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84.68	89.04	107.47	0.56

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INTERNATIONAL NEWS

China's manufacturing sector expands faster in Nov 2024: PMI data

The manufacturing sector in China saw faster expansion in November this year, data from the National Bureau of Statistics (NBS) showed.

It was a result of a series of incremental policies and existing policies gradually getting implemented, NBS statistician Zhao Qinghe said in an NBS statement.

The purchasing managers' index (PMI) for the sector was 50.3 in November—up from 50.1 in October. A reading above 50 indicates expansion, while a reading below 50 reflects contraction.

The manufacturing PMI has now rebounded for three consecutive months and expanded for the second month in a row.

The moderate acceleration in expansion of manufacturing in November reflects improvements in both order demand and supply dynamics, as well as stronger business confidence, Zhao added.

Source: fibre2fashion.com– Dec 03, 2024

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ITMF Survey shows resilience in global textile industry amidst ongoing challenges

The 29th Global Textile Industry Survey (GTIS), conducted by the International Textile Manufacturers Federation (ITMF) in November 2024, reveals a mixed yet resilient outlook for the global textile sector.

While short-term business sentiment has slightly declined over the past two months, long-term improvements remain steady since the low of November 2023. South America and Africa show strong optimism, leading regional performance with increasing order intake, while Europe and the textile machinery segment experience weaker demand.

The global textile value chain is seeing a continued decrease in inventory levels, although with regional variations. Africa reports the highest levels of inventory, while garments maintain the lowest. Despite challenges such as geopolitical tensions, inflation, and high energy prices, the industry's confidence in future business prospects remains strong, particularly in South America and Africa.

Global demand remains a key concern, but its intensity is waning. Notably, the shortage of skilled workers ranks as the third most pressing issue, highlighting a growing challenge for the industry. Order cancellations have continued to decline for the 14th consecutive month, and the average order backlog stands at 2.1 months, indicating ongoing recovery and stability within the sector.

Overall, the survey highlights a positive trajectory for the global textile industry, marked by improved order intake, a diminishing cancellation rate, and continued optimism despite facing persistent global challenges.

Source: fashionatingworld.com– Dec 03, 2024

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2024 In Review: Cotton Industry Rising to the Challenge

Prior to and throughout 2024, the National Cotton Council (NCC) focused its efforts on shaping policies for a new farm bill.

The NCC has been proactive in communicating its priorities to Congress and the Administration, advocating for a meaningful farm bill that includes an effective safety net and comprehensive risk management tools.

This year's crop is covered by the one-year extension approved by Congress and signed by President Biden late last year. However, as the NCC has stressed to Congress, simply extending the current bill does not provide an adequate safety net given today's costs of production. It is critical that a new farm bill is passed that increases reference prices to a more meaningful level.

The NCC has also asked Congress to remove the prohibition between purchasing the STAX insurance product and enrollment in the PLC program. In addition to passing a new Farm Bill this year or in 2025, it will be critical that Congress provide some type of short-term support for both disaster and economic losses facing producers.

In September, the NCC spearheaded a letter to House and Senate leaders calling for a new farm bill with enhanced safety net provisions for producers. The letter, which was signed by over 300 organizations representing commodities, lenders, and other rural interests, pointed out that the current Title I safety net has not kept pace with inflation.

In conjunction with the letter, the NCC organized multiple commodity groups and lenders in visits to nearly 100 House and Senate offices, including key Congressional Leadership offices in both Chambers.

In August, the Council convened a Strategic Planning Task Force, consisting of 18 industry members representing all segments and production regions. The purpose of the Task Force was to assess the global economic landscape and competitive forces facing the U.S. cotton industry and identify strategies, policies, and initiatives that will enhance the competitiveness of U.S. cotton, U.S. cotton textile products, and U.S. cottonseed.

On the regulatory front, the industry received devastating news as the Ninth Circuit Federal District Court in Arizona vacated the dicamba label for over-the-top use. In response, EPA granted growers a flexible existing stock order that allows growers to access dicamba already in the retail supply chain. The NCC is now turning its attention to the very challenging task of securing a label for 2025.

In terms of issues threatening the reputation of U.S. cotton, the Council is closely monitoring lint contamination being reported by our textile customers — most of them involving plastic contamination. Lint contamination is negatively affecting the economic health of the entire industry. For that reason, we are continuing our contamination prevention educational efforts.

As exports are essential to U.S. cotton's viability, the cotton industry stands to benefit from the U.S. Department of Agriculture's announcement to provide another $300 million in competitive grant funding through the Regional Agricultural Promotion Program (RAPP), which is geared toward applicants seeking to open markets in Africa, Latin America, the Caribbean, and South and Southeast Asia. Cotton Council International received $19 million from this first round of RAPP — the third largest award among agricultural organizations.

The NCC also continues to support the work of the U.S. Cotton Trust Protocol. This sustainability initiative will significantly improve our cotton's marketability. The NCC is pleased to report that planted acreage enrolled in the Trust Protocol grew to 2.1 million acres, a 31% increase from the previous year, demonstrating a strong industry commitment to responsible production.

Source: cottongrower.com– Dec 02, 2024

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How Trump's Policies Could Impact the Shipping and Packaging Landscape

The shipping and packaging industry will likely see change in 2025 under Trump in ways that are also expected to impact supply chains and consumer markets.

Charles Haverfield, the CEO of US Packaging & Wrapping, believes there are five key trends that will reshape shipping in 2025. In the world of fashion, some supplier initiatives already had them ahead of the curve, but whether those plans will continue under Trump remains unclear.

America first and tariffs

The rise of America-first policies, including proposed tariff increases, will translate into greater uncertainty, Haverfield said.

For shippers, many companies are bracing for the changes by front-loading imports to beat tariff deadlines, a move that will add to cost management and logistics, as well as possibly lead to bottlenecks at warehouses and ports. He said some brands are moving to sourcing strategies that are closer to home to mitigate the impact of tariffs.

For consumers, trade groups such as the Retail Industry Leaders Association have noted that tariffs are regressive and result in a tax on consumers through price increases. And in the past few weeks when companies began reporting on third quarter earnings results, brands such as Columbia Sportswear and retailers such as Walmart have indicated that they likely will have to raise prices should the higher tariffs get implemented.

Artificial intelligence

If President-elect Trump loosens AI regulations, artificial intelligence could push advancements faster than expected in streamlining the shipping industry and in optimizing supply chains, Haverfield said.

Trucking experts have already touted how AI technology can provide increased transparency, such as AI-powered route optimization software that can provide real-time data to save both time and money with shorter estimated time of arrivals.

Carrier pricing strategies

Carrier pricing could soon be moving toward dimensional-weight pricing from the current actual weight practice, making it the new industry standard, Haverfield said.

