion of Ukraine undermines Europe's security.

"This is not only about commercial interests but also geopolitical interests," said Liana Fix, a fellow at the Council on Foreign Relations in Washington. Europe has to be careful not to become too dependent on Chinese industry and materials, she said.

In her view, Spain is taking a pragmatic approach by engaging in joint ventures that give its companies access to China's advanced technology.

When it comes to critical industries including automobiles and agriculture, Cuerpo, the economics minister, said, "Spain has to do its own analysis."

Such assessments are happening in capitals around the world as officials and businesses try to figure out how to keep their economies pumping when rivalries between the world's superpowers are sharpening.

The freewheeling global economic system that turbocharged international trade and investment has been profoundly shaken, first by the pandemic and then by wars in Ukraine and the Middle East. And governments are struggling to balance their desire for economic growth with concerns about national security, international alliances and supply chain resilience.

The cycle of tariffs and retaliation between the United States and China that began in 2018 under President Donald Trump has escalated to affect hundreds of billions of dollars of goods. In May, the Biden administration placed a 100% tariff on electric vehicles from China.

The effects are rippling throughout the world's economy.

Nonaligned countries like Mexico and Vietnam have experienced rapid jumps in Chinese trade and investment and, in turn, have increased their exports to the United States. Such so-called connector countries serve "as a bridge between blocs," a way for Chinese firms to get their goods into the United States but avoid import duties, said Gita Gopinath, the first deputy managing director at the International Monetary Fund.

A similar dynamic can be seen in Europe.

"China's strategy is clear," said Josep Maria Gomes, international business manager at the chamber of commerce in Barcelona. "Chinese companies are coming to Europe to solve the problems with trade barriers."

China has been increasing foreign direct investment and completing more mergers and acquisitions.

This spring, Chery, a carmaker owned by China's Wuhu municipal government, signed a 400-million-euro agreement with the Spanish company Ebro-EV Motors. The two will produce electric vehicles at a shuttered Nissan plant in Barcelona.

Gomes is optimistic that Spain will beat out competitors and land another deal with the state-owned Chinese carmaker MG to build an electric automobile factory.

Chinese auto manufacturers have also struck agreements to produce electric vehicle plants in Turkey, Hungary and Poland.

By producing cars on the continent, Chinese companies can sidestep tariffs. Local manufacturers get access to China's know-how.

Chinese producers clearly have "superior technology," said Jacob Kirkegaard, a senior fellow at the Peterson Institute for International Economics in Brussels. European firms that steer clear of them risk "missing out."

Cooperation, though, can also give China leverage. After the European Union voted to impose tariffs, Chery announced that production in Spain would be postponed for a year. Spanish government officials dismissed the idea that the delay was meant to signal displeasure.

Spain has long been overshadowed by the larger economies of Germany, France and Italy, but grew more than three times as much as the European Union's average last year. Last week, the International Monetary Fund estimated that Spain's economy would grow 2.9% this year, the largest increase of any major advanced industrialized nation in the West. The estimate for Germany, traditionally the engine of European growth, was zero.

The automobile industry is considered essential to Spain's economic success. Already the second-largest manufacturer in Europe after Germany, Spain exported 87% of its automotive production last year.

Investment and trade with the United States still dwarf investment and trade between Spain and China. And there is a risk that European cars produced with Chinese technology could be shut out of the American market because of security concerns.

Still, there is "huge potential" in the relationship with China, said Marta Blanco, president of the international relations committee at the Spanish Confederation of Business Organizations, a trade association that represents more than 2 million companies and businesspeople.

And for Chinese investors, Spain's long-standing cultural and economic ties to other Spanish-speaking countries mean that it can also serve as a gateway to Latin America -- a region where countries engage with China despite concerns about its flooding their markets with exports.

Chinese direct investment in Spain has been growing over the last decade, more than doubling to nearly $12 billion since 2017. The agreement with Envision followed an announcement by the Chinese-owned manufacturer Hygreen Energy to invest more than $2 billion on hydrogen generation projects in southern Spain.

Spain, which already generates more than 60% of its electricity from renewable sources, wants to become a leader in producing clean energy for Europe.

Maintaining good relations with China is also a major concern for many agricultural producers in Spain.

"China is an essential market," said Daniel de Miguel, deputy director of Interporc, the association of pork producers. Spain exported more than 500,000 tons of white pork to China last year, a quarter of the sector's total exports, according to the association.

And worries about an escalating trade war between Europe and China are palpable.

Within days of the vote to impose tariffs on Chinese electric vehicles, Beijing announced a temporary tariff on European brandy. The Chinese government has also opened an investigation into whether the European pork industry is exporting to China at low prices that violate trade rules.

"We are really nervous," said de Miguel, who was part of a delegation that accompanied Spain's prime minister on his trip in September. After the visit, Sánchez switched his position on the European Union's electric vehicle tariffs, which he previously publicly said he supported.

