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Currency Watch			
USD	EUR	GBP	JPY
84.83	88.91	107.21	0.55

INTERNATIONAL NEWS

No	Topics
1	Maersk Says Global Trade Could Hit 7% Growth in 2025
2	Proposed US tariffs may make near-shore sourcing more attractive
3	US policy changes likely to impact Asia, Pacific's growth: ADB
4	Mexico, Canada, ASEAN gained more from US-China trade war than India: GTRI
5	Sourcing and sustainability in the UK fashion sector: A mixed bag in 2025
6	Cambodia's garment-footwear exports surge 25% in Jan-Nov 2024
7	Industry Leaders Discuss Mexico's Competitive Edge at Nearshoring Expo
8	Sri Lanka's garment exports earnings rise by 5.7% from January-October 2024
9	UK must brace for trade shifts: BCC
10	Kazakhstan plans to set up cross-border transport, logistics hubs

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11	Vietnam's garment-textile exports expected to reach 44 billion USD this year
12	Textile industry in Pakistan: Challenges, opportunities and future prospects

NATIONAL NEWS	
No	**Topics**
1	India's economy ends 2024 on strong note as business growth hits 4-month high, PMI shows
2	New Zealand keen to restart negotiations on a free trade pact with India
3	UK-India business boosted by prospect of free trade agreement, says HSBC
4	India eyes bigger share in Norwegian apparel & textile imports
5	India has more than a 'BIT' of a problem on trade & investment negotiations
6	Indian exporters reluctant to make shipments to Bangladesh as reliability of payment assurances by Bangladeshi banks drop
7	Tamil Nadu government provides interest subsidy to modernise textile mills
8	Extra long staple cotton imports rebound
9	Number of national waterways in India up from 5 in 2014 to 111 now

INTERNATIONAL NEWS

Maersk Says Global Trade Could Hit 7% Growth in 2025

A possible second East and Gulf Coast port strike in January and concerns over anticipated tariffs levied by the incoming Trump administration won't slow down American consumer demand in 2025, according to a top bellwether of global trade.

Container shipping giant Maersk expects global trade growth of up to 7 percent next year, one of its top execs told Reuters Wednesday at the news agency's Next conference.

"We predict anywhere between 5 percent and 7 percent (growth) overall," Charles van der Steene, regional president for North America at Maersk, said. "And at this stage, there's nothing that would indicate that it could not be the case."

Even the bear end of the projection would be a strong increase over 2024. According to a December update from UN Trade and Development (UNCTAD), global trade is expected to grow 3.3 percent this year to $33 trillion.

It would also be a more optimistic projection than the World Trade Organization (WTO), which said in October that trade volume growth for 2024 should come in at around 2.7 percent while growth in 2025 is expected to reach 3 percent.

The ocean carrier already upwardly revised a metric that mirrors that of a global trade—global container market volume growth—for the full year, saying it would expand 6 percent in 2025. Previously, Maersk called for growth between 4 percent and 6 percent, illustrating the shift in container market demand through the year and the even heavier shift in sentiment. As recently as August, Maersk CEO Vincent Clerc called container demand the biggest question mark of the 2024 second half.

North American consumers are making up a heavy chunk of the demand spurring the growth. In the first three quarters, North American market imports for Maersk grew between 20 percent and 24 percent across the first three quarters, with van der Steene telling CNBC on Friday that the

company expects fourth-quarter growth numbers to remain in the double digits.

Imports continue to enter the U.S. in droves largely due to the concerns regarding the potential January port strike and Trump's inauguration. Major ports handled 2.25 million 20-foot equivalent units (TEUs) in October, a 9.2 percent increase over the year prior and a record for the month, according to the Global Port Tracker shared by the National Retail Federation.

November and December numbers are both expected to crack the 2.1 million TEU mark, before bumping up further to 2.2 million containers in January—yet another indicator that U.S.-driven demand seems to be pulling up worldwide trade growth.

If anything, the catalysts of the cargo front-loading are showcasing that global trade will likely continue to endure in a high-disruption environment, with van der Steene telling CNBC that more shipping companies expect the volatility to continue through next year. "Disruption will also be with us," he said. "The topic of resilience within the supply chain will continue to be, and should be, on everyone's agenda."

This volatility and disruption has been a constant since the peak of Covid-19, but the onslaught of attacks in the Red Sea by Yemen-based Houthi militants since November 2023 has further ensured that the container shipping industry will have to endure longer lead times.

Additionally, ocean carriers like Maersk now must adjust to the "new normal" of Asia-to-Europe trade around Africa's Cape of Good Hope, rather than the Suez Canal. Even optimistic projections like those from Maersk don't expect a return to the waterway until well into 2025.

As situations like the Red Sea crisis add 10-to-14 days to many deliveries and contribute to worldwide port congestion—all while trade volumes are expected to further increase—some have suggested that overcapacity within the industry remains a concern.

One of the wider responses to the anticipated increase in container demand has been the continued surge of new vessel deliveries. Roughly 3.15 million TEUs of new shipping capacity is expected this year, following the 3.16 million TEUs delivered in 2023, according to S&P Global Market Intelligence.

Maersk's Clerc seemed to downplay the impacts from overcapacity going into 2025.

"Our capacity has increased, but this extra capacity has been absorbed in longer sailing distances," said Clerc in an Oct. 31 earnings call. "We simply did not have the amount of slack capacity that maybe some of our competitors had to cater for that unexpected strong demand on top of long sailing routes."

Source: sourcingjournal.com– Dec 13, 2024

HOME

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Proposed US tariffs may make near-shore sourcing more attractive

A recent report by Source Fashion, Source Home & Gift, and Insider Trends highlights the potential impact of proposed US tariffs on global sourcing strategies. The report, titled 'The State of Sourcing Report', suggests tariffs on goods imported into the US, particularly from China, could make near-shore sourcing more attractive for US retailers.

The report is based on a survey of UK retailers conducted in 2024. The survey found the majority of UK retailers (74 per cent) source internationally, with China being the most popular sourcing region (49 per cent). However, the report also notes that the UK is a close second at 42 per cent, followed by India (37 per cent) and Western Europe (33 per cent).

Table: Sourcing patterns

Region	All respondents	Small companies	Large companies
Mainland China	49%	45%	61%
UK	42%	44%	35%
India	37%	37%	35%
Western Europe	33%	37%	19%

The report also notes that US president elect Donald Trump, has proposed tariffs on goods imported into the US from overseas, particularly from China. If these tariffs come into effect, they could make sourcing from further afield, such as China, less appealing for US retailers. The report suggests several factors could make near-shore sourcing more attractive for US retailers in light of potential tariffs. Near-shore sourcing can help reduce the costs associated with transportation, logistics, and labor. It can help to improve supply chain agility and responsiveness. Near-shore sourcing can also help reduce the risk associated with global events, such as political instability and climate change

The report also notes the potential for political and climate disruption is likely to have an impact on sourcing decisions going forward. This could see retailers adopting a more agile approach to their supply chains, with a

greater focus on near-shore sourcing. In addition to the potential impact of US tariffs, the report also highlights a number of other factors that are likely to influence sourcing decisions in the coming years. These include:

Sustainability: The report notes sustainability is becoming an increasingly important factor for retailers when making sourcing decisions.

Technology: The report also notes technology is playing an increasingly important role in sourcing, with a number of companies now using technology to improve the efficiency and transparency of their supply chains.

The report concludes by suggesting the retail industry is in a state of flux when it comes to sourcing. Retailers are facing a number of challenges, including the potential impact of US tariffs, the growing importance of sustainability, and the increasing role of technology. As a result, retailers will need to be agile and adaptable in their sourcing strategies in order to succeed in the years to come.