According to the packaging CEO, the shift to dimensional-weight pricing will incentivize businesses to reduce the size and weight of their shipments. It's a move that he said will maximize shipping efficiency because more efficiently packed items will take up less space, whether on trucks or places.

More sustainable packaging options

With better than 60 percent of consumers preferring environmentally friendly packaging options, brands will continue to innovate for alternatives other than plastic. Haverfield said that could include more paper-based packaging. He said the North American paper packaging market, with an annual growth rate of 4 percent, is expected to reach $116 billion by 2030.

A movement to more paper packaging is just the start. A plastic-free movement has Sway, a California start-up, working on a "breakthrough" biopolymer resin to replace plastic packaging with seaweed-based solutions. And outdoor apparel giant Patagonia—which recently joined sustainability nonprofit Canopy's Pack4Good initiative—has committed to developing and scaling next-gen packaging solutions made from materials such as agricultural waste and non-forest alternative fibers.

Environmental sustainability goals

Haverfield believes that sustainability initiatives under the next Trump administration could get impacted and placed in limbo, despite pledges by many to prioritize environmental sustainability goals, such as reducing carbon emissions or plastic usage. He foresees some possible backpedaling should the re-elected Trump make good on prior vows to exit from the Paris accord.

Fashion firms and their suppliers are on different paths when it comes to reducing their impact. Nexgen Packaging earlier this year opened a new facility in Nairobi, Kenya, as its central hub across the African continent for apparel, footwear and home products made in Africa, providing sustainable options for labeling, tagging and packaging.

And then there's Amazon, whose plastic packaging footprint is shrinking except in the U.S. A study from Oceana found that while the online marketplace has largely supplanted single-use plastic delivery packaging with 100 percent recyclable paper and cardboard counterparts in its European fulfillment network, it hasn't made similar changes in its U.S. fulfillment operations. Amazon has disputed those findings, noting that the online Goliath has avoided tens of thousands of metric tons of new plastic each year in North America through efforts such as lightweighting, rightsizing and the use of paper and cardboard alternatives. What happens next under Trump's next administration remains to be seen.

Source: sourcingjournal.com– Dec 03, 2024

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US Black Friday retail sales climb 3.4%, e-commerce leads charge

Black Friday 2024 delivered a positive boost to US retail sales, recording a 3.4 per cent increase compared to the previous year, according to Mastercard SpendingPulse. E-commerce surged by 14.6 per cent year-on-year, while in-store sales showed a more modest growth of 0.7 per cent, reflecting changing consumer preferences. Broader spending trends in the two weeks leading up to Black Friday revealed a continued appetite for value-driven purchases. Footwear spending showed notable growth compared to the same period last year, reflecting increased consumer interest in completing holiday outfits.

Apparel spending started off the season with relatively stronger activity in-store, but consumers spent impressively online for Black Friday. After an unusually warm Fall, the cool and clear weather was welcomed for the Apparel sector. To complete the outfit, spending on Footwear is tracking stronger than last year at this time, Mastercard SpendingPulse said in a press release. Regional spending patterns highlighted strong performances in states like Massachusetts, Washington DC, and Colorado. The overall results from Black Friday suggest a holiday season characterised by strategic and value-focused shopping, combining both in-store experiences and the convenience of e-commerce. Retailers can anticipate sustained consumer interest in the weeks ahead as the holiday shopping season unfolds.

“Black Friday was a good indicator of how the holiday season is positively shaping up,” said Michelle Meyer, chief economist, Mastercard Economics Institute. “Our real-time insights show that consumers are comfortably in the gift-giving spirit as price reductions and deals occur across sectors, supporting budgets for holiday shopping.” “Shoppers are making the most of seasonal deals and enjoying a balance of experiences spending and gifts for all loved ones,” said Steve Sadove, senior advisor for Mastercard and former CEO and chairman of Saks Incorporated. “They're more strategic in their shopping though, prioritising promotions that they believe hold the greatest value—opening their wallets, but with more intentional distribution.”

Source: fibre2fashion.com– Dec 03, 2024

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Euro area inflation rate estimated at 2.3% in Nov: Eurostat

The annual inflation of Euro area is expected to be 2.3 per cent in November 2024, up from 2.0 per cent in October, according to a flash estimate from Eurostat, the statistical office of the European Union.

Services is expected to have the highest annual rate in November (3.9 per cent, compared with 4.0 per cent in October), then non-energy industrial goods (0.7 per cent, compared with 0.5 per cent in October), and at last energy (-1.9 per cent, compared with -4.6 per cent in October).

Inflation trends across the euro zone, as measured by the Harmonised Index of Consumer Prices (HICP), show varied annual and monthly rates for November 2024. Belgium's estimated annual inflation rate is 5.0 per cent in November 2024, an increase from 4.5 per cent in October 2024, with an expected monthly rate of 0.4 per cent. Similarly, Germany is expected to maintain a steady annual rate of 2.4 per cent, while its monthly rate is expected to decline -0.7 per cent.

In the Baltic states, Estonia's estimated inflation rate is 3.8 per cent from 4.5 per cent in October, and a decline of -0.7 per cent in monthly rate. Latvia is expected to see an increase in its annual inflation rate of 2.3 per cent with a monthly rate of 0.1 per cent, and Lithuania to witness a slight rise of 1.1 per cent annually and 0.5 per cent monthly.

Southern Europe exhibited mixed trends. Spain is expected to rise to an annual inflation rate of 2.4 per cent with no change in monthly inflation. Meanwhile Greece is expected to see an annual inflation rate of 3.0 per cent with a monthly rate of -1.1 per cent. Portugal's expected annual inflation rate is 2.7 per cent, though its monthly rate may drop -1.0 per cent.

In Western Europe, France is expected to witness an increase of 1.7 per cent in annual rate with a monthly decline of -0.1 per cent, while Italy' annual inflation is expected to rise 1.6 per cent and no change monthly. Luxembourg is expected to rise 1.1 per cent in annual inflation with an expected monthly decline of -0.4 per cent.

Malta's annual rate is expected to rise 2.3 per cent, but monthly rate to decline -3.0 per cent. Cyprus is expected to see 2.4 per cent annual inflation, with an estimated decline of -0.8 per cent monthly.

In Nordic region, Finland is estimated to inflate to an annual rate of 1.9 per cent and a monthly decline of -0.1 per cent.

Eastern Europe is expected to show stability in some regions. Slovakia is estimated to witness a slight annual increase of 3.6 per cent with a monthly rise of 0.2 per cent, while Slovenia is expected to rise 1.6 per cent annually and 0.8 per cent monthly.

The euro area consists of Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.