Like other European countries whose economies depend on global exports and supply chains, Spain is trying to walk a thin line between cooperation and competition with China.

"We have to be open but not naïve," Cuerpo, the economics minister, said.

Source: economictimes.com– Oct 30, 2024

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Bangladesh's Jun textile manufacturing dips 9.75% YoY; RMG falls 8.55%

Large-scale manufacturing in Bangladesh dropped by 9.75 per cent year on year (YoY) in June, according to the Bangladesh Bureau of Statistics (BBS).

This fall marks the first negative growth in months following a positive growth rate of 9.56 per cent in May this year. The decline is attributed largely to lower productivity due to import restrictions aimed at addressing falling foreign exchange reserves.

Many manufacturers have also been reluctant to expand their operations amid rising inflation.

The quantum index for large-scale manufacturing (LSM) was 209.69 points in June this year compared to 194.52 points in the corresponding month last year.

Fourteen out of 24 sectors reported negative growth in the month, according to domestic media reports.

Contracted sectors include textile, readymade garments (RMG), paper and printing, chemicals, leather and related goods, rubber and furniture.

Textile manufacturing in the country contracted by over 23 per cent YoY, that of RMG by 8.55 per cent YoY and that of leather sector by 5.83 per cent YoY in the month.

BBS compiled data from a sample of 23 large manufacturing units.

Source: fibre2fashion.com– Nov 02, 2024

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Indonesia steps up support for textile industry

Indonesia's President Prabowo Subianto held a close-door meeting with several ministers on October 29 to discuss the current situation of Indonesia's textile industry, particularly focusing on textile giant Sri Rejeki Isman (Sritex).

Coordinating Minister for Economic Affairs Airlangga Hartarto said that the President aimed to gain insights into the textile industry's difficulties.

According to Airlangga, as an initial step, the government plans to ensure that Sritex can maintain its import-export activities.

The meeting also discussed emergency funding sources for Sritex after it was declared bankrupt by the Semarang Commercial Court.

Airlangga said that by keeping Sritex operational, jobs for the company's 50,000 workers can be preserved.

Recent survey results show that the industrial confidence index in September reached above 50 points, meaning that it is recovering positively. Indonesia's manufacturing sector secured a reading of 52.48 in September, up slightly from 52.40 in August.

Meanwhile, Febri Hendri Antoni Arie, spokesperson for Industry Ministry, said that the textile industry has not yet fully recovered from the influx of imports goods. Although the confidence index exceeded 50 points, the number of workers have been laid off in the industry is still high.

According to the Manpower Ministry, 42,863 individuals were laid off in Indonesia as of the end of July this year, with 22,356 of those coming from the processing industry, including textiles, garments, and footwear.

The Indonesian Filament Yarn and Fiber Producers Association (Apsyfi) noted that around 30 textile factories have shut down, causing 10,800 layoffs in the first five months of this year, compared to 7,200 layoffs in 2023.

Source: en.vietnamplus.vn– Oct 30, 2024

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Pakistan: Textile Park under CPEC to help enhance exports

Pakistan's textile exports surged to a 26-month high of USD 1.64 billion in August, up 13% from the same period last year.

China's decision to establish a textile industrial park under the CPEC was contributing to enhance the export, according to a report published by Gwadar Pro on Wednesday. The growth was also attributed to supportive government policies and the efforts of the Special Investment Promotion Committee (SIFC).

Data from the Pakistan Bureau of Statistics showed that textile exports were valued at USD 1.46 billion in August last year.

Significant growth was seen across sectors, with knitwear and bedding exports up 15% and ready-made garment exports up 28%.

Shagufta Irshad, a research analyst at JS Global, highlighted that these factors have enhanced Pakistan's appeal as a favorable market for textile products.

In line with the booming local textile industry, China's decision to establish a textile industrial park in Pakistan under the CPEC framework marks an important milestone in the country's journey to becoming a global textile hub.

"Pakistan will benefit greatly from this initiative, with enhanced production capacity, better quality control and focus on value-added products," said Dr. Liaquat Ali Shah, Executive Director of the CPEC Center of Excellence, in an interview.

"The textile industry, a cornerstone of Pakistan's economy, has been long struggling with a number of issues, including outdated technology, high production costs and lack of access to international markets," he said.

"China's advantage lies in its advanced textile manufacturing technology. Cooperation with Pakistan can give local manufacturers access to the latest machinery and materials, which can greatly reduce production costs.

In addition, strengthening trade agreements that favor sustainable textiles can give Pakistani products a greater competitive advantage in the international market.” Pakistan’s cotton yarn exports to China reached $166.37 million, an increase of 65.85%, in the first quarter of 2024, according to statistics of the General Administration of Customs, China (GACC).

“China’s increasing demand for Pakistan’s cotton textiles came because the Chinese industry balanced itself with both exports and local downstream orders.

A few years ago, Pakistan’s textile products were in demand only for exports but now it has taken a good market share in China’s domestic market too,” noted Keywin Trading Ltd General Manager of China Operations Sajjad Mazahir.

