LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

NATIONAL

India Is One Of The Best Markets For Italian Manufacturers: ACIMIT

At present, India is one of the best markets for Italian manufacturers, according to *Marco Salvadè, president, ACIMIT* (the Italian textile machinery association), which represents more than 80 per cent of Italian textile machinery production.

“In 2023, India represented the third largest foreign market for the Italian textile machinery industry. The country imported Italian textile machines for a total value of €154 million,” Salvadè told Fibre2Fashion on the sidelines of an event in New Delhi yesterday.

As a way forward for a stronger Indo-Italian business cooperation, a workshop on Italian textile technologies with B2B meetings on “Latest Italian Technology of Entire Value Chain from Spinning, Knitting, Weaving, Nonwovens, Dyeing and Finishing” was held at At Hyatt Regency Hotel, New Delhi.

The workshop was organised by the Italian Trade Agency (ITA – the Trade Promotion Section of the Italian Embassy), in collaboration with ACIMIT, which is supporting a delegation visit of 11 well-known textile machinery manufacturers to India from April 9 to 12, 2024.

The next technology showcase event is scheduled in Mumbai on April 11, 2024, at Hyatt Centric Juhu Hotel. The event presents a chance to decision-makers and experts from the textile and nonwovens industry in India to inform themselves about the latest textile machinery solutions to make their textile business and products more sustainable and efficient, according to the ITA.

“The Indian economy is performing very well, so we expect that these technology workshops, organised by ACIMIT and ITA in the country can be an additional business opportunity,” said Salvadè. “Also, thanks to these two events, placed in New Delhi and in Mumbai, I am confident that Indian textile operators will have a complete overview of the latest innovations carried out by the Italian manufacturers and shown during the last ITMA in Milan. Mainly in the area of sustainability, Italian companies propose technological solutions that can reduce energy consumption and pollution in the textile production processes. These are goals pursued by all textile companies that want to be competitive in the world scenario.”

Speaking to Fibre2Fashion, *Antonietta Baccanari, Trade Commissioner, Italian Trade Agency (ITA),* said, “As we delve into discussions regarding the digitalisation of the Italian machinery sector and its potential collaboration with our Indian counterparts, it is worth noting that we are already beginning to integrate AI into our working strategies and production systems, marking a significant step forward in our approach to innovation.

“The enthusiasm displayed by India towards adopting new technological solutions, particularly AI, underscores the immense opportunities that lie ahead in this vibrant market. This initiative is specifically tailored for our ACIMIT members, providing them with a platform to showcase their innovative offerings. Reflecting on today’s discussions, it becomes evident that fostering collaboration between India and Italy in the technological advancements is paramount.”

Highlighting the significance of this collaboration, it is noteworthy that according to the trade data from the Ministry of Commerce, Government of India, Italy accounts for 7 per cent of the total textile machine imports by India, and machine imports from Italy have surged by over 228 per cent from 2020 to 2023, indicating a deepening commitment and partnership with Italian companies.

“The textile machinery sector holds a pivotal role in shaping India’s economic landscape and influencing global trade dynamics. Therefore, our dedication to fostering closer collaboration between our two nations remains steadfast,” added Baccanari.

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Economy poised for 8-9% growth, says CII President

Read more at : Economy poised for 8-9% growth, says CII President - The Economic Times

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ADB raises India's GDP growth forecast for FY25 to 7% on robust investment, consumer demand

The Asian Development Bank (ADB) on Thursday raised India’s GDP growth forecast for the current fiscal to 7 percent from 6.7 percent earlier, saying the robust growth will be driven by public and private sector investment demand and gradual improvement in consumer demand.

The 2024-25 growth estimate is, however, lower than 7.6 percent projected for the 2022-23 fiscal. Strong investment drove GDP growth in the 2022-23 fiscal as consumption was muted, the ADB said.

The ADB had in December last year projected the Indian economy to expand 6.7 percent in the 2024-25 fiscal.

"The economy grew robustly in fiscal 2023 with strong momentum in manufacturing and services. It will continue to grow rapidly over the forecast horizon. Growth will be driven primarily by robust investment demand and improving consumption demand. Inflation will continue its downward trend in tandem with global trends," the April edition of the Asian Development Outlook released on Friday. Growth will be robust despite moderating in FY2024 and FY2025, it said.