Source: fibre2fashion.com– Dec 04, 2024

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USA: Air Cargo Demand Growth Nears Double Digits in October

Air cargo demand bounced up month-over-month in October, reversing a brief contraction seen in the prior two months likely driven by the brief strike on the East and Gulf Coast ports and China's Golden Week.

During the month, global cargo tonne-kilometers (CTKs) grew by 9.8 percent over the year prior, according to the International Air Transport Association (IATA), marking the 15th consecutive month of annual demand growth. For nine straight months from December 2023 to August 2024, this metric jumped at double-digit pace.

Month-on-month demand increased by 5.7 percent after seasonal adjustments, bucking the 0.4 percent decline in September and a 0.2 percent dip in August.

In year-to-date terms, the industry's air cargo demand in October surged 12.2 percent compared to 2023. Concurrently, the latest recorded CTK volume reached a new year-to-date record.

In October, the largest contributors to the industry's annual CTK's growth remained carriers from the Asia Pacific region, followed by North American ones, taking the second spot for the first time since August 2023.

Of the industry's 9.8 percent year-over-year demand increase, Asia Pacific carriers contributed 46.1 percent and North American airlines contributed 26 percent, said the IATA, which represents some 330 airlines comprising over 80 percent of global air traffic.

Another market data provider, WorldACD, said Asia Pacific carriers generated an even higher 56 percent of the tonnage increases throughout the first 10 months of 2024.

The IATA attributed October's increased growth from the North American carriers to the three-day port strike in the U.S., in that shippers moving freight via ocean sought to mitigate the risk by transporting some commodities by air.

Additionally, the Golden Week holiday in China, during which factories nationwide shut down from Oct. 1-7, may have further boosted demand for air freight handled by these carriers.

Air cargo capacity, measured in available cargo tonne-kilometers (ACTKs), increased by 5.9 percent compared to October 2023, still below the near-double-digit uptick in demand.

Internationally, available air cargo capacity escalated 7.2 percent, largely driven by an 8.5 percent increase in international belly capacity. Dedicated freighter capacity increased by 5.6 percent, the seventh consecutive month of growth with volumes nearing 2021 peak levels.

Despite the annual capacity jump, which has resulted in record highs for 10 straight months, seasonally adjusted global capacity decreased 0.6 percent from the prior month.

Willie Walsh, IATA's director general, noted in a statement that global air cargo yields, including surcharges, rose 10.6 percent year over year in October—marking the second consecutive month of double-digit annual growth. The rate index increased 1.2 percent from the prior month as well and is up a substantial 49 percent from 2019 levels.

Comparatively, WorldACD data listed similar 12 percent year-over-year increases in global rates, inching up 1 percent from the prior month.

"This favorable yield is partly driven by booming e-commerce, with Asian companies shipping products directly to American and European consumers," the IATA said in its market analysis. "Additionally, the reduced reliability of ocean shipping and associated rate hikes, primarily due to geopolitical tensions, have led some shippers to switch from sea to air transport."

The analysis is referring to the growth of online sellers like Shein and Temu, which have both been identified throughout 2024 as companies that have swamped air cargo capacity. The reduced reliability of ocean freight has endured since the end of last year as well, as container ships continue to avoid the conflict-ridden Red Sea amid an ongoing barrage of attacks by Yemen-based Houthi militants.

Looking forward to 2025, Shein and Temu are likely to keep flooding air cargo capacity throughout the year unless severe de minimis reform cuts in on their ability to ship goods duty-free.

However, there is still plenty of geopolitical speculation over anticipated tariffs to be put in place by the incoming Trump administration, which appear to now be an added 10 percent on goods originating from China.

Ahead of the President-elect's Jan. 20 inauguration, U.S. importers have ramped up air cargo out of China to get out in front of any new tariff policies.

"While 2024 is shaping up to be a banner year for air cargo, we must look to 2025 with some caution," said Walsh. "The incoming Trump administration's announced intention to impose significant tariffs on its top trading partners—Canada, China and Mexico—has the potential to upend global supply chains and undermine consumer confidence. The air cargo industry's proven adaptability to rapidly evolving geopolitical and economic situations is likely to be tested as the Trump agenda unfolds."

Source: sourcingjournal.com– Dec 03, 2024

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Indonesia, Canada sign Comprehensive Economic Partnership Agreement

Three years after negotiations started, Canada and Indonesia yesterday signed a Comprehensive Economic Partnership Agreement (CEPA) in Jakarta aimed at strengthening bilateral economic ties.

The agreement will take effect in 2026.

Indonesia will witness liberalisation of 90.5 per cent of the total tariffs for goods entering Canada with a trade value of $1.4 billion.

Indonesian trade minister Budi Santoso and Mary Ng, Canadian minister of export promotion, international trade and economic development signed the agreement.

"Together, we advance sustainable critical mineral management, supporting Indonesia's net zero target by 2060, and fostering Canadian investment while driving green growth in both nations," Santoso told a joint press conference.

Indonesia has rich deposits of tin, copper and bauxite, among others, and is the world's largest source of nickel ore.

Garments and footwear are part of Indonesia's main exports to Canada. In 2023, Indonesia was Canada's 22nd-largest trading partner worldwide and third largest among Southeast Asian countries.

Two-way merchandise trade between both sides was valued at $5.1 billion in 2023, and Canadian merchandise exports to Indonesia were valued at $2.3 billion, making Indonesia Canada's largest export market that year among ASEAN members.

Source: sourcingjournal.com– Dec 03, 2024

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What do US experts recommend for Vietnam's logistics?

At the Vietnam Logistics Forum 2024, Prof. Dr. John Kent - University of Arkansas (USA) made many recommendations to develop the logistics industry in Vietnam.

Vietnam Logistics Forum 2024 with the theme "Free Trade Zone - Breakthrough solutions to promote logistics growth" was organized by the Ministry of Industry and Trade in coordination with the People's Committee of Ba Ria - Vung Tau province.

At the forum, Prof. Dr. John Kent, University of Arkansas (USA), who has 30 years of experience developing US-China supply chains, gave a speech on the topic: Trends in developing free trade zones - Opportunities and recommendations for Vietnam's logistics industry. This is a topic that is attracting great attention from experts, businesses and managers in the context of Vietnam's increasingly deep integration into the global economy.

According to Professor Dr. John Kent, free trade zones (FTZs) are becoming a strong development trend in the world , contributing to promoting international trade and reducing barriers to trade. Vietnam, with its strategic location in the Southeast Asian region, has a great opportunity to take advantage of the free trade agreements (FTAs) that our country has signed, thereby expanding the international trade network and enhancing the role of the logistics industry in the global supply chain, and must strive to take advantage of the free trade agreements (FTAs) in promoting the formation of free trade zones (FTZs).

