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1. ESCALATION IN US-CHINA TRADE WAR MAY HELP INDIA TO INCREASE EXPORTS: GTRI

The escalation in the US-China trade war is expected to help India increase its exports and attract investments from American companies, think tank GTRI. He said that last month, the US Senate introduced two bills that could intensify the trade war and have major global economic impacts if passed. The 'Neither Permanent Nor Normal Trade Relations Act' (PNTR Act) and the 'Axing Non-Market Tariff Evasion Act' (ANTE Act) aim to counter China's trade practices by raising tariffs and imposing new trade barriers. The PNTR Act seeks to phase out China's favourable trade status, while the ANTE Act targets non-market economies like China and Russia with tougher measures, the Global Trade Research Initiative (GTRI) said. "While these bills aim to protect US industries, they also create opportunities for countries like India to grow their manufacturing sectors. "As US companies look for alternatives to China, India could see increased investment in electronics, textiles, and manufacturing, enhancing its position in global supply chains," GTRI Founder Ajay Srivastava said. In this background, he said, India should reconsider its proposals to invite Chinese firms and investment aimed at boosting exports. The higher tariffs on Chinese products present an opportunity for India to strengthen its manufacturing sector, he added. He also said that both bills create a potential for growth in local industries. "As US companies reduce their reliance on China, India's expanding manufacturing sector, especially in electronics, textiles, and other industries, could attract more investment," he said. The GTRI suggested to the government that India should actively work to attract investment from multinational companies seeking alternatives to China. It will be essential to boost domestic production capabilities, especially in electronics, machinery, textiles, and solar panel manufacturing, to fill the gap left by reduced Chinese imports to the US. "India should also reconsider inviting Chinese firms for export-related investments, as US actions against Chinese companies could impact India's own exports if tied to Chinese investments," it said.

(Source: Business Standard)

2. INDIA INITIATES ANTI-DUMPING INVESTIGATION ON MEG IMPORTS

India has initiated an anti-dumping investigation concerning imports of mono ethylene glycol (MEG) originating from or exported by Kuwait, Saudi Arabia, and Singapore. The Director General of Trade Remedies (DGTR), under the Ministry of Commerce and Industry, issued a notification on Monday regarding the investigation into the dumping of MEG, a major raw material for polyester staple fibre (PSF). Reliance Industries Limited, a leading Indian producer, has sought the initiation of the anti-dumping investigation through an industry body, the Chemicals and Petrochemicals Association of India (CPMA). The company has interests in the upstream value chain of polyester yarn. The CPMA has alleged that MEG originating from or exported by these countries has caused material injury to the domestic industry and poses a further threat to domestic producers. As a result, the Association has requested the imposition of anti-dumping duties on MEG imports from these countries. Indian Glycol Limited has also supported the CPMA's request. The DGTR will consider the period between April 1, 2023, and March 31, 2024 as the investigation period. The injury period for the investigation will cover the three preceding fiscals: 2020-21, 2021-22, and 2022-23. The CPMA has claimed that although information regarding the cost of production of the product in these countries is not publicly available, it is evident that the export price is significantly lower, indicating dumping. While anti-dumping duties provide protection to domestic industries, they can lead to losses for consumer industries relying on imported products. This, in turn, can leave downstream industries, such as those producing garments, fabric, and yarn in the textile sector, less competitive in the global market.

(Source: Fibre2Fashion)

3. MOST APPAREL BRANDS DIDN'T SHIFT ORDERS FROM BANGLADESH: BHRRC SURVEY

Twelve out of 20 global apparel buyers have not shifted work orders from Bangladesh despite the unrest in the country and have been maintaining order stability, according to a survey by the Business and Human Rights Resource Centre (BHRRC). The brands are Adidas, ASDA, C&A, H&M, Inditex, Marks & Spencer, Next, Puma, PVH Corp, Tesco, Primark and Walmart, according to domestic media reports. BHRRC sought information on how brands were handling disruptions in Bangladesh, maintaining responsible purchasing practices and supporting suppliers and affected garment workers amid quota reform protests. Several brands were reluctant to provide information on the impact of the protests on how they have ensured responsible purchasing practices and protection of worker welfare during the unrest. Thirteen surveyed brands indicated they have not imposed penalties for late deliveries following the supply chain disruptions. The Resource Centre inquired about how brands monitored workers' wage payments and ensured that wages were paid on time and in full for the July-August period. About wage payment, seven buyers—Gap, PUMA, PVH, Primark, Tesco, Next and H&M—reported full- and on-time wage payment for July were made while Adidas, ASDA and M&S outlined how they monitored wage payments for July and August, but they did not confirm that wages were paid on time and in full. C&A, Inditex and Walmart, however, did not answer this critical question. ASDA offered a supply chain finance option, while M&S provided vendor finance and letter of credit options to ease cash flow issues, the survey found. C&A offered low-interest or no-interest financing to suppliers and also covered the cost of air shipments to mitigate delivery challenges. Primark extended production and delivery timelines, offering non-financial support to help suppliers manage production disruptions and meet deadlines without penalties, the survey report added. Industry insiders, however, argued that the indirect losses are even greater especially as they have to incur financial losses due to costly air shipments while they are afraid of longer-term impact on the country's apparel industry. The reported impact on workers included mandatory overtime to meet lead times, increased production targets to offset financial losses or avoid order cancellations, increased transportation costs for workers to reach factories, and non-payment of wages or delayed wage payments, according to the BHRRC. Talking to the FE, Fazlee Shamim Ehsan, executive president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said big brands are very strategic as they would not shift orders by making an announcement. "Immediate shift or order transfer might not be possible as there are many stages to complete a work order including raw material purchase, production stage and shipment," he said, adding: "But many factories have faced costly air shipments recently." He said airfare has gone up to US$6.0-7.0 per kg which was only $2.50 per kg even a month