For the 2025-26 fiscal, the ADB has projected India's growth at 7.2 percent. The ADB said exports are likely to be relatively muted this fiscal as growth in major advanced economies slows down but will improve in FY2025.

"Monetary policy is expected to remain supportive of growth as inflation abates, while fiscal policy aims for consolidation but retains support for capital investment. On balance, growth is forecast to slow to seven per cent in FY2024 but improve to 7.2 per cent in FY2025," it said.

To boost exports in the medium term, India needs greater integration into global value chains, the ADB added.

The ADB's growth forecast for FY25 is in line with the projections made by the Reserve Bank of India (RBI). The RBI last week had said GDP growth in the current fiscal is projected at seven percent on expectations of normal monsoon, moderating inflationary pressures and sustained momentum in manufacturing and services sectors.

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India-Mauritius tax treaty amendment: Potential impact on foreign investments

It's an unforeseen & unexpected speed breaker for bulls charging down India's equity street. India and Mauritius have moved to amend the India-Mauritius Double Taxation Avoidance Agreement (DTAA), potentially opening up millions of dollars worth of foreign investment coming into India from Mauritius for renewed tax scrutiny.

The amendment will incorporate a 'Principal Purpose Test' or PPT in the bilateral tax treaty which will determine if the sole purpose of a transaction structured out of Mauritius by a third country resident is to gain the benefit of the favourable tax regime offered under the treaty. Such 'treaty abuse' will be liable to investigation and India may opt to deny favourable treaty benefits concerning capital gains tax to such investors who 'fail' the PPT.

Let's dial back a bit for some context. The first amendment to the India Mauritius DTAA took place in May 2016 with India deciding to firmly shut down the tax avoidance route for funds that set up shop in Mauritius for the sole purpose of gaining exemption from paying capital gains tax as per provisions of the bilateral treaty.

Following the 2016 amendment, all investments coming into India from Mauritius up until 31st March 2017 were grandfathered and investments made after April 1, 2017, were subject to capital gains tax in India as per Indian tax laws.

The latest 2024 amendment which incorporates the Principal Purpose Test in the DTAA can potentially undo the 'grand-fathering' by throwing open even investments made before 2017 to fresh scrutiny. The amendment states that the new protocol "shall have effect without regard to the date on which taxes were levied or the taxable years to which the taxes relate."

Tax experts say this may affect foreign investments that were originally grandfathered under the 2016 amendment**.** "There needs to be clarity on whether the March 2024 amendment will have retrospective applicability. This can create uncertainty and bring into question India's status as a stable tax jurisdiction**"** says Dinesh Kanabar, CEO of Dhruva Advisors.

While capital gains are one aspect, the taxation of dividend income is another area that could spark a fresh debate between foreign investors and Indian tax authorities. India made dividends taxable in the hands of shareholders from April 1, 2020. However, foreign investors using the Mauritius route still benefit from a lower 5% withholding tax rate on dividends paid by an Indian company.

While capital gains are one aspect, taxation of dividend income is another area that could potentially see a fresh debate between foreign investors and Indian tax authorities. India made dividends taxable in the hands of shareholders from April 1, 2020. However foreign investors coming through the Mauritius route still enjoy a lower rate of 5% withholding tax on dividends paid by an Indian company.

“Given the latest amendment, one needs to evaluate the impact of the Principal Purpose Test on the benefit of lower tax on dividends available under the India-Mauritius treaty” says Himanshu Parekh Partner and Head of Tax (West), KPMG India.

The 2024 treaty amendment comes into force as soon as the new Indo-Mauritius tax protocol gets notified. With the stock market at all-time highs, the sudden tax hiccup may cause some flutter on the street. However, the Indian equity market has come a long way since 2017. Robust domestic flows have led the 3-year-old post-Covid rally. The coming days will reveal if the Mauritius FPI tax ghost from the past still has the same hold in terms of sentiment on Dalal Street.