On the other hand, Mazahir emphasized that for diversification, Pakistan had to provide finished products to the local Chinese market and a lot of effort was required to leverage advantages of the Pakistan-China free trade agreement (FTA).

Source: dailytimes.com.pk– Nov 01, 2024

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Bangladesh: Unlock export funds tied up in four banks

We are worried to learn that a significant portion of the Tk 10,000 crore Export Facilitation Pre-Finance Fund (EFPF)—established by the Bangladesh Bank to help exporters finance raw material imports through the banking system—remains stuck in four crisis-hit banks: Islami Bank Bangladesh, Social Islami Bank, First Security Islami Bank, and Union Bank.

According to a report in this daily, approximately Tk 3,035 crore remains unpaid to the central bank by these banks, which are struggling with severe liquidity shortages. This has made it difficult for other, sound banks to secure sufficient liquidity from the fund to lend to exporters for raw material purchases from foreign markets.

These troubled banks were previously controlled by the Chattogram-based S Alam Group, but following the political changeover on August 5, their boards have been restructured, removing S Alam's influence. Despite that, the banks continue to face a liquidity crisis that is affecting their depositors as well.

Among them, only Islami Bank, which owes Tk 2,000 crore, is in a better state now, with the central bank officials optimistic that it may be able to repay its portion by December as its account balance improves.

The banking regulator introduced the EFPF in January last year to support export industries amid a persistent foreign currency crisis. Since then, it disbursed Tk 7,900 crore among various banks, while recovering Tk 3,200 crore in principal.

Currently, members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Textile Mills Association (BTMA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), and B and C type industries in export processing zones (EPZs) are eligible for financing from the fund.

Each borrower can secure up to Tk 200 crore through banks which are required to pay it back in six months. Without timely repayments by the banks, the fund cannot function as intended as this creates an artificial shortage of financing.

It is, therefore, important that the Bangladesh Bank takes measures to unlock the EFPF capital tied up in the troubled banks. One approach could be to facilitate strategic repayment arrangements, backed by partial guarantees, to ensure that the banks can gradually repay their dues while minimising disruption to exporters.

It is equally important for the regulator to enforce tighter oversight over EFPF distribution to prevent future lapses, ensuring that the fund remains accessible only to responsible banks. Exporters are the backbone of our economy, contributing billions in foreign earnings and employing millions. Any barrier to their operations must be removed.

Source: thedailystar.net– Nov 01, 2024

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NATIONAL NEWS

CBIC sets one-year timeline to complete commercial intelligence probe against exporters/importers

In a bid to facilitate ease of doing business, the Central Board of Indirect Taxes & Custom (CBIC) has set a timeline of one year to complete investigation into matters related to tax evasion by exporters/importers. It has reiterated that summons should not be issued to senior management, such as CEOs, CFOs, general managers, of large companies or PSUs, at the first instance.

This direction is part of the new guidelines pertaining to investigation of commercial intelligence/fraud (CI) cases. These are distinct from the category generally referred to as outright smuggling cases. "Since import and export of goods is also connected with doing business, the approach in investigating CI cases must be in line with ease of doing business," stated a CBIC communication to field formation dated November 1.

According to the guidelines, the Commissioner is responsible for developing and approving any intelligence, investigation and its completion within her/his jurisdiction. "Every investigation must be initiated only after the Commissioner's approval," the communication said. Further, before initiating an investigation, the intelligence inputs and relevant aspects need to be appropriately analysed. This includes cross checking with available data, technical literature, prevalent industry practice, judicial pronouncements, extant legal framework, precedence, etc among others.

Collection info before launching probe

The guidelines call for collecting details before an investigation is initiated, thereby minimising interface with exporters/importers. "Even after the initial decision to conduct an investigation has been made by the Commissioner, the general principles of ease of doing business, including those driven by common prudence, must be kept in mind," the communication mentioned. It advised that the time frame specified for appearance or producing information should be reasonable and in line with the communication of the letter/summons seeking the piecemeal information.

"In seeking information/document in CI matters, the letter/summons should disclose the specific nature of the inquiry being initiated/undertaken. Vague or general expression must be avoided," noted the communication. A statement recorded under summons will need to be uploaded on the same e-file on which approval was granted. Similarly, outcome of search/inspection conducted, including panchnama or mahazar (when recorded), will also be uploaded. The e-file should be submitted to the Additional or Joint Commissioner within four working days from the date of statement, completion of search/inspection.

The communication advised against keeping investigation pending. Moreover, the closure report, consequent to appropriate payment of government dues by the person concerned, should also not be delayed. "Timely action in these stages are all part of preventive vigilance to ensure that there is no room for malpractices," it said. The statement further underscored the need to record the absence of evidence, if nothing objectionable was found, following the conclusion of an investigation. .

The Commissioner has also been advised to meet the importer or exporter in case a reasonable grievance persists.