Source: fashionatingworld.com– Dec 13, 2024

HOME

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US policy changes likely to impact Asia, Pacific's growth: ADB

Asia and the Pacific's economic growth will remain steady this year and next, but expected US policy changes under the incoming administration of President-elect Donald Trump are likely to affect the region's longer-term outlook, according to a new report by the Asian Development Bank (ADB).

Changes to US trade, fiscal, and immigration policies could dent growth and add to inflation in developing Asia and the Pacific, according to the latest edition of Asian Development Outlook (ADO). Because these significant policy changes are expected to take time and be rolled out gradually, the effects on the region would most likely materialise from 2026. Impacts could be seen sooner if the policies are implemented earlier and more rapidly than expected, or if US-based companies front-load imports to avoid potential tariffs.

Developing Asia and the Pacific's economies are projected to grow by 4.9 per cent in 2024, slightly below ADB's September forecast of 5.0 per cent, according to the report. Next year's growth projection is lowered to 4.8 per cent from 4.9 per cent, mainly due to weaker prospects for domestic demand in South Asia. The region's inflation outlook has been trimmed to 2.7 per cent from 2.8 per cent for this year, and cut to 2.6 per cent from 2.9 per cent next year, partly due to an expected moderation in oil prices, as per the report.

"Strong overall domestic demand and exports continue to drive economic expansion in our region," said ADB chief economist Albert Park. "However, the policies expected to be implemented by the new US administration could slow growth and boost inflation to some extent in the People's Republic of China (PRC), most likely after next year, also impacting other economies in Asia and the Pacific."

Under a high-risk scenario, ADB projects that aggressive US policy changes could erode global economic growth slightly over the next 4 years, by a cumulative 0.5 percentage points. Broad-based tariffs are likely to dent international trade and investment, while leading to a shift toward more costly domestic production. At the same time, reduced immigration could tighten the US labour supply. Combined with a potentially more

expansionary fiscal stance under the incoming Trump administration, tariffs and migration curbs could rekindle inflationary pressures in the US.

Despite the scale of the assumed US policy changes, particularly on tariffs, the impacts on developing Asia and the Pacific are limited under this high-risk scenario. Even in the absence of additional policy support, gross domestic product growth in the PRC could slow by an average of only 0.3 percentage points per year through 2028. Negative spillover effects across the region, via trade and other links, would likely be offset by diversion of trade and relocation of production from the PRC to other economies.

In the near term, the outlook for most economies in the region remains relatively stable. The growth forecast for the PRC is unchanged at 4.8 per cent this year and 4.5 per cent next year. India's outlook is adjusted downward from 7.0 per cent to 6.5 per cent for this year, and from 7.2 per cent to 7.0 per cent next year, due to lower-than-expected growth in private investment and housing demand.

Southeast Asia's growth outlook has been raised to 4.7 per cent this year from a previous forecast of 4.5 per cent, driven by stronger manufacturing exports and public capital spending. The forecast for next year is unchanged at 4.7 per cent.

The growth outlook for Caucasus and Central Asia has been raised to 4.9 per cent this year from 4.7 per cent, and to 5.3 per cent next year from 5.2 per cent, while projections for the Pacific are unchanged at 3.4 per cent this year and 4.1 per cent next year.

Source: fibre2fashion.com– Dec 15, 2024

HOME

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Mexico, Canada, ASEAN gained more from US-China trade war than India: GTRI

New Delhi: Canada, and 10-nation Southeast Asian bloc ASEAN benefited more from the US-China trade war than India, economic think tank GTRI said in a report. It said that India has to strengthen its local supply chains and produce critical intermediates to reduce reliance on China, while improving cost efficiency and ease of doing business to enhance competitiveness of domestic industries and increase exports to the US.

With Donald Trump again becoming the US President, the evolving trade landscape offers huge opportunities for the Indian industry as he is now planning new tariffs targeting Mexico, Canada, China, and others.

The US-China trade war, initiated in 2018 under President Trump with tariffs targeting key sectors, has significantly reshaped global trade flows but failed to achieve its primary goals.

"Key beneficiaries of the trade war included Mexico, Canada, and ASEAN nations, which collectively accounted for 57 per cent of the growth in US imports. India also emerged as a significant gainer, with exports to the US rising by USD 36.8 billion, driven by sectors like electronics, pharmaceuticals, and engineering goods," GTRI Founder Ajay Srivastava said.

Mexico emerged as the biggest winner, with an increase in exports by USD 164.3 billion to the US between 2017 and 2023. It was followed by Canada (USD 124 billion), Vietnam (USD 70.5 billion), South Korea (USD 46.3 billion) and Germany (USD 43 billion).

The report said that India ranked sixth, with a USD 36.8 billion increase in exports, driven by growth in electronics, pharmaceuticals, and engineering goods.

Key contributors to India's export growth included smartphones and telecom equipment, which saw a USD 6.2 billion increase, accounting for 17.2 per cent of the total rise.

Medicines contributed USD 4.5 billion (12.4 per cent), petroleum oils added USD 2.5 billion (6.8 per cent), and solar cells accounted for USD 1.9 billion (5.3 per cent).

"India needs to increase local value addition in exports, as many rely heavily on imported inputs. For instance, most smartphone parts are imported, solar cells for panels come largely from China, and up to 70 per cent of APIs (pharma raw material) for medicines are also imported from China," it added.

The think tank suggested the US to limit the use of Chinese inputs in all products exported to the US by recasting non-preferential rules of origin and this will be a more effective mechanism than imposing higher tariffs.

The US, India's largest trading partner with over USD 190 billion in bilateral trade, plays a pivotal role in India's economic landscape and to navigate a potential Trump-led trade era, India can lower import tariffs by modest adjustments and could bring average tariffs down to around 10 per cent without significantly affecting revenue.

Source: economictimes.com– Dec 15, 2024

HOME

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Sourcing and sustainability in the UK fashion sector: A mixed bag in 2025

The report, titled "The State of Sourcing Report - Sourcing and Sustainability in 2025," was produced in collaboration with retail trend experts Insider Trends, a retail trend analysis firm. The report reveals a landscape marked by significant progress in global sourcing methods but also indicates a disjointed and cautious stance toward sustainability initiatives.

The survey provides insights into the strategic considerations of UK brands and retailers, ranging from small to major enterprises to established conglomerates, as they confront an intricate international environment.

It examines the origins of product sourcing, the rationale behind regional selection, the influence of sustainability objectives on business planning over the next year to year and a half, and the factors driving these shifts.

The survey draws attention to the intricate nature of sourcing determinations. While certain retailers are expanding into international markets, others prefer to stay local due to factors such as cost considerations, available capacity, or specific strategic objectives.

For those contemplating cross-border sourcing, there is no universal strategy; each company must weigh its individual challenges and prospects.

International Sourcing: A pivotal element in retail tactics

The survey indicates that 84% of businesses with a workforce exceeding 50 employees and 71% of smaller ventures engage in international sourcing.

Prominent sourcing hubs identified include China accounting for 48.8%, the UK at 41.6% and India and Western Europe at 36.8% and 32.8% respectively. .

For larger entities, areas such as Southeast Asia and Turkey also stand out as key sourcing locales, signifying an extensive international presence.

Sustainability Leadership: Fragmented across organisations

The survey also underscores a lack of cohesion in sustainability approaches among businesses:

- Roughly 27.22% of participants have established a dedicated sustainability division led by a chief sustainability officer who delineates targets and directives.

- Approximately 27.8% incorporate sustainability within another department.

- Amongst larger corporations, a distinct sustainability department is more common (35.14%), with 21.62% having a sustainability or ESG figurehead orchestrating efforts across departments with overt support from upper management.

Factors influencing retailers' sourcing decisions

The survey illuminates the complex reasoning behind sourcing selections:

- Production Costs: A primary concern for 45.6% of respondents, underscoring the imperative of cost-effectiveness.