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India's economic performance good, efforts needed to sustain it: EAC-PM member Sanjeev Sanyal

India's economic growth performance is 'good' and efforts now will be needed to sustain it, as there are concerns about the external environment, which are not quite settled, Economic Advisory Council to the Prime Minister (EAC-PM) member Sanjeev Sanyal said on Thursday.

Sanyal noted that if the weather condition and the monsoon turns out to be favorable, then food prices will hopefully get tempered as well. This will lay out conditions that will be quite conductive for a growth momentum of 7 per cent or so, to be carried through even under somewhat uncertain global situations.

"Our current economic growth performance, I would argue, (is) rather good. And the game now from here on is to be able to sustain it," he told PTI in a video interview.

India's economy grew by better-than-expected 8.4 per cent in the final three months of 2023—the fastest pace in one-and-half years.

The growth rate in October-December was higher than 7.6 per cent in the previous three years, and it helped take the estimate for the previous fiscal (April 2023 to March 2024) to 7.6 per cent.

Recently, the Reserve Bank retained the GDP growth forecast of 7 per cent for 2024-25 financial year.

"... While we are very confident of our domestic growth momentum in our economy, there are certainly concerns about the external environments, which are not quite settled," he said.

Sanyal explained that exports continue to be quite weak, and there is not yet any momentum in global exports. Moreover, "very recently, there was spike in oil prices... going up to USD 91 per barrel because of tensions in the Middle East, destruction of Russian oil facilities by Ukrainian attacks and a variety of other reasons," the EAC-PM said.

Asked about long-term solutions to high food prices, Sanyal said high food prices to a large extent is not a production problem, but actually a storage problem.

"After all, Singapore and Dubai do not grow tomatoes and onions. Their onion and tomato prices don't go spiking in the way we have this and every year. Some vegetable or the other, onion, tomato, potato, whatever, something will go spiking off the charts," he said.

Emphasising that investment in storage also means that private markets in agriculture become more vibrant and strengthened, Sanyal said, the issue can be solved by states by formulating various kinds of mechanisms for storage of vegetables.

"Of course, the import and export of food material is also an issue. But yeah, but this (high) vegetable price issue... ultimately the solution to this issue is private markets and storage," he said.

Asked why foreign direct investment is slowing down in India, Sanyal said it is not only happening in India, worldwide foreign direct investment has significantly come down.

"But given the inquiries, we are getting the projects that are getting going, I am more than certain that the underlying momentum of FDI is very, very strong," he asserted.

According to OECD data, India's share of global FDI fell from 3.5 per cent in the first nine months of 2022 to 2.19 per cent in the same period in 2023.

The sharp drop of 54 per cent is much steeper than the overall global FDI inflow decline of 26 per cent in the first nine months.

To a question on India's China-plus one strategy, he said what India needs to do is create conditions for certain kinds of industries to build up enough capacity.

Sanyal pointed out that Apple not only moved its iPhone manufacturing facilities in India, it has also moved a large ecosystem here. "A lot of big companies are in the process of moving," he said, adding it takes a little bit of time.

Responding to a question on unemployment in India, Sanyal said the fact of the matter is, there is a need to generate jobs.

Emphasising that growth ultimately is the single most important solution for unemployment, he said therefore compounding this growth over the next several years is absolutely critical.

Sanyal said he is not a believer that in the medium-to-long-run, there is any such thing as jobless growth. "All growth ultimately generates jobs. You can have skill mismatches. You can have all kinds of other problems, but you can not generate jobless growth over long periods of time," he opined.

According to a recent International Labour Organisation (ILO) report, more than 80 per cent cent of India's unemployed workforce comprises its youth.

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Commerce Ministry may seek 5-year extension of interest equalisation scheme for exporters

The commerce ministry is likely to seek further extension of the interest equalisation scheme on pre- and post-shipment rupee export credit for another five years to promote the country's outbound shipments, an official has said. The scheme will end on June 30 this year.

"The ministry will do revamping of some schemes like interest equalisation scheme. We would propose an extension of the scheme for five years. The scheme is doing good, and it is helping the exporters," the official said.

