TEXPROCIL

THE COTTON TEXTILES EXPORT PROMOTION COUNCIL

NEWSLETTER

Indian Cottons, Global Reach!

Volume VIII. Issue No. 4 | December 31, 2024

A Fortnightly Publication of THE COTTON TEXTILES EXPORT PROMOTION COUNCIL OF INDIA

Indian rupee finished 2024 weaker against the greenback for the seventh consecutive year.

The rupee has faced persistent pressure since the US Federal Reserve's first interest rate cut in September 2024. Alongside a strengthening dollar, India's Balance of Payments outlook for the third quarter of the financial year has further weighed on the currency. Looking ahead, the rupee is expected to trade in the range of 86.25-86.50 by the end of the current financial year (March 2025).

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TEXPROCIL - THE FACILITATOR

Kasturi Cotton Standard:

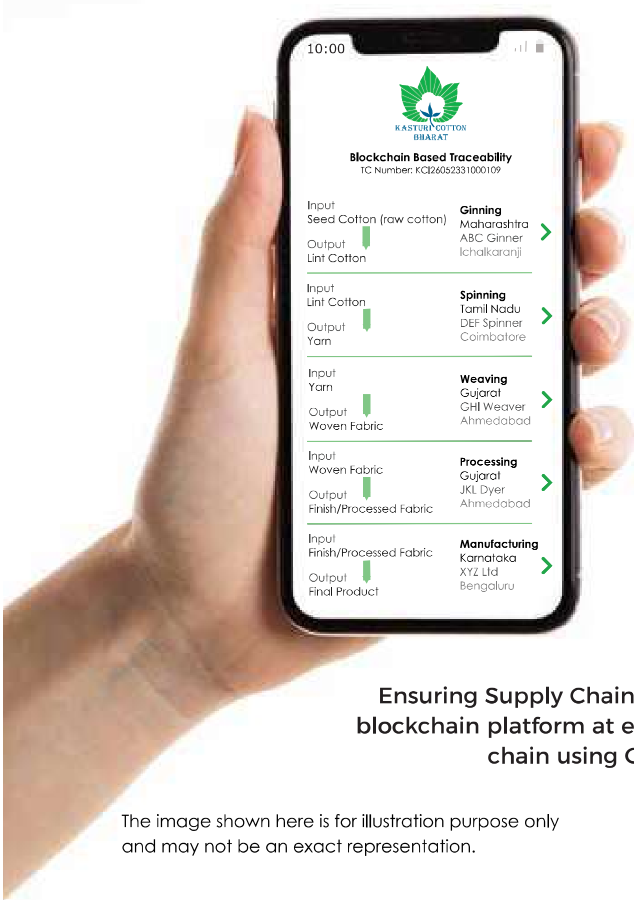
Parameter	Criteria	
Staple length/UHML	30 mm+	29 mm+
Micronaire value	3.7 to 4.5	3.7 to 4.5
RD value	76+	76+
Fibre strength	30.5 (±1.5) g/tex	29.5 (±1.5) g/tex
Uniformity index	84% or more	83% or more
Trash	2% or below	2% or below
Moisture content	8% or below	8% or below

Kasturi Cotton Standards will be implemented with the following processes:

» Audit & Inspection » Sampling & Testing » Certification » Branding

Kasturi Cotton is an initiative of the Ministry of Textiles, Government of India, Trade Bodies and Industry. The branding, traceability and certification of Kasturi Cotton is implemented The Cotton Textiles Export Promotion Council (TEXPROCIL), in association with the Cotton Corporation of India (CCI).

Kasturi Cotton Traceability with Blockchain Technology



Ensuring Supply Chain traceability using blockchain platform at every stage of supply chain using QR code.

The image shown here is for illustration purpose only and may not be an exact representation.

Editorial

Dr. Siddhartha Rajagopal
Executive Director
TEXPROCIL

Dear Reader,

The Year 2025 is upon us, and the time is right to make new beginnings with renewed hopes. Moving forward, efforts may also need to be recalibrated to address the challenges – both old and new.

The year gone-by was a mixed bag for the Indian textiles and apparel industry. The first quarter of CY 2024 (Jan. to Mar.) saw a decline in exports on account of supply chain disruptions. However, during the April-October period, India's textiles and apparel exports, including handicrafts, have grown 7 per cent to reach $21.35 billion.

The latest report by UNCTAD titled "Global Trade Update" (December 2024) has put out a cautiously optimistic outlook for 2025 considering the ongoing geopolitical tensions and expected protectionist measures as countries including China & the USA look inwards. The 'Trade Facilitation' column of this issue presents the salient excerpts from this report.

Friends, as we move ahead in the new year, the prime concern apart from associated risks in business is the stimulation of demand and cohesive policies to maintain competitiveness. While demand is a function of market forces, policies have become crucial in determining competitive strength especially in terms of access to raw materials, stimulating investments and strengthening the manufacturing base. With tariffs expected to play an important role in determining access to key markets like the USA, governments have to play a crucial role as facilitators and providers of resources. Thus, collaborative actions by industry and governments have become the order of the day to make the most of emerging opportunities in global trade.

In the Indian context, the industry and government have come together to organise the global textile mega event, Bharat Tex 2025 again, after the first edition held during 26th – 29th February, 2024. The collaborative efforts by the consortium of 11 Textile Export Promotion Councils (TEPCs) and the Ministry of Textiles will be seen in the second edition Bharat Tex 2025 being held from 14th to 17th February, 2025 in New Delhi. Bharat Tex is being positioned as a mega event for the textile sector in the calendar of international events and judging from the enthusiastic response from exhibitors and overseas buyers/ importers the event is well on its way to become a "one stop solution" for the entire range of goods from raw materials to finished goods.

In the Global context, India and Australia celebrated the second anniversary of the India-Australia Economic Cooperation and Trade Agreement (Ind-Aus ECTA) on December 29, 2024. Building upon the success of collaborations between the two nations for the ECTA, negotiations for the India-Australia Comprehensive Economic Cooperation Agreement (CECA) are ongoing and a bilateral trade goal of AUD 100 billion is targeted by 2030. Since the implementation of ECTA, bilateral merchandise trade has surged from $12.2 billion in 2020-21 to $26 billion in 2022-23, although total trade moderated to $24 billion in 2023-24.

The 'Special Feature' of this issue provides information about the cordial trade relations shared by India and Australia. The report also provides an update on the bilateral trade in T&C and Cotton Textiles between India and Australia during January-October 2024.

The present issue also features 'Trade Update' which keeps our avid readers informed about both National / International News concerning the textiles sector and the export statistics of Indian Cotton Textiles available for the period April – October 2024.

The 'Policy Talks' section of this Newsletter presents the recent changes in policy and procedures announced by the government and various provisions of the Foreign Trade Policy, incentive schemes, and issues of taxation.

We do hope that you find reading this edition of the E-Newsletter worthwhile.

We welcome your valuable feedback on the present edition and also invite contributions in the form of short articles on matters relevant to trade and industry.

TEXPROCIL E-Newsletter values your comments and contributions and looks forward to receiving continuous support for the various activities of the Council.

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TEXPROCIL - The International face of Indian Cotton textiles !

For representing Procedural / Policy issues with various Govt. Authorities and Redressal of Complaints / Trade Disputes against Buyers/ Suppliers with Indian Missions Abroad/ Foreign Missions in India, you may kindly write to us at sybil@texprocil.org and annie@texprocil.org

Chairman's Page

Vijay Agarwal
Chairman
TEXPROCIL

Dear Friends,

As we enter into 2025, moderating global inflation, stable economic growth forecasts and improving business activity point to continued positive momentum in global trade for early 2025. However, this trend is expected to face substantial challenges. Potential shifts in United States trade policy with the advent of a new Presidency, and the increased use of industrial policies by many countries, are likely to influence global trade growth.

As per the UNCTAD Global Trade Update (December 2024), the threat of renewed and expanded trade wars, along with ongoing geopolitical tensions, continues to cast uncertainty on the outlook for global trade in 2025.

India's T&A Exports report growth

India's textiles and apparel exports, including handicrafts, grew 7 per cent during the April-October period to $21.35 billion. The outbound shipments from the sector stood at $20 billion in the same period of the previous financial year, FY 2023-24.

The Ready-Made Garments (RMG) category with exports of $8,733 million has the largest share (41 per cent) in the total exports ($21,358 million) during the period of April-October of FY 2024-25, followed by Cotton Textiles (33 per cent, $7,082 million), Man-Made Textiles (15 per cent, $3,105 million).

Growth of exports was observed in all principal commodities during April-October of FY 2024-25, as compared to corresponding period of FY 2023-24, except wool and handloom, which declined by 19 per cent and 6 per cent, respectively.

Meeting with Hon'ble Minister of Textiles

A meeting of the APEX Committee on Kasturi Cotton under the chairpersonship of Ms. Rachna Shah, former Secretary (Textiles) was convened on 16th December 2024 in New Delhi which was attended by me along with Shri Sunil Patwari, immediate past Chairman and the Executive Director of the Council.

A major decision was taken in the Apex Committee to extend the Kasturi Cotton Programme to include cotton of higher staple lengths beyond '29 mm and 30 mm' to '35 mm and 36 mm'. This would ensure that Extra Long Staple (ELS) varieties of cotton can also be branded as Kasturi Cotton.

Friends, this is a landmark decision as now the entire range of cotton from staple length 28mm to 35 mm and above is eligible to be included under the Kasturi Cotton Programme. This offers an extended scope for branding cotton and ensuring higher realizations. Fine Count Yarns beyond 60s count can also be spun from Kasturi Cotton thereby providing great opportunities for product development and branding.

We also took this occasion to meet Shri Giriraj Singh, Hon'ble Minister of Textiles and presented him a copy of the 'Special Souvenir' brought out on the occasion of the Council's 70 years celebrations.