- Innovation: The pursuit of novel product categories is particularly important for larger firms at 35.48%.

- Risk Mitigation: A focal point for 32.26% of larger entities, reflecting insights gleaned from recent global supply chain upheavals.

- Smaller ventures place a higher emphasis on sustainability (29.79%) compared to their larger counterparts (19.35%), indicative of escalating consumer demands for environmentally conscious products.

Unique hurdles faced by smaller enterprises

Among respondents who cited "other" as their reason for not engaging in international sourcing (15.91%), small businesses were predominant. Feedback revealed a preference for local goods, capacity limitations, and financial hurdles as reasons for staying domestic.

Sustainability initiatives halted by complexity and ambiguity

Despite rising consumer expectations and regulatory mandates, sustainability initiatives appear uneven across the sector:

- Nearly 69.23% of all companies reported advancements in sustainability over the previous year; this figure climbs to 78.38% among larger firms due to increased resources.

- Principal obstacles encompass scant resources, conflicting priorities, and apprehensions about the reputational dangers linked to greenwashing.

- One participant remarked on the challenges faced by small teams in addressing sustainability concerns amidst other pressing responsibilities.

Drivers propelling progress are identified as:

- Consumer Influence: Noted by 11.61% across various company sizes.

- Defined Strategy and Objectives: A systematic approach was mentioned by 10.71%, with performance tracking being significant for 14.29%.

- Genuine Leadership Commitment: Small businesses surpass larger ones in reporting executive backing (28.57% vs. 21.43%), likely due to tighter internal relationships.

- Notably, small firms demonstrate equal commitment to establishing precise goals aligned with Net Zero ambitions (3.57%) when compared to larger organizations (3.93%).

Moreover, the sole B-Corp respondent was a micro-enterprise with fewer than ten employees, accentuating the potential for leadership in sustainability among small-scale ventures.

Obstacles to advancement

- Progress has been made, yet hurdles remain. The reluctance of businesses to embrace sustainability varies based on their size:

  - Small Enterprises: The absence of consumer demand for sustainability (50%), other pressing business matters (32.14%), and the overwhelming nature of sustainability initiatives (42.86%) are principal concerns.

- Larger Corporations: A deficiency in explicit strategies or objectives (75%) stands as the primary impediment, with other business priorities and insufficient consumer demand each accounting for half of the responses (50%).

- Notably, a lack of genuine leadership is seen as a shortfall among major companies, with 50% recognizing it as an obstacle.

Investment in Sustainability: An industry at a crossroad

The textile and apparel sector appears divided on the matter of ramping up sustainability investments within the next year to a year and a half:

- 53.62% of those surveyed are gearing up to escalate their funding, while 46.38% do not intend to increase their sustainability budgets.

- Larger corporations are notably more inclined to augment their investment, with over 12% set to double their expenditure on sustainability initiatives.

- Smaller firms remaining on the sidelines attribute their decision to several factors: over half (54.9%) believe their current sustainability measures suffice, while others point to the absence of financial benefits (17.65%) or other pressing concerns

A strategic outlook for 2025

As the retail industry looks toward 2025, the survey emphasises the necessity for comprehensive transformation in sustainability practices. Effective collaboration, decisive leadership, and forward-thinking partnerships will be crucial in aligning environmental objectives with commercial imperatives.

The survey also reveals the shifting priorities of retailers as they navigate 2025, influenced by factors such as cost management, innovation, and the imperative to confront global challenges.

While smaller enterprises often lead the charge in sustainability initiatives, larger corporations are increasingly focused on risk mitigation. This dynamic sets the stage for substantial changes in both sourcing methods and sustainability strategies within the retail sector.

Source sourcing director Suzanne Ellingham said: "This is an incredibly important piece of work and one that offers a comprehensive look at sustainability practices and challenges across UK retailers, providing insights into the current state and future trajectory of the industry's environmental efforts. A diverse range of UK retailers, from micro-businesses to large enterprises, offer their insights into the sourcing practices providing a snapshot of the barriers and motivations shaping the industry today.

"As the retail industry heads into 2025, collaboration, transparency, and innovation will be essential for achieving meaningful sustainability progress. By pooling resources and sharing strategies, businesses can move beyond individual efforts to create systemic change. Brands and retailers must also embrace partnerships with government and regulators to develop practical, scalable solutions that balance environmental goals with business realities. With the right guidance and collaboration, 2025 could mark the turning point for sustainability in the retail industry."

Source: just-style.com– Dec 13, 2024

HOME

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Cambodia's garment-footwear exports surge 25% in Jan-Nov 2024

Cambodia's garment, footwear, and travel goods (GFT) exports grew by 25.23 per cent in the first eleven months of 2024, reaching $12.51 billion, according to the data from the General Department of Customs and Excise (GDCE). GFT accounted for 52.3 per cent of the total export earnings of $23.93 billion during this period.

Category-wise, knitted apparel exports rose 22.7 per cent to $6.1 billion, non-knitted apparel grew 33.3 per cent to $2.83 billion, and leather and travel goods earned $1.87 billion, up 22.1 per cent. Footwear exports increased 24.3 per cent to $1.5 billion, while other textile articles grew 37 per cent to $187 million.

In November alone, GFT exports rose 46 per cent year-on-year to $1.32 billion.

Cambodia's GFT exports have rebounded this year after an 18-month decline from mid-2022 to late 2023.

The GFT sector in Cambodia employs nearly one million people and accounted for 11 per cent of Cambodia's economy, contributing 50 per cent to real GDP growth as of 2021.

Source: fibre2fashion.com– Dec 16, 2024

HOME

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Industry Leaders Discuss Mexico's Competitive Edge at Nearshoring Expo

Nearshoring is not a novel concept, but the supply chain disruptions triggered by the pandemic, along with rising geopolitical tensions, higher tariffs, and the growing demand for shorter lead times, have highlighted the significant advantages of manufacturing closer to home.

At the inaugural Nearshoring America Expo held at the Dallas Market Center this week, a diverse group of manufacturers, importers, shelter companies, and consultants gathered to explore the advantages and challenges of nearshoring. Panels covered topics included the importance of personal business relationships, the competitive edge that Mexico offers in customization and labor costs, and the need for transparency and long-term partnerships in cross-border operations.

"There's such an investment and acceleration in the Mexico manufacturing economy over the past five years specifically, and so now it's about establishing relationships in order to take advantage of that," said Callie Parchman, head of the U.S. go to market and partnerships at Prima, an integrator in Mexico's manufacturing and supply chain ecosystem.

Business in Mexico is relational, which can be a cultural shock to U.S. companies, especially those accustomed to working with Chinese manufacturers.

Parchman, who has experience in both Mexico and China, highlighted a key difference between the two. Whereas business is transactional in China, she said a cultural aspect of working across the border is forging partnerships where both sides of the table are building together and are transparent in their needs.

"I have a non-written rule that if I don't have a great relationship with the owner of the business, most likely I will not be doing business with that company," said Javier Zarazua, a manufacturing nearshoring facilitator for JL Nearshoring. "That's how important it is to have great relationships. Business relationships in Mexico starts with personal relationships."

Juan Francisco Collado, co-founder of Alianza Importers, a San Antonio, Texas-based firm that helps Mexican companies expand their operations

in the U.S., emphasized the importance of face-to-face interactions. "Brands must meet with factories and show and tell exactly what they want. [Factories] will change their production line to make the product you want," he said. "Mexican manufacturers will do whatever is necessary to make you happy."

For companies navigating the complexities of nearshoring, having a support system in place—whether through an importer or a manufacturing and supply chain integrator—can help mitigate cultural and business challenges. Michael Mendoza, the managing director for Nearshoring America, likened the companies to having a buddy system. "What we're trying to create here is opportunities for you to meet people, so you don't have to do it alone," he said, adding that it is good business sense to tap into the experience of someone who has already been through the process.