Source: thehindubusinessline.com– Nov 03, 2024

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India looks to alleviate container shortage amid Chinese front-loading and rising freight costs

The government has stepped in to resolve the container shortage situation to ensure adequate availability for exporters, with the Shipping Ministry and some other line ministries, like the Railways, working on a series of policy interventions.

During internal discussions across Ministries, it was acknowledged that the "front loading of shipments" by China to circumvent US tariffs has worsened the problem of container availability, sources in the know told businessline.

Among the solutions, the Shipping Corporation of India (SCI) is planning to charter at least five more container ships to significantly increase capacities, while the Jawaharlal Nehru Port Authority (JNPA) is setting up a centralised coordination system to manage the use of empty containers at major ports across India. The Railway Board has "significantly" reduced storage and handling charges (of container) at ports.

"The container shortage problem has been further complicated by Chinese exporters who have been front-loading shipments to circumvent US tariffs. This rush in China to preemptively export goods before additional tariffs take effect has led to a sudden surge in demand for containers, which in turn has strained global container availability," a Shipping Ministry official said.

In maritime parlance, front loading means to assign costs or benefits to the early stages of (such as a contract, project, or time period). These new tariffs on Chinese exports to the US range mostly from 25 to 100 per cent. "While some of the tariff increases go into effect immediately, most of these are scheduled for 2025-2026, which has led to China hoarding containers," another exporter said.

In response to the proposed phasing-in of tariffs, exporters are front-loading their shipments to the US, some even sending empty containers to China to be filled and dispatched before the tariffs take effect.

Indian exporters say that a significant shortage in container availability was witnessed around July-August, just ahead of the first set of tariff hikes kicking in for China.

“After a decline since August, spot rates ex-China increased this week, and we expect this trend to continue,” Drewry’s said in its weekly container freight report.

Proposed solutions

The SCI recently added a new container vessel SCI Delhi with a capacity of 9000 TEUs (twenty equivalent units) and put it into the Europe Service in tie up with MSC.

It’s current fleet size is 59 (across categories like tankers, bulk carriers, liners & offshore supplies).

Shipping lines have supposedly bypassing several Indian ports due to longer voyage times and increased route lengths, which in turn affects container availability

Accordingly, the Ministry has also come up with a draft notification on regulations for Vessel Sharing Agreements (VSAs). Under this, the container shipping industry can likely be exempted from India’s antitrust law for a period of three years on the condition that at least 5 per cent of the total space available within such pacts is provided through Indian flagged vessels and at least 5 per cent of the total space available is allocated to Indian non-vessel operating common carriers (NVOCC).

“Stakeholders’ comments have been received, and the compilation is underway on this,” another Ministry official said.

Once the JNPA’s proposed centralised coordination system for empty containers is set up, it would help create a comprehensive inventory of available empty containers and ensure their distribution, the official added.

A Railways official said, the Board has reduced storage and handling charges for containers exceeding 90 days by 70-80 per cent at several major ports. “This measure could help lower freight costs apart from enhancing availability,” he said.

Container Rates Up

The Drewry world container index increased 4 per cent to $ 3,213 per FEU (forty equivalent units) for the week ending October 31, which is 69 per cent below the previous pandemic peak of $ 10,377 in September 2021; but 126 per cent more than the average 2019 (pre-pandemic) of $ 1,420.

The average year-to-date composite index is $ 4,017 per FEU, which is $ 1,178 higher than the 10-year average of $ 2,839 (inflated by the exceptional 2020-22 Covid period).

Freight rates from Shanghai to Genoa went up by 11 per cent to $3,648 per feu and those from Shanghai to Rotterdam increased 8 per cent to $3,396 per FEU.

Rates from Shanghai to Los Angeles also increased 1 per cent to $4,839 per FEU.

Meanwhile, rates from Shanghai to New York, New York to Rotterdam and Rotterdam to New York remained stable, the weekly report said.

India relies heavily on foreign carriers, with 90-95 per cent of its cargo transported by foreign shipping liners.

"This dependence increases costs and risks, as foreign liners control access and freight rates, limiting India's ability to manage schedules and costs," another Ministry official in the know said.
Post-pandemic concerns

Post-pandemic, the elevated freight rates reflect ongoing supply chain challenges.

Freight costs for Indian exporters shipping goods to Europe and the US have more than doubled in the past year.

Due to disruptions in the Red Sea and other geopolitical issues, many ships have opted for longer routes via the Cape of Good Hope resulting in increased freight costs.

Broader logistical inefficiencies, such as port congestions have also cropped up.

By mid-2024, the re-routing of ships from the Red Sea and the Panama Canal increased global demand for ships by 3 per cent and demand for container ships by 12 per cent compared to what it would have been without this factor, the United Nations Conference on Trade & Development (UNCTAD) said in a recent report.

In 2023, seaborne trade grew by 2.4 per cent to 12.3 million tonnes (mt), beginning a recovery after 2022. This year, UNCTAD predicts a 2 per cent year-on-year increase (volume-wise).