Meeting with Egyptian Delegation

Egypt had imposed a ban on import of raw Cotton from India on the ground of pests in shipments. To remove the ban

and allow the import of raw Cotton from India, it was proposed that the Inspection team from Egypt would visit India for Pest Risk Analysis (PRA). Accordingly, NPPO Egypt - the Egyptian delegation visited India from 7.12.2024 to 12.12.2024 for inspection purposes.

On the sidelines of the visit by NPPO Egypt, a meeting with the Egyptian Delegation was held on 09.12.2024 at Vanijya Bhavan in New Delhi. TEXPROCIL participated in the meeting and made a presentation.

Meeting on Gujarat Textile Policy

A meeting exploring potential investment in the Textile sector in Gujarat was held with the Principal Secretary (Industries and Mines Department, Govt. of Gujarat) on 20th December, 2024 in New Delhi. The meeting was attended by the Council's Executive Director along with stakeholders based in Gujarat including Arvind Ltd., Welspun Global Brands, Creative Textiles, etc.

The meeting attracted the attention of potential investors and appraised them on the various facilities being extended for investment in the Textile sector in Gujarat.

National Trade Facilitation Action Plan (NTFAP) 3.0

The National Trade Facilitation Plan (NFTAP) 3.0 is being finalized in India, following the signing of the WTO Trade Facilitation Agreement (TFA) in 2017, which has accelerated trade facilitation efforts, particularly in customs and border procedures.

The Council attended a consultation meeting held on December 20, 2024, at Vanijya Bhawan, New Delhi, to discuss actionable targets for the next three years. These discussions are part of India's broader strategy to enhance trade facilitation and improve the overall ease of doing business within the country.

Ind-Aus ECTA

India and Australia celebrated the second anniversary of the India-Australia Economic Cooperation and Trade Agreement (Ind-Aus ECTA) on December 29, 2024. This agreement, signed on April 2, 2022, and operationalized on December 29, 2022, has been pivotal in enhancing trade relations between the two nations.

To commemorate this milestone, the Department of Commerce organized various events leading up to December 29, highlighting the achievements of the ECTA. A preparatory meeting was held on December 20, 2024, where the Council provided inputs to ensure successful execution of these events.

Hon'ble Commerce Minister, Shri Piyush Goyal described the ECTA as a "landmark" agreement that has led to over a 14% growth in exports for the fiscal year 2023-24 and improved market access for Indian exporters. The agreement has notably benefited micro, small, and medium enterprises (MSMEs) and farmers, while also generating numerous employment opportunities.

Building upon the successes of the ECTA, negotiations for the India-Australia Comprehensive Economic Cooperation Agreement (CECA) are ongoing. Both nations are aiming to deepen economic integration and have targeted a bilateral trade goal of AUD 100 billion by 2030.

20 Countries of Significance

The Department of Commerce had sought suggestions from textile EPCs regarding steps to be undertaken in '20 Countries of Significance' identified as target destinations to grow exports of Indian textiles and apparel. The Council had attended a VC meeting held earlier on 3rd December 2024 under the chairmanship of Shri Sunil Barthwal, Commerce Secretary on "Textile sector issues and Export strategies". The Council submitted suggestions on relevant destination markets for cotton textile exports under its purview.

Further, the Council also attended a review meeting under the chairmanship of Shri Ajay Bhadoo, Additional Secretary, Department of Commerce held in hybrid mode on 27th December, 2024 at Vanijya Bhawan, New Delhi. It was informed that a "Retreat for Commercial Wings of Missions of 20 Countries of Significance" including UAE and Saudi Arabia is scheduled to be held from 06th-08th January, 2025 at Vanijya Bhawan, New Delhi, in which the Council will also participate.

Way Forward

Friends, you will all agree that export is a function of demand and supply and depends on factors such as global demand, internal consumption and demand, order flow, logistics etc. Exports in FY 2024 were initially low mainly due to the geopolitical crises around the Red Sea, which affected export movement during January, February and March 2024. To be successful in the New Year 2025, we must renew our marketing efforts with attention for newer opportunities in product development.

I appeal to all of you to participate at BHARAT TEX 2025, being held in February 2025 in New Delhi. Also, invite buyers from across the world to visit the fair and use this opportunity to demonstrate to the world the formidable strength of the Indian Textiles Sector.

Looking towards the future with great optimism, I wish you all "A Happy and Prosperous New Year 2025!"

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Trade Facilitation

Global Trade Update December 2024 – UNCTAD

The era of protectionism has revitalised the role of trade facilitation in enhancing the growth in trade amongst nations. Measures to support integrity in trade across borders must include transparency and predictability, streamlining of formalities – through simplification of documents, more automation of processes, or improved procedures along the transactions and coordinated border management.

While pursuing the resilience of global supply chains, actions by firms and governments to mitigate geopolitical tensions and trade fragmentation will help to keep growth on track. This report will help to navigate the evolving landscape of international trade in 2024, and understand what needs to be done to boost world trade in 2025.

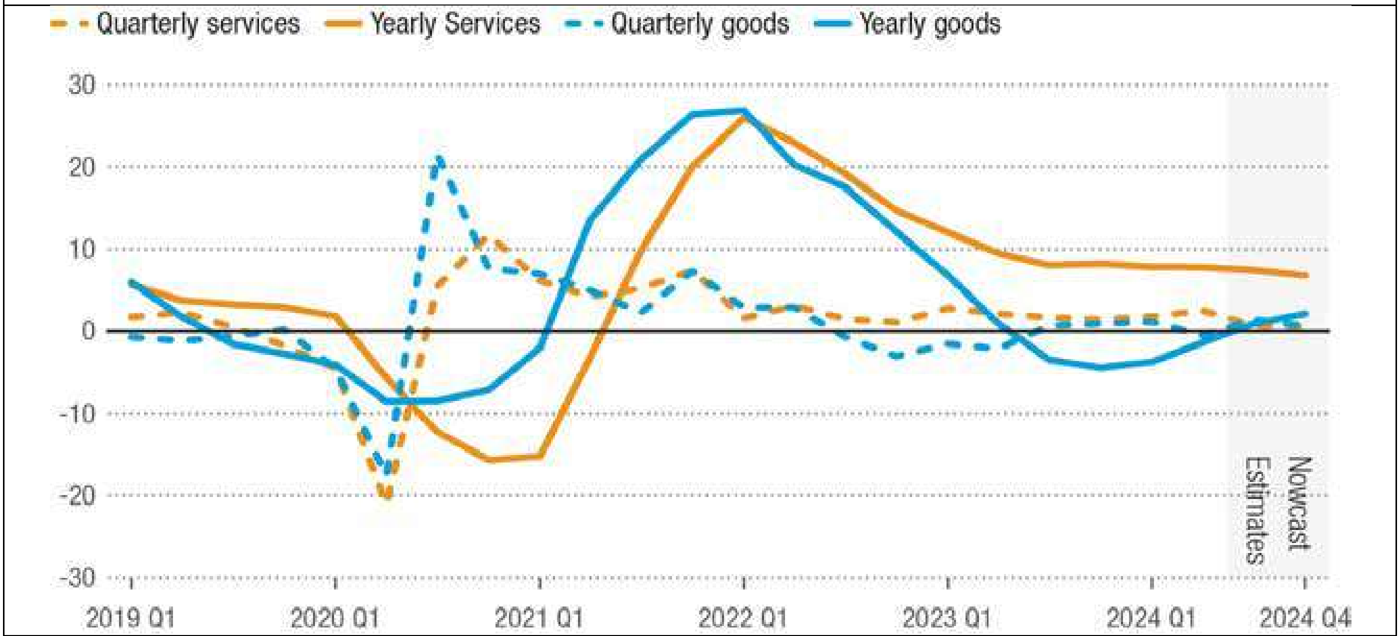
The latest report titled "Global Trade Update" by UNCTAD (December 2024) indicates a promising trajectory for 2024, with expectations to reach an all-time high of nearly $33 trillion. This growth is primarily driven by significant advancements in the services sector, which is projected to expand by 7% annually, while goods trade is expected to grow by about 2%.

Key Highlights

❖ Trade Growth: Global trade is anticipated to increase by approximately $1 trillion in 2024, with both goods and services contributing equally to this growth. The third quarter of 2024 saw a 1.5% quarter-over-quarter increase in goods trade and a 1% increase in services trade.

Global trade growth in goods and services remained largely positive in 2024

Annual and quarterly growth in the value of trade in goods and services



Sources: UNCTAD stat; UNCTAD calculations based on national statistics.

Note: Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. The annual growth is calculated using a trade-weighted moving average over the past four quarters. Figures for Q3 2024 are estimates. Q4 2024 is a nowcast as of 26 November 2024.

❖ Regional Performance: Developed countries experienced robust trade growth in Q3 2024, reversing previous trends where developing nations had outpaced them. However, trade growth in East Asia stalled, and several major developing economies reported negative growth.