On December 8, 2023, the Union Cabinet approved an additional allocation of Rs 2,500 crore for the continuation of the scheme up to June 30.

The scheme helps exporters from identified sectors and all MSME manufacturer exporters to avail of rupee export credit at competitive rates at a time when the global economy is facing headwinds. Exporters get subsidies under the 'Interest Equalisation Scheme for pre and post-shipment rupee export credit.

The additional outlay of Rs 2,500 crore, over and above the current outlay of Rs 9,538 crore under the scheme, was made available to bridge the funding gap to continue the plan up to June 2024.

The scheme was started on April 1, 2015, and was initially valid for five years up to March 31, 2020. It has been continued thereafter, including a one-year extension during COVID-19, and with further extensions and fund allocations.

Currently, the scheme provides an interest equalisation benefit at the rate of 2 per cent on pre and post-shipment rupee export credit to merchant and manufacturer exporters of 410 identified tariff lines at 4 digit level and 3 per cent to all MSME manufacturer exporters. These sectors include handicrafts, leather, certain fabrics, carpets and readymade garments.

The scheme has now been made fund-limited, and benefits to individual exporters are capped at Rs 10 crore per annum per IEC (Import Export Code).

According to a statement of the commerce ministry, the banks that lend to exporters at an average rate of more than Repo +4 per cent would be debarred under the scheme.

The scheme is implemented by the RBI through various public and non-public sector banks that provide pre and post-shipment credit to the exporters. It is jointly monitored by the Directorate General of Foreign Trade (DGFT) and RBI through a consultative mechanism.

From April 2023 - November 30, 2024, the government has disbursed Rs 2,641.28 crore against the allocated budget of Rs 2,932 under the scheme. Rs 3,118 crore was disbursed in 2022-23 and Rs 3,488 crore in 2021-22. Exporters said that the scheme is helping them in the current turbulent times.

Federation of Indian Export Organisation (FIEO) President Ashwani Kumar said the support measures under the scheme help in increasing the competitiveness of Indian exporters in the international markets.

"In China, the rate of interest is 2-3 per cent and that helps their exporters immensely. The government here should positively consider extending the scheme," Kumar said.

India recorded the highest monthly exports in February, registering an 11.9 per cent growth to USD 41.4 billion, mainly driven by increased shipments of engineering goods, electronic items and pharma products.

During April-February 2023-24, exports have declined to USD 395 billion compared to 409.11 billion in the same period of 2022-23.

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Majority of principal commodities exported to China record positive growth in 2023: Comm Min data

Read more at : india export to china: Majority of principal commodities exported to China record positive growth in 2023: Comm Min data - The Economic Times (indiatimes.com)

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Multinationals in India start offloading cotton as global prices decline on weak demand

As the cotton futures on ICE ease on muted global demand and prospects of a better crop in countries such as Australia, the multinational traders in the Indian market have started off-loading their stocks, trade sources said.

The May cotton futures contract on ICE, which touched a high of 103.80 cents on February 28 has eased to a level of 85.89 cents on April 10. The December 2024 contract on ICE is hovering around 82 cents. Trade sources said the international prices have eased by around 17-18 per cent from the high it achieved recently, on weak global demand led by countries like China, while the domestic prices are also down by 8-9 per cent from their recent highs.

“There are not many buyers in the market. Demand is there but the movement is very slow. Multinationals have started selling for the April, May, June and July delivery. This is mainly on decline in ICE futures and low demand,” said Ramanuj Das Boob, a Raichur based sourcing agent for domestic mills and multinationals and vice president of All India Cotton Brokers Association.

Cotton prices are hovering in the range of ₹60,000-₹62,000 per candy, about 3 per cent lower than the prices, a month earlier. Cotton sold by multinationals such as Viterra, COFCO International and Louis Dreyfus Company among others is being bought by traders and mills, Boob said.

There are enough stocks with the Cotton Corporation of India, ginners and traders, even as the market arrivals of the raw cotton has slowed down in states such as Maharashtra and Gujarat. Daily arrivals across various states are around 50,000-60,000 bales of 170 kg each. In Maharashtra, the arrivals are 25,000 bales, while in Gujarat it is around 20,000 bales and in Karnataka around 3,000 bales.