Large port hubs such as Singapore and major Mediterranean ports are facing added pressure due to the growing demand for transshipment services following a change in shipping routes.

Source: thehindubusinessline.com– Nov 03, 2024

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India's textile and apparel sector story

The textile and apparel (T&A) sector remains central to India's economy, contributing significantly to the Gross Domestic Product (2.3%), industrial production (13%), and exports (12%). It directly employs around 45 million people, providing livelihoods across rural and urban areas, and creates jobs for unskilled, semi-skilled, and female workers. However, despite this potential, India's T&A sector accounted for only 4.8% of global exports in 2023.

The country's strength lies in its raw materials, particularly cotton, where it holds 14% of global exports. As it prepares for the future, India's T&A industry will need to penetrate the growing Man-Made Fibre (MMF) segment, which now accounts for approximately half of global apparel trade and will continue to grow.

The global apparel industry is extremely competitive and characterised by low margins. Buyers frequently switch suppliers to secure better prices, creating a high-pressure environment for manufacturers. This dynamic is particularly challenging for Indian firms, most of which are relatively small compared to their counterparts in Bangladesh and Vietnam, where firms tend to be larger and more consolidated.

India in general finds it difficult to compete on costs with these countries, which then drives a need to develop competitive advantages based on other factors, such as quality, innovation, or sustainability.

Market access further handicaps Indian exporters. Bangladesh, for instance, enjoys preferential trade agreements like the European Union (EU)'s Everything But Arms (EBA) initiative, which provides duty-free access to the European market, allowing it to dominate in certain apparel categories.

Similarly, Vietnam benefits from the EU-Vietnam Free Trade Agreement (EVFTA). In contrast, Indian exports to the EU face import tariffs of 9.6%, creating a significant price disadvantage in the world's largest apparel market.

As a result, market shares for Bangladesh and Vietnam market in global apparel exports stand at 10% and 7%, respectively, versus only 3.5% for India, as of 2022. (Contrary to some perceptions, Bangladesh will remain a rising power in apparel production: its current problems are temporary.) India's historical reliance on cotton production has further limited its ability to adapt to changing global trends.

Cotton-based products remain India's core strength, but global apparel demand is shifting increasingly towards MMF, driven by markets like the United States, where items such as MMF-based jerseys and pullovers are in high demand. Athletic wear is also moving increasingly towards MMF.

Indian companies have been slow to pivot to MMF-based apparel production. Many companies are hesitant to enter the MMF segment, which is more competitive and requires significant investments in new technology and infrastructure. Another reason is that domestic taxes favour cotton over MMF and create an artificial price wedge: MMF yarn and fibres, fabric and apparel attract Goods and Services Tax (GST) in the range of 12-18%, while the same range of cotton products see a duty of 5%. This discourages investment in MMF production, exacerbating India's challenges in aligning its production with global demand.

Given that Indian firms are generally smaller and less competitive than those in Bangladesh and Vietnam, the country needs to find ways to compete on parameters other than price. This could include improving supply chain efficiency, enhancing quality control, or focusing on ethical production and sustainability, which are becoming more important in the global market.

India can also build on its strength in cotton by developing higher-value segments within the cotton apparel market, such as organic cotton or luxury cotton-based garments, which command higher prices and are less susceptible to the cutthroat price competition of the fast-fashion industry.

Additionally, India’s large domestic market and growing middle-class offer opportunities for producers to innovate and move up to higher quality segments, which could eventually help firms compete better internationally.

India’s domestic supply chain in the manmade space is currently inadequate to meet the needs of its exporters. Apparel exporters need to rely on imports, but relatively high tariffs on MMF inputs like manmade

fibres, yarn and fabric make it harder for exporters to compete. For instance, Vietnam carries an Most Favoured Nation (MFN) tariff of 2% on polyester fibre compared to India's 5%.

While reducing tariffs on MMF inputs, policymakers should also ensure that tariffs along the entire supply chain be rationalised. For example, Purified Terephthalic Acid (PTA), an important raw material for manufacturing polyester yarn, has a tariff of 5%; if the yarn tariff, currently at 5%, is reduced, the PTA tariff must be similarly reduced, or else the yarn sector might see "negative effective protection." Moreover, the polyester fabric duty of 20% is too high, given the sharp global competition in the MMF sector. It should carry a duty no more than that on key MMF inputs like yarn.

India's textile and apparel sector holds significant potential to create more and better employment, especially from the labour-intensive apparel segment. However, the sector faces important challenges in adapting to global market demands. It requires both the government and private sector to play their part.

The government could help by rationalising domestic taxation and reducing import tariffs along the entire supply chain. This can help increase demand, reduce import costs of MMF inputs and incentivise domestic production. Securing preferential access to the European market would be very helpful. The private sector could step out of its cotton comfort zone and aggressively push into the MMF segment, import suitable MMF technology from world leaders such as Korea, China, and Japan, and innovate more in the cotton segment. The potential gains in (higher quality) employment would be immense.