Global Trade Update December 2024 – UNCTAD

Trade Facilitation

Developed trade in goods grows in Q3 2024, developing trade lags

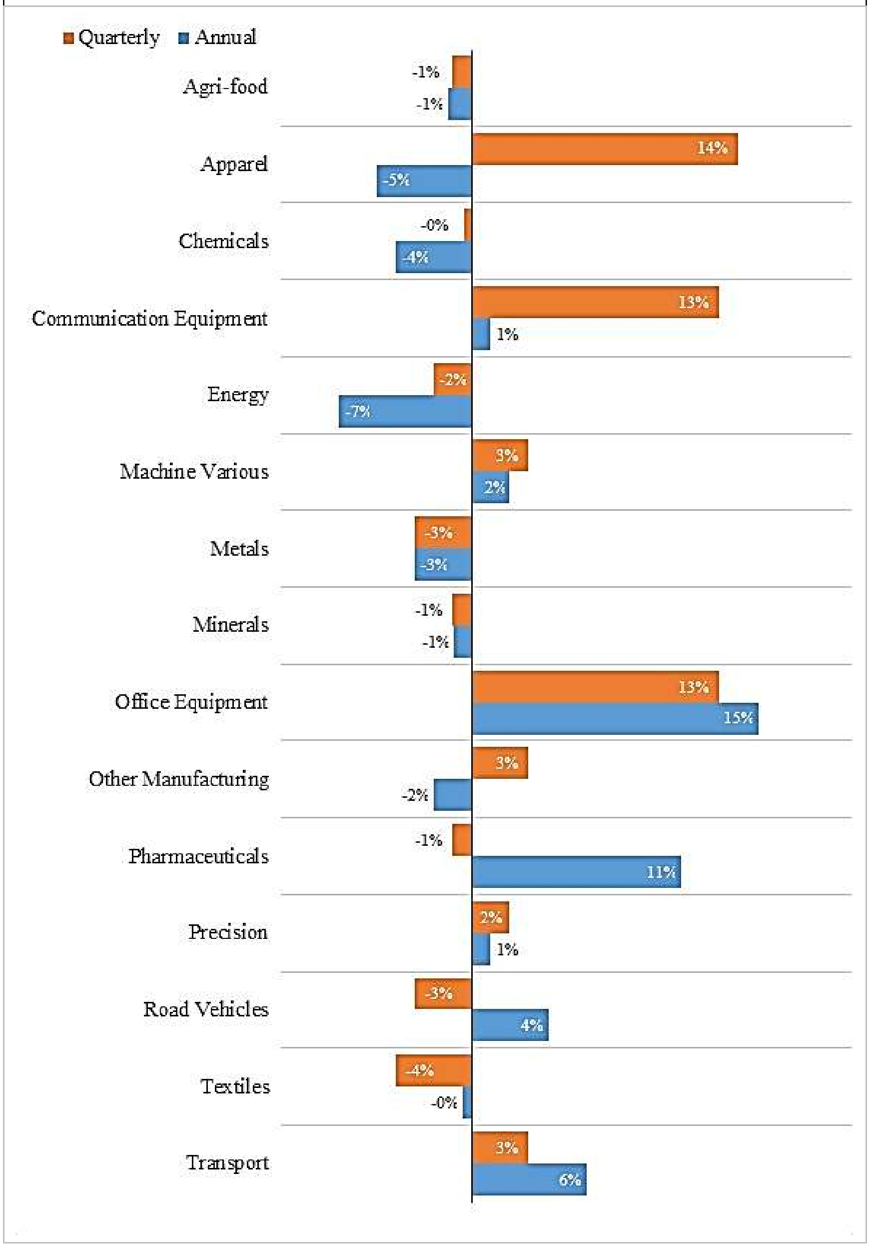
GOODS (Q3 2024)	Imports growth		Exports growth	
	Annual	Quarterly	Annual	Quarterly
Developed countries	3%	2%	(-) 2%	(-) 2%
Developing countries	(-) 1%	1%	3%	2%
South-South Trade	(-) 1%		4%	
Developing countries (excluding East Asia)	1%	1%	2%	0%
South-South Trade (excluding East Asia)	1%		2%	

Source: UNCTAD calculations based on national statistics.

Note: Quarterly growth rates are relative to the previous quarter. The annual growth is calculated using a trade-weighted average over four quarters. Data is seasonally adjusted. Data does not include trade in services.

❖ Sector Performance: The Information and Communication Technology (ICT) and apparel sectors were key drivers of trade growth in Q3, while the automotive sector faced declines. The services sector continued to outperform merchandise trade overall.

Sectoral heterogeneity in global trade



Trade growth has shown significant variation across sectors over the past four quarters. This diversity is particularly evident in Q3 2024, where global trade growth was most pronounced in information and communication technology (ICT) sectors, such as communication and office equipment, as well as in apparel. On the other hand, global trade value declined for sectors such as road vehicles, textiles, metals, and energy.

On an annual basis, global trade remains negative in several sectors, including apparel, chemicals, energy, metals, and other manufacturing industries. This heterogeneity highlights the uneven recovery and shifting dynamics within global trade, with some sectors continuing to lag while others experience growth.

Source: UNCTAD estimates based on national statistics of China, European Union and the United States.

Note: Quarterly growth is the quarter over quarter growth rate of seasonally adjusted values. The annual growth is calculated using a trade-weighted average over four quarters.

Trade Facilitation

Global Trade Update December 2024 – UNCTAD

Regional Trade Trends

In Q3 2024, developed countries saw a resurgence in both imports and exports, while developing nations struggled with weaker performance. Notably:

- China and India experienced contractions in both imports and exports despite positive annual growth.
- Brazil's trade growth remained positive but slowed down.
- The United States exhibited strong trade growth driven by rising imports.

Diverse trends in goods trade among major economies

GOODS (Q3 2024)	Imports growth		Exports growth	
	Annual	Quarterly	Annual	Quarterly
Brazil	3%	1%	3%	1%
China	2%	(-) 1%	1%	(-) 2%
India	4%	(-) 1%	2%	(-) 3%
Japan	(-) 9%	5%	(-) 2%	5%
Republic of Korea	(-) 5%	1%	9%	1%
Russian Federation	(-) 6% *	4% *	(-) 8% *	(-) 1% *
South Africa	(-) 5%	8%	(-) 3%	2%
United States	4%	4%	2%	1%
European Union	(-) 8%	4%	1%	2%

Source: UNCTAD calculations based on national statistics.

Note: Quarterly growth rates are relative to the previous quarter. The annual growth is calculated using a trade-weighted average over four quarters. Data is seasonally adjusted. Data excludes intra-European Union trade. * denotes estimates.

Future Outlook

Looking ahead to 2025, the global trade landscape is expected to face challenges due to potential shifts in U.S. trade policy, including the possibility of increased tariffs that could affect both adversaries and key trading partners. This uncertainty may lead to a more protectionist environment, impacting international trade dynamics significantly.

Factors Influencing Trade Dynamics:

- U.S. Trade Policy Changes: Anticipated shifts towards more protectionist measures may introduce new tariffs broadly across various sectors.
- Geopolitical Tensions: Ongoing geopolitical conflicts could exacerbate trade wars, leading to retaliatory measures that disrupt established trading relationships.
- Economic Conditions: The interplay between inflation rates and currency fluctuations, particularly concerning the U.S. dollar, will be crucial for global trade stability.
- Shipping Costs and Demand: A notable decrease in container shipping demand has resulted in lower shipping costs, reflecting reduced global demand for both intermediate inputs and finished goods.

Conclusion

As we close out 2024, global trade appears set for a record-breaking year, although the outlook for 2025 remains clouded with uncertainty due to potential shifts in policy and ongoing geopolitical tensions. Stakeholders must navigate these complexities carefully as they prepare for the evolving landscape of international trade.

Source: Division on International Trade and Commodities – UNCTAD.org

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India - Australia trade

Trade Promotion

The Economic Cooperation and Trade Agreement (ECTA) provides the framework for long-term growth in India-Australia trade. Ninety-six per cent of Indian goods now enter Australia without any tariff. That is expected to rise to 100 per cent by 2026.

Located in the Southern Hemisphere, Australia is a highly developed economy, characterized by a strong services sector driven mainly by tourism and healthcare. Key industries in Australia include mining, agriculture, and tourism, with significant exports of natural resources like coal, base metals, and gold. Australia enjoys a stable political environment and a robust regulatory framework. It has a relatively low unemployment rate and maintains a high standard of living. Australia enjoys strong credit rating. The S&P's rating for Australia is AAA (Stable); while that of Moody's is Aaa (Stable); and Fitch is AAA. Overall, the Australian economy seems to be turning a corner. The OECD's September Economic Outlook expects Australian GDP growth to hit 1.8% in 2025, ahead of most European economies and the United States.

Australia has trade agreements with several countries including Brunei, Cambodia, Canada, Chile, China, India, Indonesia, Japan, Laos, Malaysia, Mexico, Myanmar, New Zealand, Papua New Guinea, Peru, Philippines, Singapore, South Korea, Thailand, United Kingdom, United States of America, Viet Nam etc. The India-Australia Economic Cooperation and Trade Agreement (Ind-Aus ECTA) was signed on 2nd April 2022 and entered into force on 29th December 2022. The Ind-Aus ECTA has just completed two years of remarkable success. The India-Australia Comprehensive Economic Cooperation Agreement (CECA) is now in progress with ten formal rounds and inter-sessional discussions held so far.

Bilateral trade between India and Australia

India and Australia share cordial trade relations. During Jan-Oct 2024, both the countries engaged in bilateral trade in goods worth USD 18.5 billion. India's exports to Australia were valued at USD 6.5 billion while India's imports from Australia were valued at USD 12.0 billion. India's major items of export to Australia during this period were mineral fuel particularly automotive diesel, pharmaceuticals, machinery and mechanical appliances, precious and semi-precious stones particularly diamonds, and electrical machinery and equipment. Likewise, India's major items of import from Australia during this period were coal, gold, copper, and dried leguminous vegetables.

As far as trade in cotton textiles is concerned, during Jan-Oct 2024, the two countries engaged in bilateral trade worth USD 295 million wherein India's exports to Australia were valued at USD 138 million while India's imports from Australia were valued at USD 157 million. India's cotton textiles exports to Australia during this period were quite diverse and included products like bed linen, bath linen, kitchen linen, and bags of cotton among others. On the contrary, India's import (within cotton textiles) from Australia was limited to extra-long staple cotton exceeding 27 mm.