ago. During the last month, order placement was slower indicating that orders might have shifted especially those of small buyers from small factories, he said, adding: "Once small factories lose any of their buyers, it is difficult to get them back." Responding to a question about wage arrears, Mr Ehsan said there are some factories that are yet to pay wages as they are small in size and struggling to get back work orders while they were also facing problems as banks are not providing any support. According to industrial police sources, there are some 70 factories under its jurisdiction that did not pay July wages while the percentage for August wage payment was 93 per cent until. According to IP sources and labour leaders, the majority of the workers agitated over wage arrears and for increasing different allowances including attendance, tiffin and night bills since August 29 while wage hike had been added to their demands last week.
(Source: Fibre2 Fashion)

4. GOVT DISCUSSING SCHEME FOR 'MADE IN INDIA' LABEL

The government is discussing a proposal to formulate a scheme for the 'made in India' label with a view to promote brand India in the global markets, an official said. The official said that a high-level committee is examining the details of the scheme. The objective is to create a strong brand identity for India, similar to how 'made in Japan' or 'made in Switzerland' evokes about specific images and qualities. "That we want for India also," the official said, adding for instance, "when we think of Switzerland, we often think of their watches, chocolates, and banking systems. "We are having discussions on how we can do that. Do we make this scheme for specific sectors like textiles, where we have strength in that. So we are looking into such things," the official added. According to experts, quality consciousness is key to promote Brand India. The government at present has India Brand Equity Foundation (IBEF) to promote and create international awareness about the 'made in India' label in overseas markets and to facilitate dissemination of knowledge of Indian products and services. It is a trust established by the Department of Commerce. Think tank Global Trade Research Initiative (GTRI) suggested that India's branding strategy should focus on three pillars brand high quality products; improve product quality for less than best products, do not focus on branding; and actions to improve product quality. "India can take several actions to naturally improve its branding. Consistent product quality and reliability should be a priority. For instance, the Indian pharmaceutical industry has gained global trust through its production of high-quality generic drugs. "To protect this reputation, India must enforce strict actions against substandard suppliers," GTRI Founder Ajay Srivastava said. He said, until India achieves top-tier production standards in a sector, branding should take a backseat. "For example, between 1990 and 2010, China quietly became the largest contract manufacturer of electronics like TVs and refrigerators without pushing its firms to focus on branding. Once confident in its product quality, China then aggressively promoted its brands," Srivastava said. He also said that India could establish a unified brand called 'India Quality Product' that signals excellence and reliability. To use this label manufacturers and exporters would need to meet specific product and packaging standards, he said. "The initiative could begin with categories like garments, shoes, and handicrafts, where India has a strong tradition, and then gradually expand to include electronics and engineering products," he added.
(Source: The Economic Times)

5. MIP EXTENSION TO BOOST LOCAL TEXTILE INDUSTRY CAPACITY

With 13 categories of knitted fabrics brought under Minimum Import Price (MIP) till December 31, the textile sector is hopeful of the domestic industry improving its capacity utilisation. Prabhu Dhamodharan, convenor of the Indian Texpreneurs Federation (ITF), said China is facing a downturn in domestic demand for the last two years and hence there is a surge in dumping of Chinese goods in the international markets. By bringing majority of knitted fabric categories under MIP, cheap imports from China is expected to reduce. According to a notification issued on Tuesday (October 1, 2024), synthetic, manmade fibre, and cotton knitted fabrics under 13 HS codes are now in the prohibited list of imports. “The imports will, however, be free if the value of the fabric is $3.5 per kg or more,” it said. Industry sources said the Government introduced MIP on five categories of knitted fabrics earlier this year. It is extended till December 31 for these categories and eight more categories are added based on representations from trade and industry. This will bring down cheap import of fabrics, especially from China, they said. The textile and garment industry bodies such as the Tiruppur Exporters’ Association have welcomed the move. The ITF said imposition of MIP during the end of FY 2024 on certain HS codes reduced imports in the knitted fabrics sector from almost $ 30 million in February this year to $ 17 million in July. However, the imports in some other HS codes jumped from $30 million to $57 million. Extension of the MIP to totally 13 categories of knitted fabrics will benefit stakeholders across the value chain and improve domestic capacity utilisation as there is a levelplaying field now, it said.

(Source: The Hindu)