Source: hindustantimes.com– Nov 02, 2024

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Bangladesh skips India, reroutes global textile exports through Maldives

New Delhi: Bangladesh, the world's largest garment producer, has opted to bypass India and ship its textile exports through the Maldives for onward distribution to global markets, hurting the cargo revenue prospects of India's airports and ports amid strained bilateral ties, according to three people aware of the development.

"Previously, Bangladeshi goods were shipped through Indian airports, but now they are rerouting shipments from other locations. This shift means India's airports and ports lose revenue previously earned from handling these cargoes," Deepak Tiwari, managing director of MSC Agency (India) Pvt Ltd, toldMint over the phone. The Mediterranean Shipping Company (MSC) is a leading global container shipping company.

Bangladesh is rerouting its textile exports to the Maldives by sea and then dispatching cargoes by air to its global customers including H&M and Zara, the three people said.

The redirection of textile exports could weaken trade relations between India and Bangladesh and reduce the collaborative opportunities in logistics and infrastructure projects. It could also potentially threaten India's revenue from port and transit fees, alongside business generated from Bangladesh's exports that pass through Indian borders.

Seized by the issue, the Indian government is exploring a balanced solution to ensure that Bangladesh's textile exports—significant in volume and linked to Indian manufacturing hubs in Bangladesh—remain beneficial to Indian interests, one person said.

"A significant portion of these Bangladeshi textile exports are being produced in facilities or factories owned or operated by Indian companies based in Bangladesh," the first person said.

Bangladesh's textile industry contributes 80% of its exports and 13% of its GDP.

"The issue is under the government's attention. We are currently reviewing its impact on India," the second person said.

Controlling supply chain

Industry experts suggested that Bangladesh took this step to gain greater control over its supply chain and meet its shipment deadlines by avoiding delays caused at India’s airports.

“This new route offers Bangladesh a strategic advantage along with improved reliability, which is crucial for meeting tight deadlines in the international clothing market," said Arun Kumar, president of the Association of Multimodal Transport Operators of India, an industry body advocating seamless, efficient transportation solutions across sea, rail and road networks in India. “Furthermore, by avoiding reliance on Indian ports, Bangladesh is ensuring greater control over its supply chain."

Kumar explained that textiles are also treated as perishable goods and that failure to deliver them on time results in the rejection of consignments. Garments meant for a specific season lose their value if they are delivered late.

Indian textile exporters had a different perspective on the rerouting of exports by Bangladesh.

“There’s nothing to read into this. Indian airports are already congested, and we had also requested the government to restrict Bangladeshi textiles from passing through Indian airports," Anil Buchasia, executive member, eastern region, Apparel Export Promotion Council, toldMint over the phone.

The third person aware of the developments dismissed suggestions that the move was linked to the ouster in August of former Bangladesh prime minister Sheikh Hasina, who is currently said to be staying in India. The International Crimes Tribunal (Bangladesh) had issued an arrest warrant against her in October.

“The government does not see this as a reaction to Sheikh Hasina's asylum. Textiles are the backbone of Bangladesh's economy, so they must have made this decision to promote their textile exports," the third person said.

Garment exports

Bangladesh's garment exports fell 4.34% to $44.47 billion in FY24, according to Bangladesh Bank. The decline was attributed primarily to reduced shipments of readymade garments, reflecting broader economic challenges. Bangladesh's garment exports had surged 17% to $46.49 billion in FY23, up from $39.8 billion in FY22. The country was the third-largest exporter of clothing last year, following China and the European Union, and the sector accounted for over 80% of its total export earnings. In comparison, India's garment exports were less than half that size, placing the country in sixth position.

Queries emailed to the secretary and spokesperson of the ministry of commerce and industry and the High Commissions of Bangladesh and Maldives in India remained unanswered until publication time. Maldives Airports Company Ltd offers a sea-to-air cargo transshipment service, which allows goods to be transported to the Maldives by sea and then flown to global destinations. Started in March 2024, the inaugural shipment consisted of garments from Bangladesh, which arrived in the Maldives by sea and were flown to Germany via Turkish Airlines in May, according to a media report.

Seven airlines - Qatar Airways, Emirates, Turkish Airlines, Aeroflot, Gulf Air, Neos Airlines, and Etihad Airways - were part of the transshipment network, the report said. Bangladesh is the world's largest garment producer and a supplier to western brands such as H&M, Zara and Carrefour.

The neighbouring country is an important manufacturing hub and export destination for India, with annual cotton shipments to Dhaka reaching $1.86 billion out of total exports of $2.18 billion in FY24, according to commerce ministry data. India's total exports to Bangladesh in FY24 increased from $2 billion in FY23.

From April to September 2024, India's exports to Bangladesh totaled $1.25 billion, with cotton accounting for $1.11 billion. In the same period in FY24, exports were worth $912.62 million, with cotton making up $785.1 million.