India's export to Australia (USD Million)			India's import from Australia (USD Million)		
Products	**Jan-Oct 2023**	**Jan-Oct 2024**	**Products**	**Jan-Oct 2023**	**Jan-Oct 2024**
Raw cotton	0.01	0.02	Raw cotton	124.68	156.65
Cotton yarn	1.44	1.30	Cotton yarn	-	-
Cotton fabrics	2.77	4.54	Cotton fabrics	0.03	0.04
Home textiles / made-ups	101.40	132.30	Home textiles / made-ups	1.23	0.78
Total Cotton Textiles	**105.62**	**138.16**		**125.94**	**157.47**
Source: Ministry of Commerce and Industry, Government of India, Texprocil					

Trade Promotion

India - Australia trade

Australia is a large market for home textiles / made-ups

Market share of top-5 suppliers of home textiles / made-ups to Australia	
Country	**Market share (3-year average)**
China	64.0%
India	8.7%
Pakistan	3.9%
France	3.0%
Singapore	2.8%
Source: TradeMap, Texprocil	

Australia is a large buyer of cotton textiles, particularly, home textiles / made-ups. Its last three-year average import of home textiles / made-ups was valued at USD 2.0 billion. China is the largest supplier of home textiles / made-ups to Australia with a market share of 64%, followed by India, Pakistan, France and Singapore.

It may be noted that Australia is a relatively small producer of raw cotton by world standards – accounting for around 3-5% of global production – but is among the top-3 suppliers of raw cotton in the world. Australian cotton is in high demand due to its high-quality, sustainability, traceability. It is also available with almost zero contamination.

India's top-10 items of cotton textiles exported to Australia in Jan-Oct 2024	
Product description (HS code)	**USD Million**
Bath linen and kitchen linen of cotton (63026090)	40.71
Bedsheets and bedcovers of cotton (63041910)	22.57
Other bed linen of cotton (63023100)	10.18
Other bedsheets and bedcovers (63041990)	9.68
Sacks and bags of cotton (63052000)	7.15
Other furnishing articles (63049999)	4.39
Other bed linen of other textile materials (63023900)	4.27
Other cushion covers (63049289)	4.11
Terry towel of cotton (63049250)	3.92
Towel other than terry of cotton (63049260)	3.72
Source: Ministry of Commerce and Industry, Government of India, Texprocil	

Due to duty benefits available under Ind-Aus ECTA and China plus one strategy, there is immense potential for India to increase export of items like articles of bedding and similar furnishing, bedlinen of cotton, coated textile fabrics, woven fabrics of cotton etc. to Australia. List of ten such items is provided below.

List of cotton textiles with high export potential to Australia		
Product description (HS code)	**China's share in Australia's imports**	**India's share in Australia's imports**
Made-up articles of textile materials (630790)	71%	2%
Articles of bedding & similar furnishing (940490)	79%	8%
Handbags (420222)	37%	2%
Bedlinen of cotton (630231)	60%	16%
Printed bedlinen of cotton (630221)	50%	8%
Bedlinen of textile materials (630239)	90%	4%
Textile fabrics coated (590390)	52%	0.3%
Mattresses (940429)	92%	0.1%
Floorcloth etc. of textile materials (630710)	76%	0.3%
Plain woven fabrics of cotton (520852)	21%	5%
Source: TradeMap, Texprocil		

Recommendations

To capitalize on the opportunities provided by the Ind-Aus ECTA, India should focus on increasing its market share in key focus segments like home textiles including bed & bath linen, where the demand in Australia is strong. Strategic initiatives could include expanding product diversity by leveraging the preferential tariff benefits under the ECTA. Additionally, enhancing marketing efforts to promote India's cotton textiles as a sustainable and quality alternative to China's dominance will be essential. Collaboration with Australian distributors and retailers could also help in improving access to the Australian market. By aligning its exports with Australian consumer preferences and strengthening supply chain efficiencies, India can secure a more substantial share of the growing Australian market.

Conclusion

The trade relationship between India and Australia has proven to be mutually beneficial, with both countries engaging in significant bilateral trade across various sectors including cotton textiles. The Ind-Aus ECTA has opened new opportunities for trade growth as India's exports to Australia shows promising growth, particularly in home textiles, where India has strengthened its position. However, there is still considerable room for growth, especially in cotton textiles, where India could increase its market share in Australia, particularly through the duty benefits under the ECTA and the growing trend of the "China plus one" strategy. However, capacities in India for production of such items is still a challenge. The demand for high-quality, sustainable products such as Australian raw cotton, along with India's strengths in cotton textiles, creates an effective and conducive platform for furthering trade ties.

International News

Trade Update

The US fashion industry braces for impact as tariffs on Chinese imports loom

The fashion, apparel, and textiles sector is facing a potential upheaval as the US government announces a new 10 percent tariff on goods imported from China. Trump has called out 25 per cent tariffs for Mexico and Canada and 10 per cent for China, the US' three largest trade partners, for which the US imported more than $1.2 trillion worth of goods in 2023.

This move comes on the heels of a study released by the National Retail Federation (NRF), which highlights the economic consequences of such tariffs. The NRF study, conducted by Trade Partnership Worldwide, titled 'Estimated Impacts of Proposed Tariffs on Imports' analyzed the potential impact of tariffs on a wide range of consumer goods, including the fashion industry.

The study concluded tariffs would lead to:

Higher costs of doing business: Importers and retailers will face higher costs for goods sourced from China, potentially leading to reduced profit margins or increased prices for consumers.

Job losses: The study estimates significant job losses across various sectors, including retail and manufacturing, as businesses grapple with increased costs and reduced consumer spending.

Supply chain disruptions: Tariffs could disrupt established supply chains, forcing businesses to seek alternative sourcing options, potentially leading to delays and increased complexity.

The additional 10 per cent tariff on Chinese imports affects the fashion industry that is particularly vulnerable. China is a major supplier of raw materials, fabrics, and finished garments for many global brands. According to the USITC, China accounted for approximately 30 per cent of US apparel imports in 2023.

This reliance on Chinese imports highlights the potential impact of the new tariffs on the US fashion industry. The NRF study estimates that a 10 per cent tariff on Chinese imports could lead to a loss of over 200,000 US jobs and reduce GDP by $30 billion.

The new tariff could significantly impact the industry in several ways. For example, increased import costs are likely to be passed on to consumers in the form of higher prices for clothing and accessories. This could reduce consumer demand and impact sales. Fashion companies may be forced to diversify their sourcing, moving away from China to avoid the tariffs.

This could lead to increased production costs and logistical challenges as companies establish new supplier relationships in countries like Vietnam, Bangladesh, or India. While some argue tariffs could boost domestic manufacturing, the reality is more complex. The US fashion industry has gone through significant offshoring in recent decades, and rebuilding domestic production capacity would require substantial investment and time.

Indeed, the new tariffs on Chinese imports are a challenge for the US fashion, apparel, and textile sector. Businesses will need to adapt quickly, exploring alternative sourcing strategies, optimizing their supply chains, and potentially adjusting their pricing strategies to remain competitive in this evolving landscape. The long-term impact of these tariffs on the industry and the global economy remains to be seen.

Source: fashionatingworld.com

Global cotton yarn market to grow at 4.10% CAGR from 2024-2032

Valued at $81.95 billion in 2023, the global cotton yarn market is projected to grow at a CAGR of 4.10 per cent from 2024-2032 to $117.69 billion by 2032. As per a report by SNS Insider, this growth is likely to be fueled by an increasing demand for sustainable, high-quality textiles across fashion, home furnishings, and industrial applications. The shift toward eco-friendly production and the rising popularity of organic cotton yarn, which eliminates synthetic pesticides and fertilisers, are driving advancements in the market.

Enhancing the market for eco-friendly yarn, sustainability initiatives such as the Better Cotton Initiative (BCI) are promoting responsible cotton farming across the globe. In 2023, the carded yard segment held approximately 48 per cent share in the global cotton market on account of its cost-effectiveness and suitability for basic textiles and garments. Meanwhile, driven by a demand for premium apparel and home textiles, particularly in the developed markets, the combed yarn segment is growing at the fastest.

In 2023, propelled by the fashion industry's need for breathable and comfortable fabrics, demand in the cotton sector was dominated by apparel segment with over 60 per cent market share,

Cotton yarn is widely used in producing T-shirts, shirts, jeans, and other garments. The home textiles segment, including bed linens, curtains, and towels, also grew as rising disposable incomes boosted spending on home improvement. Additionally, industrial textiles are being increasingly adopted in the automotive and medical segments.

Driven by thriving textile industries in China, India, Bangladesh, and Vietnam, Asia-Pacific led the global cotton yarn market in 2023 with a 52 per cent share. India's abundant raw cotton supply and government schemes like TUFS supported its leadership. In North America, demand for organic cotton yarn rose, particularly in the US and Canada, where consumers favor sustainable textiles.

Source: fashionatingworld.com

China's textile & garment exports up 2.2% to $267 bn in Jan-Nov

China's cumulative exports of textiles, garments, and accessories totalled $273.059 billion during the first 11 months of 2024, reflecting a modest increase of 2.24 per cent compared to $267.721 billion in the same period of 2023, according to data from the General Administration of Customs.

This growth was primarily driven by a rise in textile shipments, as garment exports continued to lag. From January to November 2024, exports of garments and accessories amounted to $144.222 billion, a slight decline of 0.2 per cent compared to $144.577 billion during the corresponding period in 2023.

Conversely, exports of textile products, including yarn and fabric, saw an increase of 4.6 per cent year-on-year (YoY), reaching $128.837 billion, up from $123.144 billion during the same period in 2023.

In November 2024 alone, China's garment exports were valued

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at $13.016 billion, while exports of textile yarn, fabrics, and related articles stood at $12.156 billion, bringing the total export value for the month to $25.172 billion.