Professor John Kent assessed that Vietnam is at a very important time. Recently, companies around the world have been shifting their supply chains to Vietnam. At the same time, our country has a very special position, a neutral role when it can cooperate with both China and the US.

This expert also believes that Vietnam is in a new era. In particular, there are three important factors: dynamic leadership, the most favorable geographical position in international trade flows, and being in a good position to play a diplomatic role in an increasingly complex world.

In his speech, Prof. Dr. John Kent also shared some models and experiences in developing free trade in some countries in the region such as Singapore, South Korea, Malaysia, and China. Prof. Dr. John Kent recommended that Vietnam can make good use of the border with China to form free trade zones which are specialized areas for international trade, foreign investment, bonded warehouses, and export processing.

This expert also said that Vietnam can develop economic and border cooperation zones to encourage border trade and export processing, improve relations with neighboring countries and improve economic conditions in areas with many ethnic minorities. In these areas, it is possible to focus on component production, so that input materials from Guangdong province (China) can enter Vietnam for production and re-export or release to the market. Economic corridors such as Guangdong and Kunming (China) concentrate a lot of production activities. This is an important advantage for Vietnam when it has a border adjacent to this area.

This expert also assessed and expected that Vietnam could aim to become a free trade country by establishing many different free trade zones similar to the experience and model from Singapore.

Professor John Kent also shared that when looking at the story of China and the United States, Vietnam needs to clearly see the "China + 1" strategy. In particular, it is necessary to diversify supply sources, with the goal of reducing the risk of dependence through diversifying suppliers. Along with that, there needs to be a goal of avoiding tariffs from outsourcing production in your country.

Next, Professor John Kent also said that Vietnam needs to design value-creating centers. Specifically, designing a part, some areas (Free trade zone) or the entire country (Free trade country FTC) to become a free trade zone. In which, Vietnam thinks and considers ideas including tax exemption and visa exemption to encourage trade, not just in terms of goods.

Prof. Dr. John Kent also emphasized Vietnam's role as a gateway to the Greater Mekong Subregion. He also made assessments of public-private partnership models in developing free trade. At the same time, he also shared his experience related to diplomatic issues and diplomats in trade exchanges. In particular, this expert also emphasized Vietnam's neutral position in trade and diplomacy.

From the above practices, Professor John Kent has made 5 recommendations and proposals for logistics development for Vietnam from a supply chain perspective.

First, Vietnam needs to leverage its diplomatic neutrality with China and the United States (like Switzerland with respect to global supply chains).

Monday, implementing a free trade zone (FTZ) for the entire country of Vietnam (FTC), possibly using the legal framework, experience and model from Singapore and Hong Kong (China). He also hopes that Vietnam will consider the plan, declaring itself a free trade country from January 1, 2025.

Third, the shift in infrastructure, including recommendations for Vietnam to build a new two-way railway to connect the capital Vientiane (Laos) with the East Coast of Vietnam. At the same time, build a railway connecting to China and Thailand. This will help Vietnam play a true role as a gateway to Southeast Asia.

Fourth, improve operations in the land border gate area between Vietnam and Yunnan (China); especially important is that between Vietnam and Guangxi (China).

Finally, Vietnam needs a strong company and network specializing in feeder ships and strong cargo consolidation to connect Vietnam with ASEAN and China.

Source: vietnam.vn– Dec 03, 2024

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Italy's exports to non-EU countries down 3.5% MoM, 1.1% YoY in Oct

Italy's trade with non-European Union (EU27) countries recorded a cyclical reduction of 3.5 per cent month on month (MoM) in exports and an increase of 1.1 per cent MoM in imports in October this year, official statistics show.

The monthly decrease in exports concerns all the main industrial sectors, with the exception of durable consumer goods (plus 8.6 per cent). The largest reductions were recorded for energy (minus 10.7 per cent) and capital goods (minus 7.4 per cent).

On the import side, with the exception of intermediate goods (minus 4.3 per cent), widespread cyclical increases of varying magnitude were recorded: energy (plus 8 per cent), capital goods (plus 2.5 per cent), non-durable consumer goods (plus 0.7 per cent) and durable consumer goods (plus 0.1 per cent).

Between August and October this year, exports reduced by 0.2 per cent quarter on quarter (QoQ) to which the decline in energy sales (minus 18.1 per cent) and capital goods (minus 4 per cent) contributed.

In the same period, imports showed a slight increase (plus 0.3 per cent), explained by the greater purchases of durable (plus 5.4 per cent) and non-durable (plus 0.6 per cent) consumer goods and intermediate goods (plus 1.8 per cent), a release from the official statistical agency Istat said.

In October, exports to non-EU27 nations decreased by 1.1 per cent year on year (YoY); it fell by 1.4 per cent in September. The decline is determined by lower sales of energy (minus 57.4 per cent) and capital goods (minus 10.5 per cent). Instead, exports of durable consumer goods (plus 37.7 per cent), intermediate goods (plus 4.9 per cent) and non-durable consumer goods (plus 4.5 per cent) increased.

Imports recorded a trend decline of 4.1 per cent YoY in October, almost entirely explained by the contraction in energy purchases (minus 24.3 per cent).

This October, Italy's trade surplus with non-EU27 countries was 5,709 million, it was 5,089 million in the same month last year.

In October, there were large YoY reductions in the country's exports to OPEC countries (minus 16.9 per cent) and the United States (minus 11.8 per cent). Exports to Turkiye (plus 33 per cent), ASEAN countries (plus 15 per cent), MERCOSUR countries (plus 12.2 per cent) and the United Kingdom (plus 8.7 per cent) increased.

Italy's imports from OPEC countries (minus 33.9 per cent) showed a large trend contraction. Those from from the United Kingdom (minus 4.4 per cent), the United States (minus 3.2 per cent) and China (minus 2.1 per cent) also decreased.

On the other hand, imports from the other main non-EU27 partner countries increased, with the largest trend increases for MERCOSUR countries (plus 21.9 per cent) and India (plus 11.2 per cent).

Source: fibre2fashion.com– Dec 04, 2024

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Vietnam eyes stronger trade ties with Canada through CPTPP

Vietnam is seeking to enhance trade and economic cooperation with Canada under the framework of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Canada was the fifth-largest market for Vietnamese apparel exports, with outbound trade valued at $1,217.683 million in the first ten months of the current year.

Vietnamese Minister of Industry and Trade Nguyen Hong Dien met with Canadian Minister of International Trade Mary Ng on the sidelines of the CPTPP Commission meeting in Vancouver during the last week of the previous month.