Source: livemint.com– Nov 02, 2024

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New trade strategy could help India shift from 'no' to 'yes' in deals

India's approach to free trade can appear contradictory. Officials insist they are serious about closing new deals with the UK and the European Union and improving older ones with countries such as Australia. But they also complain that free trade deals in the past have "hurt" India or that they serve as a backdoor for unwelcome Chinese goods.

This makes it hard to interpret news that the Ministry of Commerce, which handles trade talks, plans to seek cabinet approval for a new negotiating strategy. The loud grumbling from trade bureaucrats suggests India may soon back even further away from open markets.

There is also, however, an optimistic case to be made for a new trade roadmap. India's negotiators have been stuck in the 20th century. New rules of the road might drag them into the 21st.

Indian officials still tend to think of trade as a zero-sum game, with tariffs as the only real levers. They are legendarily defensive: Global counterparts often wonder at how India can produce new "red lines" out of nowhere, aimed at protecting one sector after another.

The potential gains from new markets are rarely considered — perhaps because, deep down, the bureaucracy doesn't believe that Indian entrepreneurs have the nous to turn new free-trade agreements into attractive export opportunities.

The deal that New Delhi signed with the Association of Southeast Asian Nations in 2011 left a particular scar: Imports from Asean have grown much faster than exports from India to the bloc.

If officialdom is so full of pessimists, then what good can a new strategy do? Negotiations with the EU suggest one plausible answer.

Talks were reopened in recent years — after collapsing dramatically over a decade ago — because leaders in both Europe and India believed closer economic integration was strategically necessary. Economic security drove the decision, not optimism about export-driven growth.

A fresh mandate from Prime Minister Narendra Modi's cabinet might serve to remind negotiators to evaluate trade from a wider perspective, one which prioritizes access to strategically important supply chains, finance and technology.

And that isn't the only way in which India's approach to trade needs could usefully be broadened. A narrow focus on tariffs ignores the numerous additional domains that make up modern trade agreements — from transparency about labor regulations to environmental rules and the role of civil society.

Here I have some sympathy for officials. Ministries are naturally protective of their turf. Why would one allow staff from another to encroach on its domain? As a consequence, while everyone else wonders how best to embed environmental principles into trade rules, India still insists, as it did 30 years ago, that these are two completely different conversations.

Yet this leads to odd and counter-productive situations. It makes no sense that India — where workplace regulations are famously among the most restrictive in the world — is scared of discussing labor rules with potential trading partners.

Here's a useful shortcut to understanding the Indian state. If a bureaucrat says "no" to something, it's not necessarily because she doesn't want to see it happen. Most likely, it's because she's not sure of what will happen to her career if she says "yes."

Any official will ask the following questions of any decision: Are there unforeseen consequences for which I might be held responsible? Am I stepping on someone else's toes? Is this a new precedent I will have to defend to my superiors?

Worst of all, the generalists who staff the civil service tend to be transferred to other jobs the moment they begin to develop enough confidence to say "yes" instead of "no."

A new strategy for negotiators might go some way toward addressing these problems. It could allow, for example, for a permanent cell of negotiators, or the addition of outside expertise. It might empower trade negotiators to discuss issues and regulations that normally are the bailiwick of other bureaucrats.

It's a pretty paradox: The absence of rules has long meant that Indian negotiators were notoriously inflexible. Giving them a new set of guidelines might allow them to cut a deal or two.

Source: business-standard.com– Nov 04, 2024

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DGFT surprises exporters with annual returns under the Rodtep scheme

The Director General of Foreign Trade (DGFT) has prescribed an annual return to be furnished by exporters who have claimed duty credits of more than Rs 1 crore in a financial year under the remission of duties and taxes on export products (Rodtep) scheme. The exporters are surprised by the kind of details and declaration called for in the annual Rodtep return (ARR) required to be furnished before the March 31 of the next year.

The Rodtep scheme, introduced in 2021, intends to rebate duties/taxes/levies, at the Central, State and local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of the exported product and in respect of distribution of exported product, that are not refunded through any other scheme.

Under the scheme, exporters get duty credits at a notified percentage rate of FOB value of exports that can be utilised for payment of basic customs duties on imported goods. The rates are based on the recommendations of the Rodtep committee that examined extensive data from various exporters on transportation and other costs that included un-rebated taxes/duties/levies.

The exporters are puzzled because the ARR calls for export product-wise data regarding the value added tax (VAT) and excise duty (ED) paid on inbound transportation by rail/road of raw materials, components etc. for manufacture of export product and outbound transportation by road/rail of export product from factory to the gateway port. This kind of information is impossible to get because the transporter gives an invoice only for the freight amount for carrying cargo from one place to the other.

The buyer of the transportation service has no access to the data on how much fuel was consumed or how much VAT or ED was paid on it. In any case, no exporter maintains such data export product wise. Even the transporter will not be able to give data on how much VAT or ED was paid on carrying the cargo of a particular party from one place to another. Similarly, the estimate of embedded Central Goods and Services Tax (CGST) and State Goods and Services Tax (SGST) can only be a matter of conjecture and not hard data based on any documentation.