On the import side, China experienced an 8.1 per cent decrease in textile yarn and fabric imports, which fell to $9.852 billion in the first 11 months of 2024, down from $10.725 billion during the same period in 2023. For November 2024, imports were valued at $0.867 billion.

In 2023, China's total exports of textiles, garments, and accessories declined by 8.05 per cent to $293.641 billion, down from $319.376 billion in 2022.

Garment exports decreased by 7.8 per cent to $159.144 billion, while textile exports fell by 8.3 per cent to $134.497 billion. Imports of textile yarn and fabric products also registered a 1.2 per cent decrease, dropping from $11.881 billion in 2022 to $11.742 billion in 2023.

Source: fibre2fashion.com

Vietnam's textile & garment exports rise 10.6% to $33.6 bn in Jan-Nov

Vietnam's textile and garment exports (excluding yarn and fibre) grew by 10.6 per cent year-on-year (YoY), reaching $33.650 billion between January and November 2024, according to the Customs IT and Statistics Department of the General Department of Customs under Vietnam's Ministry of Finance. But in November 2024, these exports decreased by 5.0 per cent month-on-month to $3.051 billion.

During the eleven-month period, Vietnam's yarn exports rose slightly by 0.7 per cent year-on-year, totalling $4.022 billion. In volume terms, yarn exports increased by 4.5 per cent, with the country exporting 1.701 million tonnes of yarn in the first 11 months of 2024.

On a month-on-month basis, yarn exports eased by 7.5 per cent in value and 6.6 per cent in volume. In November 2024, Vietnam exported 161,954 tonnes of yarn, valued at $367.706 million.

The United States remained the largest market for Vietnam's textile and garment exports, accounting for 43.43 per cent of the total, equivalent to $14.616 billion. Japan and South Korea were also key markets, with exports amounting to $3.983 billion and $2.920 billion, respectively.

For yarn exports, China was the largest buyer, accounting for 48.53 per cent of Vietnam's total yarn shipments, valued at $1.951 billion. Yarn exports to India were valued at $59.292 million during the January to November 2024 period.

On the import side, Vietnam's cotton imports rose by 2.3 per cent year-on-year to $2.650 billion between January and November 2024. The volume of imported cotton reached 1,369,731 tonnes, marking a 12.6 per cent year-on-year increase.

The country also imported 1,126,291 tonnes of yarn, valued at $2.474 billion, reflecting a 24.0 per cent increase in value and a 17.6 per cent rise in volume. Fabric imports totalled $13.572 billion, up 14.3 per cent year-on-year.

In 2023, Vietnam's textile and garment sector saw a decline of around 12 per cent, dropping to $36.23 billion. Although the Vietnam Textile and Apparel Association (VITAS) had set an export target of $48 billion, the sector did not meet this goal. In 2022, the sector's exports grew by 14.7 per cent to $37.5 billion, still falling short of the $43 billion target. In 2021, exports totalled $32.75 billion, marking a 9.9 per cent increase from $29.81 billion in 2020.

In response to declining global market demand, VITAS has lowered its export target for textiles, garments, and yarn to $44 billion for 2024.

Source: fibre2fashion.com

EU Council adopts one year postponement of deforestation law

The European Council has formally adopted the regulation to postpone the application of the European Union Deforestation Regulation (EUDR) by one year. The law, aimed at ensuring deforestation free commodities and products in the EU, was originally set to be implemented from December 30, 2024, but will now take effect on December 30, 2025.

This extension provides additional time for member states, third countries, operators, and traders to fully comply with due diligence obligations.

The deforestation regulation has been in force since June 29, 2023. The postponement aims to deliver legal clarity and ensure a smooth transition for stakeholders while reinforcing the EU's commitment to addressing global deforestation, Council of the EU said in a release.

The Council's decision concludes the legislative procedure. The regulation will now be signed and published in the Official Journal of the EU, enabling its formal entry into force before the end of the year.

Source: fibre2fashion.com

Japan's apparel imports ease 1.7% to $1.8 bn in Nov 2024

In November 2024, the eighth month of fiscal 2025 (April-March), Japan saw a decrease in its imports of clothing and accessories by 1.7 per cent to 291,380 million yen (approximately $1.861 billion).

These imports accounted for 3.1 per cent of the nation's total imports, which amounted to 9,270,002 million yen, according to provisional data from Japan's Ministry of Finance.

Additionally, Japan's imports of textile yarn and fabric in November 2024 decreased by 2.3 per cent year-on-year, totalling 101,200 million yen and accounting for 1.1 per cent of total imports.

Conversely, Japan's exports of textile yarn and fabric rose by 7.9 per cent during the same period, reaching 73,978 million yen. In contrast, exports of textile machinery fell by 18.0 per cent to 23,336 million yen, contributing 0.3 per cent to total exports.

During the first half of the current fiscal (April-September 2024), the country's imports of clothing and accessories increased by 3.5 per cent to 1,842,869 million yen (approximately $12.3 billion).

Its imports of textile yarn and fabric during April-September 2024 rose by 2.2 per cent year-on-year, totalling 590,305 million yen and representing 1.0 per cent of total imports.

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Meanwhile, the country's exports of textile yarn and fabric increased by 6.8 per cent during the same period, reaching 420,269 million yen. However, exports of textile machinery declined by 25.0 per cent, amounting to 127,011 million yen and contributing 0.2 per cent to total exports.

For fiscal 2023-24 (April-March), Japan's imports of clothing and accessories amounted to 3,564,850 million yen (approximately $23.107 billion), a decrease of 1.7 per cent.

Imports of textile yarn and fabric fell by 10.4 per cent to 1,143,805 million yen. In the same fiscal, Japan exported textile yarn and fabric worth 802,178 million yen, while exports of textile machinery totalled 320,947 million yen.

In fiscal 2022-23, Japan's imports of clothing and accessories reached 3,619,550 million yen (approximately $25.05 billion), and imports of textile yarn and fabric totalled 1,275,608 million yen.

During that fiscal, Japan exported textile yarn and fabric worth 776,999 million yen, while textile machinery exports amounted to 306,781 million yen.

Source: fibre2fashion.com

Mexico raises tariffs to protect textile industry

Mexico has raised tariffs by up to 35 per cent on finished clothing products and 15 per cent on textile imports to protect its domestic textile industry, Economy Minister Marcelo Ebrard announced.

The tariff increases, effective until April 22, 2026, aim to counter unfair competition and reduce job losses in the sector, which has seen a decline of 79,000 jobs in recent years.

The move exempts countries with free trade agreements, like the US and Canada, and is not targeted at any specific nation, including China.

Ebrard emphasized that the measure seeks to boost national industry development and job creation. The tariff hikes align with efforts to strengthen the North American trade bloc amid concerns over Chinese imports.

Mexico has also stepped up efforts to combat illegal merchandise, particularly from China, as part of its broader trade and immigration strategy.

Source: fashionatingworld.com

US Upland cotton sales up 27%, Pima down 93% this week: USDA

Net sales of Upland cotton in the United States for the 2024-25 season totalled 194,900 running bales (RB), each weighing 226.8 kg (500 pounds), for the week ending December 12. This represents a rise of 27 per cent from the previous week and a decrease of 19 per cent from the prior four-week average.

According to the weekly sales report from the US Department of Agriculture (USDA), released on Thursday evening, the increases were primarily noted for Vietnam (42,400 RB, including 400 RB switched from Hong Kong), Pakistan (37,000 RB, including decreases of 2,200 RB), Turkiye (32,100 RB), Indonesia (16,000 RB, including 200 RB switched from Japan), and Mexico (11,100 RB). These were offset by reductions for Hong Kong (400 RB). Total net sales of 6,900 RB for 2025-26 were recorded for Mexico.

The exports for the week totalled 128,600 RB, down 6 per cent from the previous week and 10 per cent from the prior four-week average. The primary destinations were Pakistan (25,500 RB), Vietnam (23,800 RB), China (22,700 RB), Bangladesh (11,700 RB), and Mexico (10,200 RB).

Net sales of Pima totalled 500 RB for 2024-25, marking a marketing-year low. These were down 93 per cent from the previous week and 94 per cent from the prior four-week average. Increases were reported for India (200 RB, including decreases of 400 RB), Mexico (200 RB), and Japan (100 RB).

The exports of Pima cotton amounted to 12,000 RB, up 84 per cent from the previous week and significantly higher than the prior four-week average. The main destinations were India (6,600 RB), Peru (1,700 RB), Egypt (1,100 RB), Pakistan (900 RB), and China (900 RB).

Source: fibre2fashion.com

FTA may boost South Korean apparel imports from Philippines

The Free trade agreement (FTA) approved by the South Korean Parliament last month may spurt the country's apparel imports from Philippines in the coming years. Presently, Philippines has negligible share in south Korean apparel imports valued in billions of dollars. The Philippine government is optimistic that the FTA will come into force in current month itself after the issuance of an executive order by Philippine's President Ferdinand Marcos Jr. Exporters of both countries will get certain benefits under the trade agreement.

According to Fibre2Fashion's market insight tool TexPro, South Korea has imported apparel of $10.513 billion in the first ten months of the current year. Philippines' share was just 0.67 per cent in the total inbound shipment. South Korea's apparel imports from the partner country was valued at $70.114 million during the period. The imports decreased 9.61 per cent in January-October 2024 from the imports of $77.571 million in the corresponding period of the last year. In 2023, South Korea's apparel imports from the Philippines totalled $89.586 million, which was 0.75 per cent of South Korea's total apparel imports of $11.979 billion during the year. China, Vietnam, Türkiye, Bangladesh and Indonesia were the top five apparel suppliers to South Korea.

In fabric too, Philippines has negligible presence in the South Korean market. South Korea's fabric imports totalled $797.591 million in the first ten months of the current year. Of this, the imports from Philippines were noted at $6.193 million, or 0.78 per cent of the total imports. Fabric import from Philippines was 4.04 per cent lower the inbound shipment of $6.454 million in January-October 2023, as per TexPro. Last year, South Korea had imported fabric worth $1,051.931 million. Of this, the import from Philippines stood at $7.778 million, or 0.74 per cent of the total.