However, nearshoring is not a one-size-fits-all solution, and Parchman cautioned against blanket assumptions about sourcing and manufacturing. She pointed out that different countries, such as Mexico and Brazil, have competitive advantages in different sectors, and companies must carefully assess where each country excels.

Depending on the product and company, some production may have to come from China. Other parts may need to come from Mexico or the U.S. "It's not always zero to 100 or black or white, or all in China, all in Brazil, all in Mexico, all in the U.S. There are ways to risk mitigate [your supply chain]. Smart business leaders are thinking about how they can take advantage of the benefits of each of these countries."

Mexico, for example, excels in industries such as ceramics, glass, wood, textiles, and agricultural products. The country is also highly competitive for products that require customization or unique design, thanks to more affordable labor costs. However, Mendoza warned that capacity in Mexico is rapidly filling up. "Mexico isn't China—it doesn't have unlimited capacity," he said. "If you don't secure your production capacity in Mexico within the next 18 to 24 months, you're out of luck. That capacity is going to be gone, the better factories will be taken."

Jason Wolfe, president and CEO of shelter company NovaLink, noted that a major push in Mexico is to develop a textile industry, where fabrics could be made locally rather than imported from overseas. He said clients want

the duty-free treatment of the United States-Mexico-Canada Agreement (USMCA).

However, Wolfe pointed out that clients want a lot of things—sustainability and transparency included—all at a low cost and instantly. “We’ve dealt with quite a few companies that spout ‘our carbon front footprint is zero’ and those same companies have moved to China,” he said. “To be able to still say that your carbon footprint is neutral or almost negative when you’re making in China is really where I think that transparency comes into question.”

Sourcing textiles in Mexico can be challenging, but Wolfe said its coming and it could come quicker if U.S. companies reverse their mindset about supporting higher wages and invest in infrastructure and technology. “I’d like to see the United States align with Mexico more on things like developing fabrics and opening up fabric mills again, so we’re not dragging those products all the way across the globe,” he said.

Parchman also highlighted the cost dynamic. Companies shifting production to Mexico must be prepared for higher unit prices compared to China, especially if they are accustomed to seeking the lowest possible price. “If you’re just looking for rock bottom, low commodity price, then China still might be your option for the short-term depending on what happens with tariffs and the U.S. administration,” she said.

For many Mexican manufacturers, cash flow remains a significant challenge. Mendoza pointed out that many of these companies, which are often family-owned and second or third-generation businesses, have operated on cash rather than credit. As a result, they often request upfront payments from importers to secure materials for production.

“They don’t have a small business administration. They can’t get bank loans very easily, and so they’re asking importers for money up front. And our importers have gotten so used to different terms—60, 90, 120 days… Mexican company can’t do that. They need your cash to buy the production materials,” he said. “You’re going to have to meet them halfway.”

Source: sourcingjournal.com– Dec 13, 2024

HOME

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Sri Lanka's garment exports earnings rise by 5.7% from January-October 2024

From January-October 2024, Sri Lanka's earnings from garment exports rose by 5.7 per cent to $3.8 billion to further reach the $4 billion revenue mark in the first week of November 2024.

A major contributor to this growth, Sri Lanka's apparel and textile exports to the US and the UK increased by 23.28 per cent and 23.26 per cent respectively in October 2024 as against October 2023.

Sri Lanka's total combined textile and garments exports also helped increase the nation's merchandise export performance in October 2024. In 2023, the nation had exported apparel products worth $4,848.55 million while the value of its apparel exports rose to $5,933.52 million in 2022.

Source: fashionatingworld.com– Dec 14, 2024

HOME

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UK must brace for trade shifts: BCC

The British Chambers of Commerce (BCC) has urged the UK Government to prepare for a turbulent era in international trade, in its latest Global Britain report.

The report outlines 26 recommendations aimed at driving export growth, fostering trade alliances, attracting investment, and enhancing economic diplomacy. It emphasises key actions such as revitalising economic diplomacy to secure better trade outcomes, improving access to trade finance through digitalisation, reforming domestic regulations to encourage private sector investment, strengthening export support to maximise the benefits of existing trade deals, and building global alliances to improve supply chain security.

As part of the BCC's 'Future of the Economy' project, the report draws insights from businesses, academia, Chambers, and think tanks. It recognises the UK's strengths as the sixth-largest economy in the world, the second-largest exporter of services, and the second-largest inward investment destination in Europe. However, the report also highlights the challenges posed by the lingering effects of Brexit and the slow recovery from the pandemic.

With a new US President set to take office in January 2025, ushering in a likely wave of tariffs and protectionism, the report warns of potential trade conflicts. It underscores the UK's unique position outside the EU, offering the flexibility to respond independently and act decisively in forming global alliances to influence the broader trade landscape.

"It is currently anyone's guess as to what the world's trading relationships will look like in the New Year, but everyone recognises that a new era of tariffs is likely on the way. But this is not a zero-sum game, where you are either on one side or the other. The UK is no longer part of a large trade bloc, which gives us more flexibility in how we respond. However, we must also make sure we are in the best shape possible to do that.

We need well supported Trade Commissioners and Envoys who are at the top of their game, and we need a finely honed strategy of economic diplomacy for them to use," said Martha Lane Fox, president of the British Chambers of Commerce and Chair of the Business Council

"The UK has a long history as a convener and consensus builder in trade alliances. And while the months ahead might prove difficult, we must not lose sight of the prize that keeping the global trade system as open as possible will bring.? The maths on this is really very simple. If the UK exports more than it imports, then trade contributes to economic growth, productivity rises, and wages and investment are pushed up – creating a virtuous circle. But the additional costs for employers from the Autumn Budget mean many are tightening their belts. If we are serious about growing our economy, then the Government must look closely at the level of export support it offers to business," Lane Fox added.

Source: fibre2fashion.com– Dec 13, 2024

HOME

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Kazakhstan plans to set up cross-border transport, logistics hubs

Kazakhstan plans to boost its export potential by developing cross-border transport and logistics hubs, minister of trade and integration Arman Shakkaliyev told a meeting of government officials chaired by Prime Minister Olzhas Bektenov.

The aim is to modernise trade and logistical systems and improve Kazakhstan's position within Central Asia and the Caspian region by boosting export of non-resource goods by 30 per cent, accelerating trade interactions with neighbours and simplifying logistics for businesses.

The plan focuses on building transport, logistics and trade centres across Kazakhstan, particularly at the borders with China, Kyrgyzstan, Uzbekistan, Russia and the Caspian coast, an official release from the prime minister's office said.

One of the key projects is the Industrial Trade and Logistics Complex (ITLC), located at the Karasu checkpoint in Kazakhstan, near the Ak-Tilek checkpoint in Kyrgyzstan. This is part of the major international road corridor connecting Western Europe to Western China.

The ITLC will serve as a hub for storage, product preparation and redistribution of goods, with simplified border systems and a new bridge to relieve existing traffic at the checkpoints. Construction is scheduled to begin next year.

The International Centre for Industrial Cooperation 'Central Asia', to be located near the Atameken (Kazakhstan) and Gulistan (Uzbekistan) checkpoints, will play a key role in the consolidation, processing and distribution of cargo flows. The centre will focus on agriculture, chemicals, textiles, mechanical engineering and pharmaceuticals.

The Eurasia Cross-Border Trade Centre will be positioned near the Uralsk airport in Kazakhstan, facilitating cargo flows between Kazakhstan and Russia and further extending into Eastern Europe. This project, to be launched in 2026, aims at improving the efficiency of regional trade by promoting investment in industries like paints, coatings and plastics.

The Khorgos Hub, which links Kazakhstan with China and is part of the broader Belt and Road Initiative, will increase export volumes and foster industrial cooperation between the two countries.