Vietnam's exports to Canada declined by 7.65 per cent, falling from $1,318.541 million in the first ten months of 2023 to $1,217.683 million during the same period in 2024. This accounted for 4.83 per cent of the country's total apparel exports of $25.204 billion during the review period this year. The US, Japan, South Korea, and China were larger markets for Vietnamese apparel exports, with a combined share exceeding 70 per cent, according to Fibre2Fashion's market insight tool TexPro.

In 2023, Vietnam exported apparel worth $1,538.209 million to Canada, which accounted for 4.69 per cent of its total apparel exports of $32.783 billion. Canada was the fifth-largest market for Vietnam. In 2021, shipments to Canada were valued at $1,200.318 million, which rose by 45.89 per cent to $1,751.193 million in 2022.

Canada also ranked as the fifth-largest market for Vietnam's home textile exports, but its share was only 2.53 per cent. Vietnamese shipments of home textiles to Canada totalled $52.186 million in the first ten months of the current year, out of a total of $2.062 billion in home textile exports during the same period, according to TexPro.

As a developed economy, Canada is not a significant market for Vietnamese fabric exports. Shipments to Canada were valued at just $7.059 million between January and October 2024, representing only 0.57 per cent of Vietnam's total fabric exports, which amounted to $1,233.062 million during the same period.

Source: fibre2fashion.com– Dec 04, 2024

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Bangladesh's apparel industry at crossroads, is it short-term disruption or long-term decline?

Recent political instability and labor unrest in Bangladesh have cast a shadow over its apparel industry, the second-largest in the world after China. As orders shift to competitors like India and Vietnam, experts are divided on whether this represents a short-term blip or a more significant threat to Bangladesh's ambitious economic plans.

Orders exodus amidst uncertainty

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) statistics reveal a worrying picture. While Bangladesh's garment exports grew by a mere 5.34 per cent in the July-September quarter, Vietnam and India saw increases of 15.57 per cent and 13.45 per cent, respectively.

This shift is attributed to factors like the political turmoil due to the fall of Sheikh Hasina government and ensuing protests that created an uncertain business environment. Deep-rooted labor grievances, including demands for better wages and working conditions, have led to strikes and factory closures. And infrastructure challenges as Bangladesh's reliance on imported fabric and persistent power shortages hamper its competitiveness.

Table: Garment export growth

Country	*Export growth (July-September 2024)*
Bangladesh	5.34%
Vietnam	15.57%
India	13.45%
Source: BGMEA	

India and Vietnam reaping benefits

The turmoil in Bangladesh has led to competing countries like India and Vietnam gaining from the situation. India, with its integrated supply chains, large workforce, and stable political environment, is emerging as a preferred alternative. The Tiruppur knitwear hub alone secured $54 million in orders in September. Vietnam, known for its competitive labor costs and efficient manufacturing, is also attracting increased business.

However, industry experts in Bangladesh are optimistic, emphasizing the country's established supply chains, skilled workforce, and commitment to sustainability. They believe that resolving power shortages and restoring political stability will enable a swift recovery.

However, analysts caution that prolonged unrest could erode buyer confidence and lead to a permanent loss of market share. Mehdi Mahbub, an apparel business analyst, warns, "If the unrest continues for another quarter and opportunities keep shifting, competitors could certainly take over."

The need for action

To mitigate the long-term impact, experts recommend:

Restoring political stability: Ensuring a predictable and secure business environment is crucial to regain investor confidence.

Addressing labor concerns: Engaging with workers to address their grievances and improve working conditions is essential for long-term sustainability.

Investing in infrastructure: Upgrading power infrastructure and reducing reliance on imported fabrics could enhance competitiveness.

Diversifying the economy: Reducing dependence on the apparel sector will reduce risks associated with global market fluctuations.

Thus the shift of apparel orders away from Bangladesh underscores the vulnerability of export-oriented economies to political and social disruptions. While the country's apparel industry has demonstrated resilience in the past, decisive action is needed to address underlying challenges and ensure its long-term competitiveness.

Source: fashionatingworld.com– Dec 03, 2024

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India-EU FTA: Investment chapter to include FDI liberalisation, exclude protection, arbitration

The proposed India-EU Free Trade Agreement (FTA) is likely to focus on investment liberalisation, including rules guiding Foreign Direct Investment, while keeping investment protection and arbitration out of the pact, to be negotiated separately in a bilateral investment treaty (BIT), according to sources.

New Delhi may not get a minimum investment commitment from the EU, like it got in its FTA with the European Free Trade Association (EFTA) comprising Switzerland, Iceland, Norway & Liechtenstein, the source added. This is because such large commitments fall in the jurisdiction of member states.

"Negotiations on investments with the EU is divided in two portions. The bit on protection and arbitration will happen separately as part of a BIT. The FTA will focus on investment liberalisation, which is about facilitating FDI. The two are set to be completely delinked," the source said.

BITs are agreements between two countries for the protection of investments in each other's territories and assures a minimum standard of treatment and non-discrimination.

The Finance Ministry is in favour of BITs to be negotiated separately from FTAs as it does not want investment protection and arbitration to be part of an umbrella pact. It has communicated the same to the Commerce Ministry.

In a bid to check multinational companies filing cases against India at international arbitration courts, which resulted in big losses for the country in the past, the Finance Ministry formulated a model BIT in 2016. The model BIT requires investors to exhaust local remedies before initiating international arbitration proceedings. It terminated a large number of BITs, including ones with European countries, and sought new BITs that take after the model BIT of 2016.

“There are many fundamental differences between the EU and India on how arbitration should be treated in the BITs. But both want the BIT to be separate,” the source said.

Key reason

One of the reasons why the EU wants a separate investment protection pact, that would not be tied to the FTA, is because such an agreement could then get finalised irrespective of the pace of the FTA talks.

“In the FTA negotiations, the EU is pushing for binding commitments in FDI limits from India in areas where it has fully liberalised while pushing for more where there is scope. Binding commitments will ensure that there is no adverse policy change in the future,” the source explained.

While India would have liked to impose a condition of minimum investment commitment on the EU, on the lines of the FTA with EFTA, there are legal hurdles. “India understands that such a demand will not fly with the EU because of its laws which put the matter in the jurisdiction of individual states,” the source added.

Interestingly, the India-EFTA FTA, signed recently, also deals only with investment promotion and facilitation and does not contain investment protection features and arbitration.

After a nine-year gap, India and the EU officially relaunched negotiations for an FTA in June 2022. Separate discussions were also launched on agreements for investment protection and geographical indications, but for some time there was lack of clarity on whether the FTA and the investment protection agreement would be concluded simultaneously.

Source: thehindubusinessline.com– Dec 03, 2024

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Sustainability measures in trade adding to economic uncertainties: Govt

Apart from the traditional non-tariff barriers, new dimensions in trade—such as sustainability and security measures—are adding to regulatory and economic uncertainties, a senior government official said on Tuesday.