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Being an industrial developed nation, South Korea is an important consumer market for garment and textile products. Philippines may gain larger share in the market in the coming years due to the coming into force of the FTA.

Source: fibre2fashion.com

Vietnam back as ASEAN growth star as outlook turns more positive

Vietnam's economic outlook has turned more positive, with recovery continuing as the year progressed after a challenging first quarter (Q1) this year, according to HSBC, which said the country is back as ASEAN's 'growth star'.

In a recent article titled '2024—a look back at ups and downs', HSBC noted that growth improved and surprised on the upside, rising to 6.9 per cent and 7.4 per cent in Q2 and Q3 respectively, and therefore, HSBC Global Research has raised its growth forecast for the country for this year to 7 per cent from the earlier prediction of 6.5 per cent.

It maintains its forecast at 6.5 per cent for 2025.

The recovery in the external sector has started to broaden out beyond consumer electronics, although the domestic sector remained relatively muted despite seeing incremental improvements, HSBC noted.

Manufacturing and trade showed resilience and continued to lead the recovery despite concerns that the impact of typhoon Yagi would hit growth, the HSBC article noted.

The country continued to attract foreign direct investment (FDI) as fundamental prospects remain positive. Although growth in newly registered FDI moderated in Q3 2024, sectors beyond manufacturing like real estate and energy saw increases in investment.

A total of $21.68 billion was disbursed—up by 7.1 per cent year on year (YoY). This is the third consecutive year in which Vietnam's FDI disbursement exceeded $20 billion.

Intra-ASEAN investments are leading the way, making up 40 percent of inflows to date. Existing investors continue to make commitments, supporting Viet Nam's expanding manufacturing capabilities, the HSBC article observed.

Source: fibre2fashion.com

Bangladesh: BTMA seeks 5pc specific duty

The country's primary textile mill owners recently urged the government to allow the import of recycled plastics and textile waste with a 5 per cent specific duty, as well as sought policy support to encourage non-cotton garment manufacturing.

They argued that these products could be used as import substitutes for the local market and also significantly contribute to the national economy by generating substantial foreign exchange through exports.

Bangladesh Textile Mills Association (BTMA) in a letter to the chief adviser on December 11 raised the demands.

Its President Showkat Aziz Russell in the letter said allowing the import of recycled plastics and textile waste with a 5 per cent specific duty as raw materials for producing fibres in the recycling textile industry could add an additional $40-50 billion annually to export earnings.

He also advocated for safeguarding the interests of the local industry by facilitating the import of all types of textile waste, including cotton waste, saying these could be used as key raw materials for producing recycled fibres.

Russell further requested the interim government to impose an immediate ban on the export of PET bottles and flakes.

The letter called for revising the notification on the ban on single-use plastics issued by the environment ministry on August 27 after consulting with related stakeholders.

According to the letter, the country annually imports 1,200 tonnes of polyester stable fibre (PSF) from various countries. Producing the fibre domestically using reusable PET bottles could save $150 million.

"Bangladesh could earn $40-50 billion annually from non-cotton textiles and apparel products by 2030 through the efficient utilisation and export of reusable plastics," it said.

Moreover, renowned multinational companies, such as Reebok, Pepsi, Nestlé, and Coca-Cola, have committed to using flakes and granules produced from plastics in soft drink bottles and other packaging.

Source: thefinancialexpress.com.bd

USA: What Will It Take to Diversify Sourcing in 2025?

Since the pandemic, the apparel sourcing landscape has been mired in uncertainty.

Supply chain and logistics issues persisted throughout 2024, tariff threats loomed large and geopolitical tensions simmered, leading many sourcing executives to conclude that they need to be ready for anything, from hurricanes to Houthi attacks in the Red Sea.

Diversification has been a major part of that strategy in recent seasons. There's been talk of nearshoring as a means of bringing production closer to the end market; some enthusiasm about Africa, and much concrete growth across East and South Asia, according to Dr. Sheng Lu, professor of apparel studies at the University of Delaware.

Lu spoke on a U.S. Fashion Industry Association (USFIA) webinar about his recent research.

"I found that most of the winners—the countries that enjoyed the fastest growth of their apparel exports to the U.S. market… from January to October, almost all of them are Asian countries," he added.

India has been a major recipient of new business in 2024. Lu authored a study on India's rise that was released earlier this fall, showing that the country is now being regarded as a "rising star" in the sourcing world due to several key factors.

"India makes more apparel than even Vietnam—and actually… it makes more textiles than Bangladesh," he explained. While its output is still just a fraction of China's, the country boasts a "more balanced textile to apparel production ratio, which means that India has a more vertically integrated regional supply chain."

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Countries like Bangladesh and Vietnam are still heavily reliant on China and other Asian markets for inputs, whereas India has the raw materials and upstream operations to facilitate more self-sufficiency. “And because of that, India has some very unique advantages,” Lu said.

Now the third most utilized clothing production base for U.S. companies, India exported about $15 billion worth of apparel in 2023.

While gains were modest, 2024 has also seen a 2.7-percent improvement in the utilization rate for the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), meaning that 73.2 percent of apparel and textile imports from the region enter the U.S. under the program.

“In the past, companies who have sourced from the region didn’t use the agreement often enough,” Lu said, meaning that they were not taking advantage of duty-free entry into the U.S. “But somehow, this year, the situation has changed; you can see the utilization rate improved.”

The problem? “The sourcing volume and sourcing value didn’t follow,” the professor said. In fact, CAFTA-DR members lost apparel market share in the U.S. even though more importers made use of the trade agreement.

While there’s been a wealth of investment in verticalizing operations in the region, in Lu’s estimation, the breadth of products that can be sourced from Central America is still limited by the inputs producers have access to. There’s a supply chain for cotton fabrics, but when it comes to synthetics and performance materials, yarns are still largely brought in from Asia.

According to Lu’s research, 26.9 percent of fabrics manufactured in the region were made with yarns imported from Asia in 2023, and 38.8 were made with yarns from the United States. Roughly 26 percent of yarns were sourced from within the region—an improvement of nearly 10 points from 2019, but still not a big enough acceleration to propel the region’s verticalization.

Sub-Saharan African nations that are a part of the Africa Growth and Opportunity Act (AGOA) have experienced similar constraints when it comes to the variety of their offerings.

“They may struggle with a shortage of different kinds of textile raw materials,” Lu said, noting that AGOA countries largely export basics to the U.S. market, like tops and bottoms, but few dresses or outerwear options, which can be more fashion-forward, complex or require more performance fabrics and inputs.

“Theoretically, AGOA members should not have to worry too much about access to different kinds of fabrics,” he added. “Why? Because AGOA allows countries to use a very liberal third-country fabric [rule], which means they can import yarn and fabrics from anywhere in the world, and still the finished garments will be qualified for duty-free benefits under AGOA.”

However, an examination of the fiber content of apparel imports making their way into the U.S. from AGOA nations shows that members are largely sticking to the basics.

Lu looked at a sampling of thousands of garments at retail and found that many contained cotton (38.2 percent), polyester (31 percent) and spandex (15.8 percent). Specialized materials like wool, viscose, linen and recycled or organic textiles were found in much smaller quantities, suggesting that African producers aren’t taking advantage of the trade benefits offered to them.

Liberal rules of origin, while beneficial to manufacturers that don’t have regional supply chains, “cannot replace” the need for localization, according to Lu. “If you want to diversify your sourcing base, I think still, the most effective way is to build a strong local textile industry.”

The winners in 2025 are likely to be the sourcing regions that work to establish holistic, efficient supply chains for apparel production, he added.

Source: sourcingjournal.com

EU Garment Imports Shift: Consolidation gives way to diversification

A new analysis of EU garment import data from the International Trade Commission reveals a shift in sourcing patterns. While overall imports have stabilized, with a minor 2 per cent dip year-to-date (YTD) September 2024 compared to the same period in 2023, a notable trend is the reversal of consolidation.

In 2019, top garment exporting countries held a commanding 98.1 per cent share of the EU market. However, this dominance has weakened, with the figure dropping to 93.9 per cent YTD September 2024. This suggests a growing diversification in the EU’s sourcing strategy, potentially driven by factors such as rising costs in traditional production hubs, geopolitical considerations, and a desire for greater supply chain resilience.

Analysis reveals winners and losers

David Birnbaum, a leading expert in textile and apparel trade, has categorized the key exporting countries into four tiers to better understand the evolving dynamics:

Tier 1: EU and China

This tier, representing the largest suppliers, has seen internal shifts. While the combined market share of the EU and China remained relatively stable between 2019 and YTD September 2024 (55.4 per cent to 56.1 per cent), the EU’s internal sourcing has surged from 33.3 per cent to 40 per cent. Conversely, China’s share has declined from 22.1 per cent to 16.1 per cent. This could indicate a ‘nearshoring’ trend, with EU manufacturers favoring production closer to home.

Tier 2: Bangladesh, Türkiye, Vietnam, India

This tier shows mixed results. Bangladesh, Vietnam, and India have all registered gains in the most recent data, signalling their growing competitiveness in the EU market. However, Türkiye appears to be facing headwinds.

Tier 3: Cambodia, Morocco, Pakistan

All three countries in this tier are emerging as ‘winners’, with their market share increasing according to the latest data. This suggests that they are successfully capitalizing on the diversification trend and offering competitive advantages to EU buyers.

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Tier 4: Myanmar, Tunisia, Indonesia, UK

These countries seem to be experiencing a long-term decline in their EU market share. This could be attributed to various factors, including political instability, rising labor costs, or challenges in meeting sustainability standards.