The DGFT wants the exporters to submit the data for the year 2023-24 by the March 31, 2025. Not furnishing the ARR will lead to denial of Rodtep benefits. Delay of three months in furnishing the ARR can be condoned upon payment of composition fee of Rs 10,000. Any further delay will entail a composition fee of Rs 20,000. The exporters are peeved that the ARR calls for a declaration that the amount of remission availed under the Rodtep scheme is not more than the duties/taxes/levies actually incurred during the same period. The ARR filings will be shared with the Rodtepcommittee for revision of Rodtep rates and based on its assessment, the exporter may be asked to surrender any excess claims.

Apparently, our government has failed to convince some of our trading partners at the World Trade Organisation on the basis of available data that the Rodtep scheme is not a prohibited export subsidy and so has called for more data. It may not get the desired data because most exporters may not have collected such figures for the last year.

Source: business-standard.com– Nov 03, 2024

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Bangladesh unrest: Indian garment exporters reaping benefits

NEW DELHI: Indian garment export is reaping the benefits of unrest in neighbouring Bangladesh. Garments exports from India in the first six months of the current financial year have registered an 8.5% increase compared to a 15% decline in the same period the year before. In September alone, India recorded a 17.3% year-on-year increase in apparel exports.

The disruption caused by the political turmoil in Bangladesh has resulted in a fall in exports from the country, a hub for textile supply across the globe. Bangladesh's apparel exports to the US, its largest export destination, fell 11% to $3.40 billion in January-June 2024 as against $3.82 billion in the same period in 2023. Indian exporters seem to be benefiting from this disruption.

Sabu Jacob, MD of Kerala-based Kitex Garments, recently said unrest in Bangladesh has contributed to financial growth of not only the company but the entire garment industry in India. Kitex Garments has reported its highest-ever turnover and profitability. Net profit of the Kochi-based company, a manufacturer of infant garments, reached Rs 39.94 crore in Q2FY25, nearly tripling from Rs 13.21 crore in the corresponding period of the previous fiscal.

Bengaluru-based Gokaldas Exports in its June quarter investors' presentation has cited the internal strife in Bangladesh as a long-term opportunity for the Indian garment industry.

"Buyers seeking alternate production bases outside China, creating opportunities for major Asian suppliers like India. Bangladesh is impacted by internal issues and Vietnam by high factor costs," it said in its investor presentation.

As per Ajay Sahai, director general and CEO of Federation of Indian Export Organisations (FIEO), India's garment export sector has seen notable growth recently, benefiting from the political instability in Bangladesh, as a result many buyers have shifted to Indian manufacturers to meet demand, especially for time-sensitive orders.

"We expect that India could see a long-term increase of 10-20% in apparel export orders, potentially translating into an additional $2-3 billion annually. This shift is expected to benefit India's established garment hubs," added Sahai.

As per Ajay Srivastava, founder, Global Trade Research Initiatives (GTRI), international buyers have talked about moving 10-15% of their orders from Bangladesh to India, potentially adding $300-400 million in monthly business for India.

Source: newindianexpress.com– Nov 03, 2024

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Congress demands ban on cotton imports ahead of Maharashtra elections

Mumbai: Ahead of upcoming Vidhan Sabha polls, Maharashtra Congress chief Nana Patole on Sunday urged the Centre to immediately ban cotton imports claiming it was affecting farmers and demanded the produce be purchased at the minimum support price (MSP).

In a letter written to Prime Minister Narendra Modi, Patole said that despite Maharashtra producing an ample cotton yield, reports of import of 22 lakh bales of cotton have raised concerns about a potential sharp decline in the domestic cotton prices.

With the low market price, farmers have refrained from selling their cotton. The Cotton Corporation of India (CCI) also has 11 lakh million unsold bales in stock, the Congress leader added.

Maharashtra ranks second in the country for cotton production, with over 40 lakh farmers engaged in cotton farming. Cotton is a major crop in Vidarbha, where Congress is hoping to make major gains in the assembly elections following the impressive performance in Lok Sabha polls, where it won six out of 10 seats in the region.

In his letter, Patole stated that the current cotton price is between Rs 6,500 and Rs 6,600 per quintal, which is below the MSP of Rs 7,122. “With the low market price, farmers have refrained from selling their cotton. Cotton stocks are held by farmers as well as by the CCI. Importing cotton when the country already has such a large stock would collapse the cotton market, significantly impacting farmers while benefiting only traders,” he said.

Patole stated that the cotton farmers in Maharashtra are already facing difficulties due to low prices, a 12-18 per cent GST on agricultural equipment, and unseasonal rains. “Adverse weather has damaged cotton across 19 lakh hectares this year, and the compensation announced by the central government remains only on paper,” he claimed.

Source: deccanchronicle.com– Nov 03, 2024

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