CCI, which has procured 32.84 lakh bales of 170 kg each at minimum support price for the 2023-24 crop season has so far, sold some 5.12 lakh bales. The stocks with CCI are at 27.72 lakh bales.

Pradeep Jain, President, Khandesh Gin Press Factory Owners Association in Jalagon, said the arrivals are negligible and the demand is poor. Farmers may not have cotton left to sell or they could be holding back expecting better prices.

“Farmers and ginners are not happy this year as prices have not been lucrative,” he said.

The Khandesh region, accounts for about a fifth of Maharashtra’s total production of about 1 crore bales, Jain said adding that farmers in the region could be having some 10-15 per cent of the stocks left.

Boob said most of the North Indian cotton mills have covered for the next six months. Mills are also buying need based because there is no bulk movement of yarn. “Buyers are very cautious because not much demand for yarn at higher prices. They are covering whatever is required keeping minimum stock of one or two months. Also there is no price parity for exports, while lot of international sellers mainly from West African region are keen to sell for the Indian market,” he said.

According to Sushil Phutela, Director, Indian Cotton Association Ltd in Punjab, though the domestic prices are down, there’s some shortfall in supplies in the North Indian market.

The Committee on Cotton Production and Consumption (COCPC), an apex body set up by the government comprising cotton textile mills, growers, traders and officials, has recently raised upwards its crop production estimates for the 2023-24 season to 323.11 lakh bales of 170 kg each from its earlier projection of 316.57 lakh bales.

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Substantial convergence in India-Peru Trade Agreement 7th round talks: Govt

Read more at : Substantial convergence in India-Peru Trade Agreement 7th round talks: Govt - The Economic Times (indiatimes.com)

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‘India Inc expects new govt after polls to fast-track reforms’

The new government to assume office after the polls should focus on land, labour and agriculture reforms, provide support to micro small and medium enterprises (MSMEs), and increase the spending on education and healthcare, R Dinesh, president, Confederation of Indian Industry (CII) told FE in an interview. He added that the current government has been able to handle geopolitical tensions “very well”.

Q. What, according to you, are the key achievements of the Narendra Modi government over the last decade?

A. Today India is well acknowledged globally. The reasons for that are: focus on physical infrastructure, usage of digital infrastructure on a mass scale, and building of social infrastructure.

Digital infrastructure, which I call the “differentiator of India”, of this massive scale has not only resulted in better access to benefits for people, but has also built a database of information which is very useful.

For instance, India is the only country, where we have the visibility of goods movement, through the e-way bill mechanism. If we get to know that a good moved between two places in 72 hours, we know what is required to be done in order to make the movement under 60 hours or even lower. We know what bottlenecks to remove, which road to build, and that directly impacts the PM Gati Shakti programme.

Another aspect is our management of geopolitical challenges. I feel we have managed those challenges “very well”. During the Covid-19 time, the government spent heavily on infrastructure, rather than giving money in the hands of people. This has given us “rich dividends”.

Q. What should be the focus areas for the government to assume office after the general election?

A. For the industry, I would say the focus areas should be big-ticket reforms: land and labour, agriculture, support to MSMEs, and increasing the spending on education and healthcare. We expect the government to gradually increase their expenditure on education and health to 9% of the total Budget expenditure.

In the case of the first two, we know that it is a challenge to implement the reforms as we need consensus of the states. One of the solutions is to look at a GST-like structure, something similar to the GST Council. Stakeholders will have issues, they will discuss, but ultimately will find a way and move on.

For MSMEs, the government should introduce a rating mechanism for MSMEs, which can help in sector specific support for the MSMEs. This would also help in MSMEs securing lending from fintechs. Also, the government should create a Rs 500-1,000 crore fund to support green transition of MSMEs, and speed up digital transition of MSMEs.

Also, the government should support job creation and have an employment-linked incentive plan.

Q. It is perceived the economic growth isn't creating enough jobs.What is the industry's sense on the employment situation in the country?