Looking ahead

This early analysis of EU garment import data reveals a market in flux. The ongoing diversification trend presents both challenges and opportunities for garment-exporting countries. As the EU continues to re-evaluate its sourcing strategies, agility and adaptability will be key for suppliers to maintain and grow their market share. Factors such as sustainability, speed-to-market, and cost-efficiency will likely play a crucial role in shaping the future landscape of EU garment imports.

Source: fashionatingworld.com

China's cotton production soars to 6.164 mn tonnes in 2024

During the ongoing calendar year, cotton production in China increased by 9.7 per cent year-on-year to 6.164 million tonnes, according to the data released by the National Bureau of Statistics (NBS). Cotton production particularly increased in Xinjiang, the main cotton growing region in China.

Both the area under cotton cultivation and yield per hectare increased during the year. While the total cotton planting area rose by 1.8 per cent compared to the last year, the yield per unit area saw a sharp jump of 7.8 per cent to touch 2,172 kg per hectare, as per the NBS data.

Cotton plantation area expanded by 3.3 per cent to 2.45 million hectares in the Xinjiang Uygur Autonomous Region, in the northwest of China. On the other hand, area under cotton cultivation in the Yellow River and Yangtze River basins declined by 13.6 per cent and 1.6 per cent, respectively.

Source: fibre2fashion.com

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Vietnam's T&A exports to rise to $44 billion in 2024

Consolidating its position as the world's second-largest exporter, Vietnam's textile and apparel (T&A) exports are projected to rise to $44 billion in 2024, says Cao Huu Hieu, General Director, Vietnam National Textile and Garment Group (Vinatex).

To achieve these goals, Vinatex aims to enhance its management processes through digital transformation, integrate automation technology, and adopt artificial intelligence to reduce reliance on labor. These initiatives are a part of the group's broader commitment to modernise operations and promote sustainability.

Noting encouraging signs form key markets such as the US and the EU, Hoang Manh Cam, Deputy Chief, Vinatex, says, economic recovery from these two markets and rising consumer demand are boosting opportunities for Vietnam's textile exporters. A shift in orders from Bangladesh due to political instability further strengthens Vietnam's prospects.

Despite a slow start in the first half of 2024, Vinatex's consolidated revenues increased by 2.8 per cent Y-o-Y to 18.1 trillion VND ($724 million) in H2, FY24. The group's consolidated profit increased by 37.5 per cent to 740 billion VND during the period. Vinatex's success stems from its focus on niche markets and high-tech products like fire-resistant fabrics developed with the UK's Coats Group, along with innovations in filament core yarns and blended fibers. The group has also adopted an enterprise resource planning (ERP) system to streamline operations.

In its push for sustainability, Vinatex is expanding its wastewater treatment facilities at Pho Noi Textile and Garment Industrial Park, Hung Yen province, aiming to create a model green industrial park. With these initiatives, Vietnam's textile and garment sector is poised for continued growth, supported by a strategic focus on innovation and environmental stewardship.

Source: fashionatingworld.com

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Exports show resilience in 2024 but the new year may pose fresh challenges

India's goods exports demonstrated considerable resilience in 2024, bouncing back on the growth track from the negative territory it slipped into last fiscal, despite persistent geopolitical risks and global economic uncertainties.

The pick-up in exports, albeit modest, has ignited hopes for the future. This has been fuelled by expectations of interest rate cuts in Western economies that could translate into higher export orders. But the year 2025 could prove to be highly tumultuous.

Geopolitical tensions

Factors such as heightened tensions in West Asia, Russia's continued war in Ukraine and US President-elect Donald Trump's warnings on higher import tariffs could pose hurdles for global economic growth and the country's exports.

Goods imports by India, too, have gone up this fiscal so far. The slightly higher rate of growth for imports has widened the trade deficit. Since much of the increase is due to higher imports of petroleum and inputs for manufacturing, attempts to curb it would be limited.

In fact, Commerce Secretary Sunil Barthwal recently said that India should not be too concerned about its imports rising, as long as its export share continues to grow. So, the big challenge for the government in 2025 on the trade front would be to stay focussed on the export numbers.

After suffering a decline of 3.10 per cent in FY 24 (year-on-year) to $437.07 billion, India's goods exports have showed signs of revival overcoming geopolitical turmoil including the West Asia and Red Sea crisis, and the Russia-Ukraine war disruptions. While goods exports declined in certain months, there has been an overall 3.14 per cent growth to $252.19 billion overall in the April-October 2024 period.

India's exports to its top five destinations, including the US, the UAE, Netherlands, the UK and Singapore, increased in April-October 2024.

Trump Tariff

The US continued to be India's largest export market in April-October 2024, with exports growing 6.31 per cent to $47.23 billion. Ironically, it is in the US market that India's biggest challenge for 2025 lies. With Trump's identification of India as a high tariff charging country and threatening of trading partners with reciprocal tariffs, no one is quite sure what the situation in the US market would be in 2025.

As Trump's primary target is China, and he is likely to impose much higher tariffs on the country, opportunities may emerge for India. But India's track record of cashing in on opportunities thrown by countries wanting to reduce over-dependence on China has not been good. "India has seen limited success so far in capturing the China Plus One strategy. Vietnam, Thailand, Cambodia and Malaysia have become bigger beneficiaries of the strategy," a new 'Quarterly Trade Watch' report brought out by NITI Aayog pointed out.

Cheaper labour, simplified tax laws, lower tariffs and proactive signing of Free Trade Agreements (FTAs) were some of the reasons identified in the report for the success of the South East Asian countries.

India is keen on FTAs, but certain oversights while negotiating some of the recent FTAs, like with the UAE, is now making the Commerce Department go slow. A set of standard operating procedures are now to be followed in future FTAs. Quick-fix FTAs to boost exports with partners such as the EU or the UK, may not be an urgent priority anymore.

But like 2024, Indian exporters could continue moving up the growth trajectory in 2025 as well, against all odds. Perhaps a little help from the government, in terms of adequate credit, timely clearances and input tax remissions, could go a long way in boosting performance.

Source: thehindubusinessline.com

India's merchandise trade deficit widens to a record $37.8 bn in Nov

India's trade deficit reached a record high of $37.8 billion in November, amid a surge in merchandise imports, mainly driven by a 4.3-time jump in inbound shipments of gold, data released by the commerce department showed. Imports increased by 27 per cent to a record of almost $70 billion during the month.

On the other hand, exports contracted 4.8 per cent to a 25-month low of $32.1 billion in November. The contraction came in a month after witnessing robust 17 per cent year-on-year (Y-o-Y) growth in October, which, according to government officials, was due to inventory-building by the West ahead of the Christmas season.

Commerce secretary Sunil Barthwal said that in November, decline in petroleum prices had largely affected exports, although on the brighter side, non-petroleum products grew nearly 8 per cent, an indication that demand is intact.

"This Christmas demand for exports is growing, which means that demand for (non-petroleum) Indian products is consistently rising," Barthwal told reporters in a briefing on Monday.

During November, petroleum exports contracted 49.6 per cent at $3.7 billion. That apart, gems and jewellery is another crucial export item that saw a massive decline of 26 per cent to $2.06 billion. Key products that witnessed export growth include engineering goods (13.7 per cent), drugs and pharmaceuticals (1.1 per cent), electronic goods (54.7 per cent), and readymade garments (9.8 per cent).

According to the data, India imported gold worth $14.9 billion, comprising a fifth of merchandise imports in November. Commerce department officials said that a surge in import of the precious metal has been influenced by nearly a 30 per cent increase in price.

"Gold has been reflected as one of the best performing assets in 2024, till November. Higher import is also due to the investor confidence in gold as a safe asset," additional secretary L Satya Srinivas told reporters.

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Aditi Nayar, chief economist and head of research and outreach at ICRA, said that such high levels of gold imports were likely driven by festive and marriage-related demand, and are unlikely to sustain in the ensuing months, which would help to cool the upcoming merchandise trade deficit prints.

Other items that saw a sharp increase in imports include electronic products (17.4 per cent), petroleum products (7.9 per cent), electrical machinery (12.8 per cent), organic and inorganic chemicals (6.5 per cent), and vegetable oil (87.8 per cent).

On a cumulative basis, exports saw 2.2 per cent growth at $284.31 billion during April-November. Imports saw 8.3 per cent growth at $486.73 billion during the first eight months of the current financial year (FY25).

"The adverse trade deficit print for November 2024 will result in a sharper-than-expected widening in India's current account deficit (CAD) in Q3FY25 to 2.8 per cent of GDP as against earlier expectations of 2 per cent, which will be the highest level in over two years. We have also revised our FY25 forecast for CAD to 1.4 per cent of GDP from 1 per cent earlier," Nayar said.

Federation of Indian Export Organisations (FIEO) President Ashwani Kumar said that ongoing international trade disruptions, along with the volatility in crude and metal prices, have also played a key role in the declining value of exports to some extent.

"The rising tensions between Israel and Iran has continuously led to logistical challenges with regard to international trade getting impacted, as most of our trade to Europe, Africa, CIS, and the Gulf region is happening through the Red Sea route or the gulf region, prompting buyers to have a little large inventories," Kumar said.

In November, the value of services exports was higher than merchandise exports.

Services exports saw 26.8 per cent growth at $35.67 billion in November, while services imports witnessed 29.2 per cent rise to $17.7 billion, resulting in a surplus of $17.9 billion.

Services trade data for November, however, is an "estimate", which will be revised based on the Reserve Bank of India (RBI)'s subsequent release.

Source: business-standard.com

Giriraj Singh invited Japanese brand Uniqlo to invest in PM's Mega Integrated Textile Region and Apparel (PM MITRA) Parks

The Hon'ble Minister of Textiles held a pivotal meeting with senior officials from Uniqlo, facilitated through Invest India, reaffirming the shared commitment to strengthening India's textile sector.