The Caspian Hub will focus on container storage, transloading and offering services for handling goods along the Trans-Caspian International Transport Route (TITR). A key part of the project is the Aktau Seaport Container Hub, set for completion in the second quarter of 2025. This hub is expected to raise the volume of transit cargo between China and Europe.

Additionally, the Sarzha Multifunctional Marine Terminal at the Kuryk port will enhance Kazakhstan's logistics capacity, with a planned completion date in 2026.

Source: fibre2fashion.com– Dec 15, 2024

HOME

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Vietnam's garment-textile exports expected to reach 44 billion USD this year

Vietnam's garment-textile export value is expected to reach 44 billion USD in 2024, marking an 11.26% increase from 2023, according to the Vietnam Textile and Apparel Association (VITAS).

Meanwhile, garment-textile import turnover is estimated at 25 billion USD, up 14.79%, resulting in a trade surplus of 19 billion USD, up 6.93% compared to the previous year.

VITAS President Vu Duc Giang noted that many companies in the sector are experiencing growth in orders for both 2024 and 2025. Despite ongoing global complexities, fluctuating shipping costs, slow trade recovery, and reduced global investment, Vietnam's garment-textile industry has managed to maintain strong growth.

For 2025, the entire industry aims for an export turnover of around 48 billion USD, said Giang said, emphasising that this figure is based on thorough calculation and research on order trends, predicting an abundant order volume for the sector compared to 2024.

However, he warned that despite optimistic forecasts, the industry will encounter significant challenges in 2025, including limited opportunities for large orders, stagnant prices, and slow consumer demand recovery. Companies will also face new challenges such as persistently low order prices alongside rising input costs, significant changes in purchasing practices by brands, and stricter regulations on payments and production volumes.

Moreover, the pressure of lower order prices combined with new regulations demanding stricter standards related to sustainability in production and self-sufficiency in raw materials will pose ongoing challenges for textile enterprises in the coming year.

Additionally, under intense competitive pressure from supply markets, Vietnamese garment-textile companies have to meet stringent labour standards, traceability requirements, and low carbon emissions targets from major export markets like the EU.

Nguyen Xuan Duong, Chairman of the Board of Directors of the Hung Yen Garment Corporation, pointed out that while the sector is projected to reach 44 billion USD in exports in 2024, exports to the EU remain modest. A significant challenge for the industry is the issue of sourcing, as raw materials are largely imported from China and other non-FTA countries.

To better leverage this large market and effectively utilise the tariff benefits provided by the EVFTA, Duong proposed competent agencies to address the industry's limitations. Meeting origin rules must be tied to developing local raw material resources, while it is neccessary to make planning for large industrial zones to attract investors.

Additionally, garment and textile companies need to continue investing in technology, automation, and robotics to improve production process. Furthermore, adopting drastic energy-saving measures and utilising renewable energy in production will be essential to obtain green certifications, which are increasingly mandatory for large market orders.

Source: vietnamplus.vn– Dec 15, 2024

HOME

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Textile industry in Pakistan: Challenges, opportunities and future prospects

The textile industry in Pakistan is a testament to the country's resilience and adaptability in the face of global economic slowdown triggered by the increased production costs.

In 2021, the sector achieved a landmark, with textile exports reaching a record $19.9 billion, accounting for more than half of Pakistan's total exports.

This milestone highlighted the industry's critical role in the national economy and showcased its potential as a global player in the textile market.

However, the journey has been far from smooth. Amidst the global economic slowdown triggered by the increase in energy expenses, Pakistan's industrial manufacturing sector has been adversely affected, mirroring the situation in other parts of the world.

The textile industry, which has been a crucial sector of Pakistan's economy since its inception, contributing significantly to the country's GDP, employment, and exports, faces additional challenges due to the country's struggling economy and prolonged periods of political instability.

In 2024, Pakistan's textile industry, once a cornerstone of the national economy, stands at a critical crossroads.

Once globally competitive, it now faces unprecedented challenges threatening its global standing. Meanwhile, Bangladesh, a major competitor in the textile sector, is grappling with a severe crisis, prompting international buyers to seek alternative suppliers. This presents a potential opportunity for Pakistan.
Textile industry is well-positioned to absorb Bangladesh's displaced orders provided the government eases stifling policies.

Bangladesh's textile industry, known for its low-cost garment production, has been hit by political instability, energy shortages, rising labour costs, and environmental challenges.

Global brands that once depended on Bangladesh are now searching for alternative suppliers. Unfortunately, Pakistan is unable to fill this gap due to its own set of challenges. High energy costs, heavy taxation, lack of technological investment, and supply chain disruptions have restricted the growth pace.

Global conditions are generally favourable for exports, with American and European brands shifting away from China and Myanmar.

This is the time to re-design export strategies to grab these huge export opportunities that will lead to economic prosperity for the country.

Resolving Pakistan's energy crisis is crucial. Stable and affordable energy could be a game-changer for the industry as high energy costs are a significant burden, directly affecting the competitiveness of Pakistani textiles in the global market.

Power tariff has exceeded a critical threshold of over 14 cents/KWh, which is almost twice the average faced by competing economies like Vietnams, India, and Bangladesh.

Similarly, gas/RLNG tariff for industries has reached to $13.5 per mmbtu, which makes the industry unviable within the region.

Gas is the basic fuel for the export-oriented textile value chain.

However, gas supply to highly efficient captive co-generation power plants will be discontinued from January 1, 2025.

This move will hamper the industrial manufacturing leading to a large-scale industrial closure and massive unemployment.

Huge investments of billions of rupees will become sunk cost as additional investments will be required for grid connectivity.

DISCOs inability (outages/fluctuations) to maintain stable and consistent power will enormously damage the highly automated machines leading to heavy losses.

Large-scale manufacturing (LSM) units with power demands exceeding 10 MW per hour, will be required to install own grids, which is a time-consuming process that requires billions of rupees in investment.

Unwarranted delay in payment of outstanding refunds is inflicting a severe strain on the highest growth-oriented and employment providing textile industry.

This poses a substantial financial burden on exporters as a significant portion of exporters' working capital (more than Rs300 billion) remains trapped in the refund regime on account of Sales Tax, Income Tax, Duty Drawback etc, resulting in the burden of paying interest on outstanding refunds.

The advance income tax on exporters has doubled in the last federal budget, including 1pc minimum tax (advance under Section 154) and an additional 1pc advance tax under Section 147.

This has severely affected exporters' cash flow.

Manufacturers involved in domestic textile trade pay only 1.25pc advance tax, while exporters bear a heavier burden. Since exporters already pay 29pc income tax on earnings, we recommend that individual exporters' Q1FY25 reviewed accounts by the chartered accountants be analysed by FBR.

Exporters with low profitability whose tax liability is covered by Section 154, advance tax should be exempt from Section 147 advance tax.

The Sales Tax Act 1990 holds exporters responsible for the GST input across the entire supply chain.

This is both illogical and unfair, as exporters can only be accountable for their direct business partners and have no access to FBR systems to track the supply chain origin. Exporters are one of the most compliant sectors, providing detailed monthly disclosures under the sales tax regime.

The 12pc sales cap and Form H already provide a complete accounting of materials and finished products.

We request this anomaly be corrected, and that a regulatory framework be established to prevent harassment. In terms of subsection 7 of Section 3, a registered person can be made liable to withhold sales tax charged by his supplier on his supplies to the extent and manner prescribed in 11th schedule of the Sales Tax Act 1990.

The exporters maybe declared as withholding agent in terms of subsection 7 of Section 3 and extent of withholding against all of their purchases may be notified in the 11th schedule of the Act.

The EFS scheme was launched after thorough deliberation to document the export value chain and support export-oriented businesses.