“Whether it is about the environment, inclusivity, gender, or labour—all trade-related sustainability measures are also bringing in both regulatory and economic uncertainty... Energy is a critical element towards the transition to the future. How do we deal with provisions related to energy, critical minerals... to ensure that our supply chains remain intact in the future?” L Satya Srinivas, additional secretary, Department of Commerce, said at the CII Partnership Summit 2024.

Srinivas’s comment comes against the backdrop of new protectionist regulations being implemented globally, such as the European Union’s carbon border adjustment mechanism (CBAM) and other similar measures, which are set to hurt trade.

Additionally, India is negotiating free trade agreements (FTAs) with a number of countries, including the EU, which has rolled out some of these regulations.

“I’m sure everyone has been hotly debating how we deal with CBAM, how we deal with new regulations coming in Europe, such as EU deforestation laws, or new legislation emerging across the globe, in terms of protectionist elements, domestic legislations that incentivise industries to invest and ensure they have an impact on trade. There are also laws to ensure that there is no transfer of technology,” Srinivas said.

According to Srinivas, these new regulations and focus areas are set to dictate the trajectory towards the future. As a result, it is imperative to build a framework to ‘preserve the preferential agreement’ in terms of the free trade agreements India is negotiating.

He further stated that FTAs need to take a holistic view of the commercial significance they hold for the country and emphasise the importance of looking at goods, services, and investment together.

“There should be a free flow of skilled personnel, and there is a need for investment in skilled personnel across the globe,” he said, adding that going forward, artificial intelligence (AI) will completely change how we trade.

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

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EU-CBAM: EU's carbon tax needs global coordination to address concerns

Developing countries face a disproportionate impact from climate change, despite being historically least responsible for it. They are equally subjected to climate measures initiated by developed countries, with transborder developmental consequences. The Carbon Border Adjustment Mechanism (CBAM) is one such measure that compromises the developmental pursuits of most developing nations.

Incorporating poor countries' developmental aspirations becomes even more critical in the backdrop of minimal atmospheric space left to accommodate carbon emissions for meeting the Paris Agreement target of limiting temperature increase within 2 or 1.5 degrees Celsius above pre-industrial levels. In order to meet the Sustainable Development Goals (SDGs) set by the United Nations by 2030, equity-based development at all levels is of critical importance.

The economies of least developed countries (LDCs) are fragile, with little diversification and shallow export baskets. Many LDCs export a substantial share of their goods to the EU, with these exports often concentrated in product areas covered by the CBAM, which constitute a significant portion of their gross domestic product (GDP). For example, nearly 60 per cent of Mozambique's and 29 per cent of Zambia's total exports to the EU consist of CBAM-covered commodities.

In 2023, Mozambique's CBAM-covered exports accounted for approximately 6 per cent of its GDP, with over 50 per cent of its total aluminium exports destined for the EU. India also exports a significant share of CBAM-covered goods to the EU, comprising about 11 per cent of its total exports to the region.

The stated objective of the CBAM is to arrest carbon leakages the EU is experiencing ever since it started its cap-and-trade programme in 2005. However, from an equity perspective, the CBAM in its current format is not the best method to deal with the carbon leakage problem. The fundamental principle of Common but Differentiated Responsibility and Respective Capacities (CBDR-RC), which forms the bedrock of all international environmental negotiations, does not align with such unilateral application of measures. Moreover, it goes against the spirit of the "Enabling Clause" and Part IV of the General Agreement on Tariff and

Trade (GATT) titled "Trade and Development," which include provisions for granting exemptions to LDCs and providing special and differential treatment to developing countries.

The CBAM in the present form would have a distributional impact. Firstly, many developing countries would lose their competitiveness in products of their genuine competitive advantage; secondly, the resources would flow from the poor countries to developed ones (EU) because of the mandate to buy certificates by importers in the EU from year 2026; thirdly, several developing countries would lose revenue because they lack capacities to put together an indigenous market mechanism and use such revenues for green transition.

On the positive side, a study conducted on the Turkish economy concludes that if some proactive measures on energy-efficiency are taken, the carbon border tax can increase private and social welfare by improving economic gains and environmental and health conditions (Acar et al. 2021).

Many developing countries lack the capacity and capability to design and implement effective carbon pricing and trading schemes, and correctly measure, report, and verify carbon emissions — the hallmark of effective trading schemes. The developed countries can help these economies in doing so. It makes enormous sense to exempt LDCs from the CBAM and apply special and differential treatment for some other developing countries, under the World Trade Organization's "enabling clause".

The EU can provide different transition periods to different sets of countries on the basis of their developmental status. There is a good case for like-minded developing countries, including LDCs, to take a coordinated position on the subject and open negotiations with the EU to bring down the extreme impact of the regulation on their economies.

It is noteworthy that only a limited number of products are covered in the first tranche of the regulation, with more to be included over time. Similar regulations are being considered in other developed countries. Therefore, the Global South must unite to address their cumulative impact.

On the firm level, the CBAM should not be applied to small-scale enterprises up to a certain level of production value. Hand-holding of small and medium scale enterprises by governments is necessary to meet the CBAM requirements. The revenue earned by the EU through CBAM should also be used to mitigate climate change impacts, primarily in poor and developing countries.

In some countries, including India, the internal tax on fossil fuels is already very high. Fossil fuels' taxes should be included in the calculation of carbon price in the country of origin. Alternatively, the government could adopt a revenue-neutral strategy to address the CBAM challenge by balancing fossil fuel taxes with the potential carbon price. This approach can help in retaining the international competitiveness of the affected products. India needs to include petroleum products under the goods and services tax. India is expected to start its cap-and-trade carbon emission scheme from 2026, the year when CBAM would become chargeable. The collected revenue could be shared objectively with the states to offset any losses.

Industry associations have a proactive role to play in educating businesses, particularly small enterprises, about the CBAM. While it is unlikely that the EU will concede to any changes in the applicability of the regulation in the ongoing FTA negotiations, India must insist on securing support for awareness-building, technology sharing, standard setting, verification systems, and capacity development. The climate change is no more an esoteric concept. There is unlikely to be any dilution in emerging international regulations. It would require strategic domestic policymaking and coordinated efforts on the part of the Global South to ensure that their developmental concerns are mainstreamed in global policies.

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

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India, UK review ties, focus on early conclusion of FTA

India and the UK on Tuesday reviewed their ties with a focus on the early conclusion of a mutually beneficial free trade pact, boosting counter-terror cooperation and enhancing defence ties. At the second edition of the India-UK 2+2 foreign and defence dialogue held here, the two sides agreed to revitalise the ties by identifying new focus areas of collaboration.