A. CII runs a survey every quarter. The general feedback that we have got from our members is that employment is going to grow going forward. In manufacturing, jobs are created whenever fresh investment comes in. In the services sector, the employment is continuous as they keep on recruiting. H1 of FY25 is going to witness about 75% growth in employment as compared to H2 FY24.

Q. Investments from the private sector, especially MSMes, have been below par. When can we expect private sector investments to pick up meaningfully?

A. In the past three-four years, private capital expenditure has accounted for 36-37% of the total capex, so it has not gone down in that sense. The rate of growth of public capex has been so high that it seems private capex is not catching up.

Moreover, capital utilisation in certain sectors, such as cement, steel and automobiles have reached 90% and above. Most of the other sectors have crossed 75%. So there is a need for new investments. It's only due to geopolitical uncertainties, new investments have not taken place. But companies are ready to invest.

There is a demand question too. Last year, we didn't have a good monsoon, this year, we may have a good monsoon. These factors may result in private capex coming in.

Q. How do you assess the government's support to the EV industry, especially in the light of the new EV-policy?

A. Any transition needs to be supported which the government is trying to do. But it has to be commercially viable. As we scale up, we will see private sector's investment coming in towards the EV industry.

In EV, the production side of it is now being covered through the new policy. The next step would be to support infrastructure creation, and I am sure that would happen.

Q. How has the red-sea crisis hit freight costs and the logistics industry?

A. Now people have accepted it, and learnt to live with it. Most shipping companies have now started taking a different route. They have built it into their costs. When a situation suddenly develops, it becomes a shock. After two-three months, people get used to it.

Around 40-50% of shipping is taking a different route today.

Q. Goods exports in FY24 was less than that in the previous year. What is your take on export prospects?

A. A recent survey revealed around 75% of 1000-1500 overseas based companies have said that they would grow in India profitably, and grow with exports. It shows that India's exports are going to grow significantly in the coming years, as we grow, because we are getting integrated to the global supply chains.

Q. The production-linked incentives (PLI) haven't been successful in many areas, and the disbursement of funds have been far cry from the targets set..

A. PLI is not the reason why people are going to invest. Investment will take place only on demand, but the PLI scheme makes that decision easier and quicker.

Q.What is India Inc's outlook on India's growth for next 10 years?

A. We believe, we're on a good trajectory. We can hit $5trillion in FY27, and $7 trillion by FY30. That would mean, growing at a rate of 8-9%.

Q. When do expect the RBI to start cutting rates?

A. RBI has managed growth and inflation perfectly so far. The industry expects RBI to start reducing rates starting Q2 FY25.

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FTAs and farm exports: A mixed bag

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GLOBAL

Bangladesh Aims To Boost RMG Exports To Russia, Says Textiles Minister

Textiles and Jute minister Jahangir Kabir Nanak recently expressed the government's keenness to expand Bangladesh's exports of readymade garments (RMG) and jute-made goods to Russia.

Following a meeting with Russian ambassador Alexander V Mantytskiy, Nanak highlighted the potential of the Russian market for Bangladeshi products, emphasising Russia's historical support and its ongoing cooperation in various sectors since Bangladesh's Liberation War.

Acknowledging Russia's role in Bangladesh's development, Nanak mentioned President Vladimir Putin's congratulations to Prime Minister Sheikh Hasina on her consecutive terms in office. He also cited Russia's help in constructing the Ruppur Nuclear Power plant as a testament to bilateral cooperation.

Emphasising the ministry's focus on jute and jute-made goods exports, Nanak disclosed discussions regarding organising a trade fair between the two nations to enhance economic ties. He expressed optimism about potential Russian investments in Bangladesh's jute sector as discussions with Russian trading representatives progress.

The Russian envoy echoed the sentiment of strengthening economic ties, noting the interest in importing various Bangladeshi products including readymade garment, tobacco, agro, leather, jute, and jute-made goods even as Russia aims to capitalise on the opportunity created by the departure of major companies from its market.

Both sides expressed mutual interest in deepening economic cooperation.

The meeting included officials from the Textiles and Jute Ministry and the Russian Embassy, signalling a collaborative effort to explore and enhance trade relations between Bangladesh and Russia.