However, the recent budget removed the scheme for domestic trade, despite being revenue-neutral (due to zero-rating of GST on exports).

This withdrawal has negatively impacted the textile value chain's cash flow and is a major obstacle to achieving double-digit growth. Rationalising the scheme will help address these concerns.

Expanding export markets beyond traditional regions will reduce reliance on a few large buyers and tap into emerging markets in Africa and Latin America.

Pakistan's textile industry is at a pivotal moment. While Bangladesh's crisis has created an opening, Pakistan's internal struggles have hindered the sector's ability to capitalise on it.

However, with the right mix of investment, government support, and a focus on sustainability, Pakistan still has the potential to re-emerge as a global leader in textiles.

Source: thenews.com.pk– Dec 16, 2024

HOME

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NATIONAL NEWS

India's economy ends 2024 on strong note as business growth hits 4-month high, PMI shows

India's private sector output grew at the fastest pace in four months, preliminary readings from a survey showed, helping the economy end 2024 on a positive note underpinned by sturdier demand in services and manufacturing and record jobs growth.

Asia's third-largest economy grew a softer 5.4 per cent last quarter, but easing inflation is expected to spur demand among private sector firms, improving the outlook for next year.

Monday's HSBC's December flash India Composite Purchasing Managers' Index (PMI), compiled by S&P Global, rose to 60.7 this month - matching August's reading - after dropping to 58.6 in November.

The 50-level separates growth from contraction and the business activity index has been above 60 in all but three months this year. Such strength hasn't been seen since 2008 when the global financial crisis hit, suggesting strong private sector expansion.

"The small rise in the headline manufacturing PMI in December was mainly driven by gains in current production, new orders and employment," said Ines Lam, economist at HSBC.

"The expansion in new domestic orders quickened, suggesting a pick-up in growth momentum in the economy."

A stronger rise in demand was mainly reflected in the PMI for the dominant services sector, which rose to a four-month high of 60.8 from 58.4 in November, while the index for manufacturing was 57.4, up from 56.5 last month.

Service providers led the rise in sales with the new business sub-index touching the highest since January. Improving international demand for goods and services also boosted sales with the former recording a faster increase than the latter.

That improved the business outlook for 2025 and overall optimism rose to its highest since September last year and prompted companies to ramp up hiring additional staff at the fastest pace since the survey began in late 2005.

Both manufacturing and services posted a new peak for employment generation.

Inflationary pressures eased in December after two consecutive months of steeper rises. However, firms again increased selling prices albeit at a slower pace than November's near 12-year high.

That will provide some relief to newly appointed Reserve Bank of India Governor Sanjay Malhotra after consumer inflation came in lower than expected at 5.48 per cent last month with economists betting on a rate cut in February 2025, a Reuters poll found.

Source: thehindubusinessline.com– Dec 16, 2024

HOME

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New Zealand keen to restart negotiations on a free trade pact with India

New Zealand is attempting to come back to the negotiating table with India to work out a bilateral free trade agreement (FTA), almost a decade after talks were abandoned by the two countries following their failure to narrow differences in some sensitive areas including dairy and agriculture, sources said.

New Zealand Trade Minister Todd McClay, scheduled to be in New Delhi this week to meet Commerce & Industry Minister Piyush Goyal and the business community, is expected to make a strong pitch for restarting the FTA talks, a source told businessline.

"For a long time, New Zealand was not too interested in resuming FTA talks without inclusion of dairy. But after India signed the ECTA (Economic Cooperation and Trade Agreement) with Australia, things seem to have changed. The new coalition government that came to power in October 2023 is now very interested in exploring a FTA pact," the source said.

McClay recently told a select committee in his country that it will be his fault if New Zealand doesn't secure a FTA with India this term, not Prime Minister Christopher Luxon's who made the promise.

India, which is at present finalising a set of Standard Operating Procedures (SOPs) for negotiating future FTAs, is already in the thick of negotiating a number of pacts including ones with the UK and the EU.
lot of scope

New Zealand, a small island country with a population of around 5.25 million, was India's 87th largest trading partner in FY24 with exports to the country at $538 million and imports at $335 million. While India's exports mostly comprise pharmaceutical products, mineral fuels, textiles articles and machinery, its imports include mineral fuels, wood, iron and steel and kiwi fruit.

At a Joint Trade Committee meeting earlier this year the countries acknowledged that there was a lot of scope to increase two-way trade as they accounted for a sub-optimal share in total trade.

"One of the important reasons why the FTA talks were suspended in 2015 after around five years of negotiations was because India had refused to give any access to its dairy market. Dairy is New Zealand's largest export item and contributes significantly to the GDP," the official said. But things have changed now.

Earlier this month, New Zealand's Foreign Affairs Minister Winston Peters, at the India New Zealand Business Council's annual address in Auckland, broadly hinted at it. "I think there's a chance that we will be announcing the beginning of negotiations on that [trade deal] matter," Peters is reported to have said.

India has always been an important partner, the Minister highlighted. "When we came to government just over a year ago, it was obvious that a clearer, more determined, and more vigorous approach was required," he said.

One of the reasons for New Zealand's renewed interest would be the implementation of the India-Australia ECTA which offers Australia preferential access in a number of items of interest to the country including the kiwi fruit, the official said.

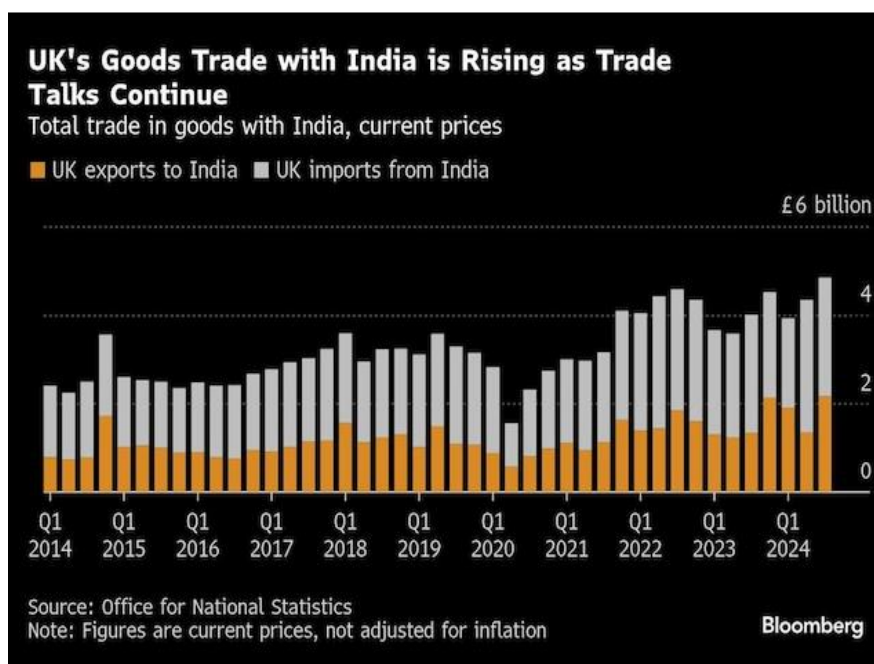
Source: thehindubusinessline.com – Dec 15, 2024

HOME

****

UK-India business boosted by prospect of free trade agreement, says HSBC

Business between the UK and India has boomed this year as firms in both countries anticipate their governments will be able to seal a free trade agreement, HSBC Holdings Plc data showed. In the nine months to October, HSBC's UK unit received 36 per cent more business client referrals from its arm in India than a year earlier, data from the bank showed on Monday. That includes Indian clients who want to set up a company in the UK, establish a subsidiary or make an acquisition. Payments received from India by UK clients climbed by 121 per cent, with a 32 per cent rise in flows in the opposite direction.