The Ministry of External Affairs (MEA) said both sides discussed the entire gamut of strategic partnership and emphasised the importance of a sustained high-level engagement to advance the dynamic relations.

"The delegations reviewed progress under the India-UK Roadmap 2030 and agreed on the need to revitalise the partnership by identifying new focus areas of collaboration and work towards a refreshed roadmap," it said.

The two sides unveiled the 10-year roadmap in 2021 to expand ties in the key areas of trade and economy, defence and security, climate change and people-to-people connections among others.

The MEA said the discussions covered key priorities like strengthening economic and trade ties with a focus on the early conclusion of a mutually beneficial FTA and bolstering defence and security ties including in areas of cyber and counter-terrorism.

Following his talks with his Indian counterpart Narendra Modi on the sidelines of the G20 summit in Rio de Janeiro, British Prime Minister Keir Starmer said last month that the negotiations for the free trade pact will be relaunched in the new year.

The India-UK talks for the proposed FTA began in January 2022. The two sides have held 14 rounds of negotiations on it so far.

At the 2+2 dialogue, the two sides also discussed ways to foster innovation in critical and emerging technologies, deepen cooperation in clean and green energy and technology, health and enhance cultural, educational and people-to-people linkages, the MEA said in a statement.

"The two sides appreciated the progress on diverse sectors including the launch of new key initiatives such as the technology and security initiative, UK-India infrastructure finance bridge, electric propulsion capability partnership, and progress on the defence industrial roadmap," it said.

"The dialogue provided an opportunity to exchange views on recent global and regional developments. Both sides reiterated their shared vision for peace, stability, and prosperity in a free, open, and inclusive Indo-Pacific," it added.

The Indian delegation at the dialogue was led by Piyush Srivastava, joint secretary (Europe West) in the MEA and Vishwesh Negi, joint secretary (International Cooperation) in the defence ministry.

The UK delegation was led by Ben Mellor, India Director, Indian Ocean Directorate, Foreign, Commonwealth and Development Office and Shimon Fhima, Director of Strategic Programmes at the British Defence Ministry.

Source: economictimes.com– Dec 03, 2024

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Long voyage time impacted trade, no container shortage: Govt to Parliament

New Delhi: The long voyage time due to ships taking longer routes through Cape of Good Hope has impacted global trade, including Indian exports, commerce and industry minister Piyush Goyal said in Lok Sabha. This has resulted in increased time for goods to reach international markets.

"No shortage of containers has been, however, reported on account of the longer voyage time or the Red Sea conflicts issues and Russia-Ukraine War," he said.

He also said limited demand for containers manufactured in India and accordingly the limited manufacturing capacity for containers in the country.

"The container manufacturing industry is dominated by economies of scale that favour established manufacturers from other countries, who benefit from lower production costs, advanced technologies, and immediate cargo loading opportunities," Goyal said.

Startup flipping

For re-domiciling (reverse flipping) of emerging companies, the government has taken measures such as abolishment of the Angel Tax for all classes of investors, boosting in-bound investments in the country, and harmonization of long-term capital gains tax across various securities to simplify the tax regime.

The International Financial Services Centres Authority (IFSCA) is actively engaged in promoting onshoring of Indian innovation i.e., redomiciling Indian startups currently domiciled abroad to the GIFT City, Jitin Prasada, minister of state for commerce and industry ministry said in Lok Sabha. As on October 31, 2024, 1.52 lakh entities have been recognised as startups by the DPIIT.

PLI impact

Actual investment of Rs 1.46 lakh crore have been realized till August 2024 across 14 sectors covered under the Production Linked Incentive (PLI) schemes, which has resulted in incremental production/sales of over Rs

12.5 lakh crore and employment generation of over 9.5 lakh. PLI schemes have witnessed exports surpassing Rs 4 lakh crore with significant contributions from electronics, pharmaceuticals and food processing. 755 applications have been approved across sectors..

Source: economictimes.com– Dec 03, 2024

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FDI inflows into India up 45% YoY to $29.79 bn in H1 FY25

Foreign direct investment in India increased by 45 per cent year on year (YoY) to $29.79 billion in the first two quarters (April-September) in fiscal 2024-25 (FY25), according to data from the department for promotion of industry and internal trade (DPIIT).

FDI inflows were worth $20.5 billion in the same period in the last fiscal.

In the second quarter (Q2) this fiscal, the inflows grew by about 43 per cent YoY to $13.6 billion. In Q1 FY25, such inflows were up by 47.8 per cent YoY to $16.17 billion.

Total FDI, which includes equity inflows, reinvested earnings and other capital, grew by 28 per cent YoY to $42.1 billion during the first half (H1) this fiscal.

FDI equity inflows in H1 FY25 rose from major countries, including from Mauritius ($5.34 billion against $2.95 billion in H1 FY24), Singapore ($7.53 billion against $5.22 billion in H1 FY24), the United States ($2.57 billion against $2 billion in H1 FY24), the Netherlands ($3.58 billion against $1.92 billion in H1 FY24), the United Arab Emirates ($3.47 billion against $1.1 billion in H1 FY24), Cayman Islands ($235 million against $145 million in H1 FY24) and Cyprus ($808 million against $35 million in H1 FY24).

However, such inflows declined from Japan and the United Kingdom.

FDI inflows in non-conventional energy stood at $2 billion.

Maharashtra received the highest FDI inflow of $13.55 billion during H1 FY25, followed by Karnataka ($3.54 billion), Telangana ($1.54 billion) and Gujarat (about $4 billion).

Source: fibre2fashion.com– Dec 02, 2024

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Centre wants banks to push pedal on special Vostro accounts mechanism

New Delhi: The government has asked banks to flag operational hurdles in implementing the international trade settlement in Indian rupees through the special rupee vostro accounts (SRVA) mechanism.

A meeting with key lenders and the regulator is planned later in the month to address these challenges and renew focus on enhancing rupee trade with surplus trade countries, said officials aware of the developments.

The move gained significance as United States president-elect Donald Trump cautioned the BRICS bloc against transitioning to a new currency replacing the dollar.

"The government is committed to boosting trade with other countries facilitated through bilateral transactions. These efforts are not aimed to undermine any country or currency but to reduce costs and further strengthen bilateral relations by promoting transactions through local currencies," said an official, requesting anonymity.

At present, the SRVA mechanism is operational with Russia, Sri Lanka, Nigeria, the Maldives, and Myanmar. Another official said that a meeting between different stakeholders, including exporters, was held last month. "Certain big banks are hawkish about the mechanism and also wary of sanctions. This needs to be addressed as well, and further impetus is required in the opening up of such accounts," he said, adding that the Reserve Bank of India has also been discussing the issue with other stakeholders including exporters at zonal and central levels.