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Bangladesh Businesses Urge Brazil Duty-Free Access, Anti-Dumping Fix

Bangladesh’s business community has appealed to Brazil to address lingering anti-dumping measures on sacks, jute bags, and jute yarn, while advocating for duty-free access for readymade garments (RMG) to narrow the trade gap between the two nations.

Speaking at a meeting organised by the Federation of Bangladesh Chambers of Commerce & Industries (FBCCI) and the Brazil Bangladesh Chamber of Commerce and Industry (BBCCI), Mahbubul Alam, FBCCI president stressed the need to unlock the full potential of bilateral trade by removing the hurdles.

The event, titled *‘Facilitating Trade between Bangladesh and Brazil,’* aimed to streamline customs processes, enhance logistics, and establish direct shipping routes to reduce costs and time for traders and investors.

Despite Bangladesh’s exports to Brazil reaching $0.17 billion in fiscal year 2022-23, imports from Brazil stood at $2.59 billion, reflecting an imbalance.

Main exports to Brazil include knitwear, woven garments, jute goods, footwear, and pharmaceuticals, while key imports comprise prepared foodstuffs, textiles, iron and steel products, and machinery.

Currently, a 25 per cent tariff impedes apparel exports from Bangladesh to Brazil.

Both countries acknowledged potential synergies, with Bangladesh’s RMG industry poised to benefit from Brazil’s quality cotton, and Brazil seeing opportunities in Bangladesh’s pharmaceutical sector, offering affordable medicines and healthcare solutions.

Highlighted sectors with significant trade potential included RMG, pharmaceuticals, healthcare, jute goods, food, and agriculture.

Ahasanul Islam Titu, state minister for commerce, Paulo Fernando Dias Feres, Brazilian ambassador to Bangladesh, and Shahriar Ahmed, president of the Brazil-Bangladesh Chamber of Commerce and Industry also underlined the importance of exploring preferential or free trade agreements for mutual benefit.

The meeting provided a platform for constructive dialogue, underscoring the shared commitment to enhancing bilateral trade relations and fostering economic growth for both nations.

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USDA weekly report: US cotton export sales down

Net cotton export sales of Upland this week totalled 81,500 RB (running bales of 226.8 kg or 500 pound) for season 2023-24, which were 4 per cent down from the previous week and 10 per cent from the prior 4-week average. Although, decline in US cotton exports remained restricted in the week (29 March- 04 April), continued slowdown in export sale is a negative factor for the market.
According to weekly export sales report released on Thursday by USDA, the exports increased primarily for China (50,200 RB, including decreases of 11,000 RB), Pakistan (23,900 RB, including decreases of 2,600 RB), Peru (7,800 RB), Vietnam (5,200 RB, including 1,500 RB switched from Japan and decreases of 4,400 RB), and Nicaragua (2,700 RB). The higher exports were offset by reductions for Turkiye (13,900 RB), Indonesia (2,500 RB), and South Korea (400 RB).

The net sales of 35,700 RB were reported for next season 2024-25, with Turkiye (24,400 RB), Vietnam (4,400 RB), Indonesia (4,400 RB), Honduras (2,100 RB), and Peru (400 RB). Exports of 274,100 RB were down 25 per cent from the previous week and 23 per cent from the prior 4-week average. The destinations were primarily to China (120,700 RB), Turkiye (39,300 RB), Vietnam (34,700 RB), Pakistan (25,700 RB), and Mexico (11,900 RB).

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Developing APAC's Economy To Grow 4.9 Per Cent In 2024, Forecasts ADB

Developing economies in Asia and the Pacific (APAC) are projected to expand by 4.9 per cent on an average this year as the region continues its resilient growth amid robust domestic demand, according to the Asian Development Outlook (ADO) April 2024, released today by the Asian Development Bank (ADB).

Growth in these economics will continue at the same rate next year and inflation is expected to moderate in 2024 and 2025, after being pushed up by higher food prices in many economies over the past two years, the ADB report said.

Inflation in developing APAC is expected to decline to 3.2 per cent this year and 3.0 per cent next year, as global price pressures ease and as monetary policy remains tight in many economies. However, for the region excluding China, inflation is still higher than before the COVID-19 pandemic.