The positive snapshot from the only UK bank to have a significant presence in both markets comes as the two nations prepare to relaunch negotiations on a free trade agreement in January. Talks which then-Prime Minister Boris Johnson hoped would conclude by Diwali in October 2022 are still dragging on more than two years and three British premiers later, and have been on hold since the UK's July 4 general election.

While a deal is still far from nailed on, Prime Minister Keir Starmer — who ousted Rishi Sunak's Conservatives in July — will welcome the rise in Indian interest in the UK indicated by HSBC's figures. The premier has sought to market the UK as an attractive place for overseas capital, holding a high-profile international investment summit in October as he pledges to fire up growth.

The bank's growth in business between India and the UK has been driven in part by the "massive" potential for a trade deal between the two nations, according to Cora McLaren, HSBC UK's head of international subsidiary banking. She said that even absent a deal, the ongoing commitment of the two countries to securing one after 14 rounds of talks boosts confidence in bilateral trade.

"The free trade agreement is being talked about, when I speak to clients — their interest is in how does it relate to them," McLaren said in an interview. "Anything that gives certainty to businesses around the future outlook is helpful because in making decisions, one of the enemies is uncertainty or volatility."

Trade between the UK and India totaled £42 billion ($53 billion) in the 12 months through June, with UK exports to India worth £16.6 billion, according to official figures. When the last round of FTA talks closed in August, people familiar with the matter said there were still hurdles to be overcome in goods, services and investment areas.

India has more protectionist policies than Britain, imposing an import tariff on Scotch whisky of 150 per cent, for example. During his previous presidential term, Donald Trump called India the "king" of tariffs, but with the US president-elect now threatening his own levies of up to 20 per cent on all goods imported to the US — Britain's biggest individual trading partner — it's becoming increasingly important for the UK to broaden trade with other nations.

McLaren said that concluding a trade deal would encourage British companies to search out opportunities in India that could ultimately help the UK reach its growth targets: Starmer is aiming for the UK to have the highest sustained rate of growth in the G7. In terms of British firms, broadening customer bases abroad could bring more activity to production facilities in the UK, while building new premises in India could help create jobs as many firms will initially take UK workers to lend their expertise, McLaren said.

She also said that Indian clients appreciate the UK's pool of talent and political stability and that even after Brexit, some see Britain as a pathway into the larger market of the European Union. India has also been holding separate trade negotiations with the bloc, but progress has been sluggish. Promises by Starmer to form closer ties with the EU post-Brexit have piqued the interest of clients in India.

"We still see strong trading between the UK and EU and indeed it's been a priority for the government to open up those conversations more at pace," McLaren said. That "sells the UK as being open for business, which is really positive." She nevertheless warned against complacency in attracting Indian investment, saying: "If we think we're not in competition, we are kidding ourselves. Of course it's a competition because large corporates overseas have a real choice in where they want to invest."

Source: business-standard.com– Dec 16, 2024

HOME

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India eyes bigger share in Norwegian apparel & textile imports

India and Norway have forged a deeper economic partnership, with both countries exploring cross-sector growth opportunities during a ministerial-level meeting recently held in Mumbai. India's Commerce and Industry Minister, Piyush Goyal, and Norwegian Minister of Trade and Industry, Cecilie Myrseth, discussed various issues in the meeting conducted in a hybrid manner. The latest trade data suggests that India is one of the major suppliers of apparel and textile products, presenting a vast opportunity to increase its share from the current meagre level.

The Nordic nation imported apparel worth $91.987 million from January to October 2024, which accounted for 4.52 per cent of its total apparel imports of $2.033 billion in the same period. India was the fifth-largest supplier after China, Bangladesh, Turkiye, and Vietnam, whose combined share exceeded 65 per cent during the period.

Norway’s total apparel imports increased from $1.975 billion in January-October 2023, but its imports from India slowed down in the first ten months of the current year from the inbound shipment of $95.983 million in the corresponding period of the last year. India also slipped to fifth place this year from fourth position in January-October 2023, according to Fibre2Fashion's market insight tool TexPro.

The north European country’s apparel imports stood at $2.326 billion in 2023, out of which the import from India was noted at $109.248 million. Earlier, the inbound shipment from India was valued at $112.120 million in 2022 and $97.571 million in 2021.

India secured a place in Norway’s home textiles imports as the second-largest supplier, with a market share of 13.66 per cent of its total imports of home textiles.

The country’s import of home textiles from India was $54.868 million in January-October when its total imports were noted at $401.590 million. Norway’s imports of home textiles were valued at $400.717 million, and the imports from India at $50.615 million in January-October 2023, as per TexPro.

Meanwhile, the country’s imports of home textiles totalled $466.609 million in 2023, when its import from India was $59.275 million (12.70 per cent). Norway had imported home textiles worth $562.881 million in 2022 and $674.828 million in 2021. Its imports from India were valued at $70.303 million and $71.984 million respectively.

Source: fibre2fashion.com– Dec 14, 2024

HOME

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India has more than a 'BIT' of a problem on trade & investment negotiations

India's model bilateral investment treaty (BIT) and the finance ministry's firm stance against amending it are becoming significant roadblocks for trade negotiators, according to a ToI report. This rigid position is also creating challenges for several nations—including Saudi Arabia, the UK, the European Union, and Sri Lanka—seeking investment arrangements with India.

According to a government source, the possibility of introducing some carve-outs in the model BIT has been a topic of internal discussions among officials recently, ToI reported.

Saudi Arabia's Concerns

The issue gains prominence ahead of Prime Minister Narendra Modi's upcoming visit to Saudi Arabia, where investment topics are expected to dominate the agenda. Specifically, Saudi Aramco's plans to establish two refineries in India—one in Gujarat in partnership with ONGC and another in Andhra Pradesh with BPCL—could be a key focus.

Saudi Arabia has previously raised concerns about India's model BIT, which has also hindered progress in negotiating a bilateral trade deal with the Gulf Cooperation Council (GCC).

UK Trade Negotiations to Revisit BIT Debate

The UK trade negotiators are also expected to revisit the issue next month, as the British government under Prime Minister Keir Starmer works to finalize a free trade agreement (FTA) with India. Negotiations have dragged on for over a decade and a half, often stalling due to differences over investment protections.

In 2016, India introduced the current model BIT following its loss in the White Industries arbitration case in 2010. Subsequently, two UK-based companies, Cairn Energy and Vodafone, invoked arbitration under previous BITs after facing retrospective tax claims in India.

Even the India-UK Infrastructure Financing Bridge, which aims to encourage British investment in projects like roads and green energy, has been bogged down by concerns over the current BIT framework.

UAE's Precedent and EU Resistance

India made certain concessions while signing its FTA with the UAE, providing a potential precedent for future negotiations. However, trade partners like the UK and the EU remain steadfast in their demand for modifications to the investment chapter, expressing concerns about the lack of flexibility in India's model BIT.

Sri Lanka and Other Nations Raise Issues

Sri Lanka has also flagged concerns about the model BIT in its engagement with India to expand the scope of their existing trade agreement. Meanwhile, countries like Singapore and South Korea still operate under earlier BITs. Indian officials have, however, indicated potential changes in their agreements with South Korea, though the details remain unclear.

India's model BIT was introduced to provide a stronger defense for the government in arbitration cases after significant losses in previous disputes. The treaty's stringent provisions focus on protecting India from liability, but they often deter foreign investors who seek robust legal protections.

While the government views the BIT as a negotiating tool, critics argue that its inflexibility may hinder India's ability to attract foreign investment, especially in sectors critical to economic growth.

Source: economictimes.com– Dec 16, 2024

HOME

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Indian exporters reluctant to make shipments to Bangladesh as reliability of payment assurances by Bangladeshi banks drop

With the reliability of letters of credit being honoured by Bangladeshi banks coming down, Indian exporters are afraid that payments against their shipments might be delayed or not be made, resulting in a significant drop in export to neighbouring Bangladesh.