A bank executive said that there are some issues related to the execution of transferring surplus Indian rupees in the SRVA to other foreign currencies and determination of exchange rates. "A more robust dispute resolution mechanism is also required," he added.

Under the SRVA mechanism, transactions are settled with both the local currencies of respective countries. The government has been pushing lenders to speed up and operationalise SRVA accounts, and lenders have also set up designated cells with nodal officers for opening and operations of SRVA.

"Around half of the pre-shipment export credit is in foreign currency. While the rupee mechanism insulates the Indian side and does away with hedging costs and compliance, it impacts profitability," said a representative of an exporters body, adding that this leaves the other side at a disadvantage because they deal in foreign currency.

Earlier, Trump in a post on social media said, "The idea that the BRICS Countries are trying to move away from the Dollar while we stand by and watch is OVER."

Source: economictimes.com– Dec 04, 2024

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Andhra Cabinet's nod to IT, textile, maritime & tourism policies

The State Cabinet, which met on Tuesday under the chairmanship of Chief Minister N Chandrababu Naidu, approved the IT and Global Competitive Centres Policy 4.0, AP Textile, Apparel and Garments Policy, AP Maritime Policy, and AP Tourism (Amendments) Policy.

The Cabinet ratified the APCRDA's decision to invite tenders for the stalled infrastructure development works estimated to be over Rs 11,471 crore in the Capital Amaravati.

Briefing the media of Cabinet decisions, Minister for Information and Public Relations Kolusu Parthasarathy said the main objective of the IT policy is to make Andhra Pradesh the next destination for IT in the country. "Under the Information Technology and Global Competitive Centres Policy 4.0 2024-29, remote, hybrid and coworking spaces will be developed. Incentives will be given to coworking and neighbourhood space developers based on certain criteria," he explained.

Highlighting Chief Minister N Chandrababu Naidu's vision of 'One Family, One Entrepreneur', he said, "The IT policy has been adopted to provide employment to the youth and improve the economic condition of the State. It will certainly help promote every graduate to the global level, besides ensuring lucrative salaries."

The AP Apparel and Textile Policy 4.0 2024-29 is aimed to attract Rs 10,000 crore investments, besides creating two lakh jobs in the next five years. Five textile parks under the Public Private Partnership (PPP) mode will be set up across the State. "During the next five years, $1 billion textile exports have been targeted," he elaborated.

The Maritime Policy has been formulated to develop Andhra Pradesh as a port-centric economy taking advantage of its 975 km long coastline. Efforts are also being made to encourage the shipbuilding industry. The Chief Minister is holding discussions with the Prime Minister for the establishment of a mega shipyard in the State, he said.

Minister for Municipal Administration and Urban Development Minister P Narayana said with no action on the Capital Amaravati project by the previous YSRCP regime for five years, not only the works got stalled causing huge damage to the structures already built, but also the estimated cost of the project increased significantly.

“The Cabinet has approved the APCRDA’s decision of cancelling the previous tenders, and invite fresh tenders. The damage incurred to the works has been estimated at Rs 286.78 crore. As there is GST now, there will be an additional cost of 452.35 crore. The estimated cost of 360 km long trunk roads has gone up by Rs 460 crore,” he explained.

The works in Amaravati include construction of administrative towers, Assembly building and High Court complex, for which tenders will be invited by the end of this month. The budget estimate at that time for the construction of these structures was Rs 41,000 crore, which has now gone up by 30%, he added.

Other key decisions

- The Andhra Pradesh Sustainable Electric Mobility Policy 4.0 has been okayed. The policy has been envisaged to attract Rs 30,000 crore investments, and create 60,000 employment opportunities

- Cabinet’s nod to adjust the cost of the water supply projects in Uddanam in Srikakulam, Pulivendula in Kadap and Dhone in Kurnool

- Consent to continue the Pradhan Mantri Gramin Awas Yojana and the Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyan with the existing unit costs

- The new tourism policy aims to take the State to the top position in the tourism sector besides attracting large-scale investments

- Nod to implement Real-time Governance 4.0

- December 15 to be observed as the Self-Dedication Day marking the death anniversary of Amarajeevi Potti Sriramulu

Source: newindianexpress.com– Dec 04, 2024

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GST on cigarettes, tobacco, aerated beverages may be hiked to 35%; GST Council decision on Dec 21

Readymade garments costing up to ₹1,500 would attract 5% GST, those between ₹1,500 and ₹10,000 would attract 18%. Garments costing above ₹10,000 would attract 28% tax

The GoM on GST rate rationalisation on Monday (December 2, 2024) decided to hike tax on sin goods like aerated beverages, cigarettes, tobacco and related products to 35% from the present 28%, an official said.

The Group of Ministers (GoM) on rate rationalisation under Bihar Deputy Chief Minister Samrat Chaudhary also decided to rationalise tax rates on apparel.

As per the decision, readymade garments costing up to ₹1,500 would attract 5% GST, those between ₹1,500 and ₹10,000 would attract 18%. Garments costing above ₹10,000 would attract 28% tax.

In total, the GoM on rate rationalisation will propose tax rate tweaks on 148 items to the GST Council. "The net revenue impact will be positive," an official said.

The GoM report is expected to be discussed by the GST Council -- chaired by Union Finance Minister and comprising her state counterparts -- on December 21. A final decision on GST rate changes will be taken by the council.

"The GoM has agreed to propose a special rate of 35% on tobacco and related products and aerated beverages. The four-tier tax slab of 5, 12, 18, and 28% will continue and a new rate of 35% is proposed by the GoM," said the official.

Currently, GST is a four-tier tax structure with slabs at 5, 12, 18, and 28%.

Under GST, essential items are either exempted or taxed at the lowest slab, while luxury and demerit items attract the highest slab. Luxury goods like car, washing machine, and demerit goods like aerated water and tobacco products attract cess on top of the highest 28% slab.

The official said the GoM on rate rationalisation has finalised its report on Monday (December 2, 2024) to be presented before the council.

The council will now decide whether there is further scope for rate rationalisation and may decide to retain the GoM so that the rationalisation exercise continues periodically, the official added.

In its last meeting in October, the GoM had proposed reducing GST on packaged drinking water of 20 litres and above to 5% from 18%.

It had also decided to propose to the council to reduce GST on bicycles costing less than ₹10,000 to 5%, from 12%.

Also, GST on exercise notebooks would be reduced to 5% from 12%. The GoM also proposed hiking GST on shoes above ₹15,000/pair from 18% to 28%.

It also proposed hiking GST on wrist watches above ₹25,000 from 18% to 28% in the previous meeting on October 19.

Source: thehindu.com– Dec 03, 2024

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