Stronger growth in South and Southeast Asia—fueled by both domestic demand and exports—is offsetting a slowdown in China caused by weakness in the property market and subdued consumption.

India is expected to remain a major growth engine in APAC, with a 7-per cent expansion this year and 7.2 per cent next year.

China's growth is forecast to slow to 4.8 per cent this year and 4.5 per cent next year, from 5.2 per cent last year.

"Consumer confidence is improving, and investment is resilient overall. External demand also appears to be turning a corner, particularly with regard to semiconductors," said ADB chief economist Albert Park in an official release.

For policymakers, the report highlighted a number of risks, which include supply chain disruptions, uncertainty about US monetary policy, the effects of extreme weather and further property market weakness in China.

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Australian PM Announces Plan To Boost Manufacturing, Overhaul Economy

Australian Prime Minister Anthony Albanese today announced a plan to boost domestic manufacturing and economic growth by offering aid to key industries and incentives for clean energy. He attributed the need for that to global uncertainties and disruption.

The government will introduce a 'Future Made in Australia Act' in the next few months that will combine new and current initiatives, he told the Queensland Media Club.

The initiatives will include competition reform, boosting renewables and other infrastructure, and making better use of Australian resources, he said.

"This is not old-fashioned protectionism or isolationism; it is the new competition," he said without divulging the cost that is to be incurred.

"This means looking at how government procurement can support small business and local manufacturing, as well as sustainability and the circular economy," he said.

Citing schemes in the United States, the European Union, Japan and South Korea that involve direct government investments, tax breaks or other incentives, the prime minister cautioned Australia must offer the same or risk losing industries.

“All these countries are investing in their industrial base, their manufacturing capability and their economic sovereignty,” he said.

While Australia cannot compete ‘dollar for dollar’ with the massive US economy, an approach similar to that employed by the United States would nonetheless benefit the domestic economy, he said.

The prime minister’s announcement has been welcomed by several quarters, including the Smart Energy Council, the Australian Council of Trade Unions (ACTU) and Science and Technology Australia.

Opposition leader Peter Dutton, however, said the plan is unachievable and is “peddling false hope”.

“It is positive news that the Federal Government has plans to back its vision with a substantial policy agenda, putting renewable energy at the centre of our economic future,” Clean Energy Council chief executive Kane Thornton said.

“The highlighted areas of hydrogen, green metals and advanced clean energy manufacturing and assembly are genuine opportunities for Australia to expand, grow and diversify our economy centred around clean energy and create further demand for a large and skilled clean energy workforce,” he added.

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Global economic growth to reach 2.8 per cent by 2030, says International Monetary Fund

Global economic growth will reach just 2.8 per cent by 2030, a full percentage point below the historical average unless major reforms are made to boost productivity and leverage technologies such as artificial intelligence, the IMF said on Wednesday.
The International Monetary Fund released a chapter of its forthcoming World Economic Outlook (WEO) that showed further declines in the global growth rate, which has slowed steadily since the 2008-2009 global financial crisis.

“Without ambitious steps to enhance productivity, global growth is set to fall far below its historical average,” the IMF said, warning that expectations of weak growth could discourage investment, possibly deepening the slowdown.

The global lender said the persistent low-growth scenario, combined with high-interest rates, could also restrict governments' ability to counter economic slowdowns and invest in social welfare or environmental initiatives.

"All this is exacerbated by strong headwinds from geoeconomic fragmentation and harmful unilateral trade and industrial policies," it said in a blog accompanying Chapter 3 of the WEO, to be released in full next Tuesday.

A year ago, the IMF said it expected medium-term growth to hover around 3 per cent. The new forecast reflects downward revisions for medium-term growth across all income groups and regions, most significantly in emerging market economies.

The IMF urged countries to take urgent action to counter the weakening growth outlook, warning that it worsened prospects for living standards and global poverty reduction.

China blow

Fitch cut its outlook on China's sovereign credit rating to negative on Wednesday, citing risks to public finances as the economy faces increasing uncertainty in its shift to new growth models.

The outlook downgrade follows a similar move by Moody's in December.

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