"Export out of India to Bangladesh has hit badly because the payment assurances have come down to a very low level. The exporters are not very sure about the reliability of the letters of credit being honoured by Bangladeshi banks on time," Yogesh Gupta, Regional Chairman, Federation of Indian Export Organisations (FIEO), told businessline.

"If payments in trade don't come, the Reserve Bank of India (RBI) takes a very stern view and FEMA provisions come into effect. So, Indian exporters are not willing to make the shipments. A general fear is there that payments will not come on time," Gupta said.

Current political upheaval in Bangladesh has exacerbated the nation's banking sector's frailties. Global rating agency Moody's in November revised its ratings for six Bangladeshi banks, citing concerns over the country's recent sovereign downgrade. The ratings agency downgraded Bangladesh's sovereign rating on the back of heightened political risks and lower growth prospects for the South Asian nation.

The rating cut has highlighted the economic challenges that the Muhammad Yunus-led interim government in Bangladesh is facing. As India-Bangladesh relations have hit a new low with tensions rising, border trade between the two countries may witness a massive drop within a month.

"Border trade through the Petrapole–Benapole route is still going on. But, it is likely to come down. There are lesser numbers of letters of credits being issued to the traders by both Indian and Bangladeshi banks. Despite orders, Indian exporters are not willing to make shipments to Bangladesh as they fear not getting payments," Petrapole Clearing Agents' Staff Welfare Association secretary Kartik Chakraborty said.

"If the tension does not abate soon, border trade will be impacted heavily within one month," Chakraborty added. The Land Port Petrapole is the largest land port in South Asia and it is a vital gateway for trade and commerce between India and Bangladesh. Petrapole (India)-Benapole (Bangladesh) is one of the most important land border crossings for two nations both in terms of trade and passenger movements. Nearly 70 percent of land-based trade (by value) between India and Bangladesh takes place through this land port.

Petrapole Land Port, about 80 kms from Kolkata, is also the eighth largest international immigration port of India. As relations between the two neighbours have become strained, Kolkata's private hospitals have been witnessing a considerable drop in Bangladeshi patients inflow. "There has been a decline in general medical visas issued to patients from Bangladesh in the last few months. People from Bangladesh would sometimes also come on tourist visas and go for consultations or routine check-ups, but the issuance of tourist visas has also dropped in the wake of the current situation," Pratim Sengupta, MD & CEO, Nephro Care India, told businessline. Kolkata-based Nephro Care is one of the leading multi-speciality healthcare providers in eastern India. According to various estimates, as many as 4.49 lakh patients from Bangladesh came to India in 2023, and a significant majority of those usually come to West Bengal for treatment.

"At Nephro Care, nearly 10-12 per cent of our total number of patients are from Bangladesh who come for renal consultations as well as transplant. While the arrival of patients from Bangladesh has seen some drop but we have witnessed a 40-50 per cent jump in online consultations by patients in Bangladesh," Sengupta said, adding some patients from Bangladesh are also taking visas to countries like Vietnam and then coming to West Bengal from there for treatment and renal transplants. According to Sudipto Mitra, CEO, Peerless Hospital, the reduction in Bangladeshi patients inflow in West Bengal is mainly due to the recent communication disruptions between the two countries. "We do not see it as a business loss. We consider it a deferred business, because the patients from Bangladesh will eventually come. We are also not worried, as of our total business volume, contribution of Bangladesh is very low," Mitra added.

Source: thehindubusinessline.com– Dec 14, 2024

HOME

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Tamil Nadu government provides interest subsidy to modernise textile mills

The Department of Handlooms, Handicrafts, Textiles and Khadi, Government of Tamil Nadu, has allocated ₹10 crores for the current financial year (2024-2025) to implement the 6% interest subvention scheme for textile mills that want to invest and upgrade technology.

According to an order dated December 9, 2024, the Department has allocated ₹500 crores for implementation of the scheme for 10 years from 2024. The working guidelines of the scheme say that 60% funding will be for ring frame spinners, 25% for open-end spinning, and 15% for air jet or electro spinning units.

The 6% interest reimbursement will be applicable for five years or actual loan repayment period, whichever is lesser.

All spindles or rotors that are more than 15 years old can be modernised under this scheme. A spinning mill can avail of benefits once and only for purchase of machinery and spares directly from the manufacturer.

The Southern India Mills' Association (SIMA) welcomed the scheme and said this will spur investments in the spinning sector. Of the total 45 million working spindles in the country, 19 million spindles are in Tamil Nadu. Totally, 15 million spindles are more than 15 years old, including 12 million in the State. These need to be replaced once seven to 10 years.

When Tamil Nadu government wanted to support spinning sector, the industry sought financial support only for modernisation as there is already over capacity in the spinning sector. The scheme, which was introduced in 2019 with 2% incentive was not attractive, will help modernise about 3.5 million spindles in Tamil Nadu, said SK Sundararaman, chairman of SIMA.

G. Arulmozhi, head of the Openend Spinning Mills Association, said the banks should now operationalise the schemes. They usually do so immediately for capital subsidy schemes. Open-end spinning mills change the rotors once in three years. Production will increase 10% to 20% because of modernisation.

The South India Spinners Association secretary Jagdish Chandran said the cap of 25,000 spindles for a mill will benefit the small-scale spinners. The mills can modernise limited number of spindles and reduce production costs rather than operating more number of spindles, he said.

Source: thehindu.com– Dec 13, 2024

HOME

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Extra long staple cotton imports rebound

India had imposed an 11% import duty on cotton in the 2021-2022 Budget.

India's imports of Supima cotton, exported by the U.S., is rising following the withdrawal of import duty on extra long staple (ELS) cotton earlier this year.

India had imposed an 11% import duty on cotton in the 2021-2022 Budget.

Marc Lewkowitz, president and CEO, Supima, told The Hindu this crop year (August to July), Indian imports had crossed one lakh bales. Export of Supima (a marketing brand of the U.S.-grown Pima cotton) by the U.S. to India had grown 'dramatically' in the last few weeks. India needs imports as it has a shortage of ELS cotton. India buys 60,000 to two lakh bales of Supima cotton annually, he said.

Farmers cultivating the Pima cotton in the U.S. are able to just break even or not able to meet the production costs at the current price levels, and the prices are likely to go up so that the area under cultivation does not decrease. "We are working with brands and retailers to give stability to value across the supply chain," he said.

As per William Bettendorf, director of Cotton USA Supply Chain, South Asia, Cotton Council International, India imported 1.2 million bales of U.S. cotton in 2019. In the last three to four years, share of the U.S. in India's cotton imports had come down since there were supplies from Australia, Brazil, and the west African countries.

"Though our sales has grown this year compared with last year, our share will dip," added Peush Narang, representative of Cotton Council International.

Source: thehindu.com– Dec 15, 2024

HOME

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Number of national waterways in India up from 5 in 2014 to 111 now

The number of national waterways has increased to 111 now from five in 2014, minister of ports, shipping and waterways Sarbananda Sonowal informed parliament recently.

Over ₹6,000 crore ($707.5 million) has been invested to rejuvenate inland waterways in the last decade, he said.

The total volume of cargo transported by inland waterways has increased from 18.07 million metric tonnes (MT) in fiscal 2013-14 to 132.89 million MT in fiscal 2023-24, with a compounded annual growth rate of 22.1 per cent, he said.

The government has set a target of 200 million MT of cargo movement via waterways by 2030. For 2047, the target is 500 million MT, an official release cited the minister as saying.

India boasts an extensive network of inland waterways comprising rivers, canals, backwaters and creeks. Of the total navigable length of 20,236 km, 17,980 km consists of rivers and 2,256 km is made up of canals.

Source: fibre2fashion.com– Dec 15, 2024

HOME

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