This engagement follows Uniqlo's earlier interaction with the Hon'ble Prime Minister, highlighting their keen interest in collaborating with India's textile industry to enhance cotton production capabilities, productivity, and quality. This meeting underscores the synergy between Uniqlo's vision and India's goal of fostering a globally competitive and sustainable textile sector.

With 15 stores across the country and a retail revenue of ₹814 crore as of March 31, 2024, Uniqlo has demonstrated a robust growth rate of 30%, contributing substantially to the retail and textile ecosystem in India.

Their operations, including collaboration with 18 swing factories and 6 fabric mills sourced from 9 vendors, underline their commitment to quality and innovation in textiles.

Uniqlo has expressed a keen interest in advancing cotton production capabilities, productivity, and quality within India. As the world's largest cotton producer, cultivating over 11.9 million hectares, India provides an ideal landscape for such initiatives. India already utilizing high-density quality seeds in Akola where productivity levels are up to 1,500 kg/hectare.

The company's pilot project is also working on similar lines where the productivity and quality levels are yielding up to 1,000 kg/hectare. The Ministry is committed to supporting Uniqlo's request for land to scale this initiative, reflecting a shared vision of making India a global hub for high-quality cotton sourcing.

In alignment with India's textile growth targets, reaching a market size of $350 billion and $100 billion in exports by 2030, the Ministry has extended an invitation to Uniqlo to invest in the Prime Minister's Mega Integrated Textile Region and Apparel (PM MITRA) Parks. These parks offer a ready-to-perform ecosystem with a Build-to-Suit model, ensuring seamless integration for companies seeking sustainable and efficient operations.

Uniqlo's participation in the upcoming "Bharat Tex" Global Textile Expo in February will further underscore the shared commitment to fostering innovation, sustainability, and traceability in the textile sector.

With global attention focused on sustainable and traceable practices, the Ministry has encouraged Uniqlo to extend its research and development efforts into new natural fibers, including milkweed fiber aligning with India's own initiatives in this critical area.

The Ministry remains confident that this partnership will bolster India's end-to-end textile value chain, strengthen the women-led economy, and elevate India's position as a global textile leader.

Source: pib.gov.in

Need a paradigm shift in India's e-commerce export ecosystem

Excessive collateral requirements by financial institutions pose a significant barrier for MSMEs seeking institutional finance, Santosh Kumar Sarangi, Director General of Foreign Trade, Ministry of Commerce and Industry has said.

This discourages them (Micro, Small and Medium Enterprises) from getting into the export market, Sarangi said at the 4th National Exports Competitiveness Summit 2024 organised by the Confederation of Indian Industry (CII) in the capital.

"Through focus on trade finance, trade infrastructure, and export promotion schemes, we are trying to ensure export competitiveness," Sarangi said.

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He highlighted that e-commerce exports represent a massive untapped opportunity for India. With the right infrastructure, including rapid customs clearance within minutes, India's e-commerce exports could grow to $ 200–250 billion by 2030, transforming the trade landscape.

Paradigm shift

Sarangi called for a paradigm shift in India's e-commerce export ecosystem by replicating best practices and creating export hubs with seamless pre-clearance.

Furthermore, talking about the importance of branding, Sarangi said, "India must invest in branding and quality certification for its products. Large-scale efforts for branding India's millets, basmati rice, fruits, vegetables, and emerging sectors like medical tourism must be taken to strengthen its export identity".

Ajay Bhadoo, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry, underscored the need to prepare for the rising tide of global protectionism by focusing on quality, certifications, and compliance with non-tariff barriers.

"India has immense potential in services exports, which are already growing faster than merchandise exports. Sectors like medical tourism, IT, and professional services hold transformative potential. By focusing on such sectors, India can emerge as a global leader in service exports," said Bhadoo.

Meanwhile, addressing a different session at the Summit, Sanjay Kumar Agarwal, Chairman, Central Board of Indirect Taxes & Customs, said that India is no longer just aspiring to be a global export powerhouse but has outlined a clear roadmap to enhance its share in global trade. Transformative initiatives like the Gati Shakti Master Plan and multimodal logistics parks are reducing logistics costs, improving supply chain efficiency, and boosting connectivity, he said.

At the same time, the digitization of customs processes, including e-sealing, electronic export orders, and digitized duty refunds, is revolutionising trade facilitation, ensuring transparency, and enabling faster, more efficient clearances for exporters, Agarwal added.

At the inaugural session, Sanjay Budhia, Chairman, CII National Committee on EXIM and Managing Director, Patton International Limited said, "Schemes like RoDTEP and the PLI programs have directly enhanced competitiveness. The Towns of Export Excellence Initiative and the Trade Infrastructure for Export Scheme (TIES) also underscore the Government's commitment to strengthening infrastructure and fostering an enabling ecosystem for boosting exports from India."

Source: thehindubusinessline.com

High interest rates deterrent for MSME exporters; working with FinMin

The country's high interest rates are a big deterrent for exporters community and the commerce ministry is working with its finance counterpart to help them at this front, a senior government official said on Wednesday.

Director General of Foreign Trade Santosh Kumar Sarangi said that the department of commerce has been "struggling" to convince the finance ministry regarding the relevance of the Interest Equalisation Scheme (IES) and the extent to which it is maintaining manufacturing competitiveness.

Sarangi said there are many studies which suggest that very high collateral demand by financial institutions is a big deterrent for MSMEs to access institutional finance and that deters them from getting into the export market.

"So how do we ensure collateral free or a subsidised collateral arrangement for MSMEs is something that the department of commerce is working with the department of expenditure," he said adding India has high interest rates vis-a-vis its peer nations. The repo rate in India is 6.5 per cent, whereas in many Southeast Asian nations, it is between 2.5 per cent and 3.5 per cent. So this has been a big deterrent for our exporters, especially MSMEs, to become export competitive," he said.

He added that the IES has been able to partially neutralise the "very" high interest rates that "our exporters face.

As of now, the scheme is there till December 31.

"We hope our negotiations with the finance ministry is able to convince them that this actually a huge intervention for MSMEs and it allows them not only to stay afloat in the market but to ensure that their integration with the global marketplace is much better and stronger," he added.

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 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.

The scheme is fund-limited, and benefits to individual exporters were earlier capped at Rs 10 crore per annum per IEC (Import Export Code). Now the cap is Rs 50 lakh.

After recording double-digit growth in October, India's exports in November contracted by 4.85 per cent year-on-year to USD 32.11 billion, while the trade deficit widened to an all-time high of USD 37.84 billion due to a record surge in gold imports.

Source: business-standard.com

Commerce dept plans mega global meet to boost exports in six product areas

The commerce department is working on a mega meet in January to devise a concrete strategy to push exports of six key product categories, including engineering goods and electronics, to 20 "focus countries" including the United States, Australia, France, China, Russia, the United Kingdom, Japan, South Korea,

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Singapore, and Indonesia, two senior government officials aware of the matter said.

Indian missions in these countries have been tapped and the ambassadors have been invited.

That apart, officials in other departments related to the products and key office holders in the commerce department and finance ministry will be present.

The meet comes against the backdrop of merchandise exports hitting a 25-month low in November amid continued geopolitical tensions as well as a decline in petroleum prices. On a cumulative basis, India's merchandise exports during April-November stood at $284 billion, up 2.1 per cent year-on-year.

"The larger idea is to evolve an export strategy and focus on countries where we feel the export potential is high this year and the next and come up with concrete recommendations on how to improve exports to these countries in 2025. We are also focusing on six manufacturing sectors in which we feel that India has good production capability and there is good export," an official told Business Standard.

These 20 countries have a share of 60 per cent of global imports. The six focus sectors that have been identified have over a two-thirds share in global inbound shipment.

Apart from engineering goods and electronics, the other focus sectors are chemicals and plastics, drugs and pharmaceuticals, agriculture, and allied products and textiles.

The idea is to have deeper economic integration with these countries by increasing market access through balanced trade agreements, enhancing economic partnerships to boost investment, and addressing the non-trade barriers India has been facing in these countries.

"To boost exports for the remaining period of this financial year, the idea is to work out strategies with a focused action plan for commodities where India enjoys comparative advantage," another official cited above said.

Similarly, the commerce department has also identified six services sectors, including information technology/information technology-enabled services, tourism, and digitally delivered health services, where there is good potential for growth.

The government has set an export target of $2 trillion by 2030 — $1 trillion each for goods and services.

Source: business-standard.com

Indian exporters See limited gains from Rupee depreciation

Indian exporters of garments, handicrafts, and engineering goods expect 5-10% gains from the rupee's depreciation, but more import-dependent sectors such as gems and jewellery and electronics see rising oil and commodity prices offsetting any benefits, trade insiders said.

Moreover, the sharper depreciation of the Chinese yuan, Japanese yen, and Mexican peso against the US dollar may prompt buyers to pressure Indian exporters to pass on the gains, besides undermining any long-term competitive advantage from the rupee's fall, they said.

The rupee hit an all-time low of 85.09 per dollar on Thursday, crossing the 85 mark for the first time. On Friday, the rupee hit a new low of 85.10/$1. Almost 60% of India's goods trade is in dollars, and the depreciation will help traditional sectors such as textiles and leather.

"The rupee depreciation will help the entire textile chain, and the benefit is usually 50% of the depreciation. The rest of the benefit gets passed on to the buyers," said Sanjay Jain, managing director of TT Ltd, an exporter of readymade garments.

Temporary Relief

Rakesh Kumar, chief mentor at Export Promotion Council for Handicrafts, said, "We expect a 2-3% growth in exports."

An exporter of engineering goods said a weak rupee is only a temporary relief and not a long-term benefit because iron and steel prices have gone up 60% in the last two months. "We expect a 4-5% rupee depreciation to translate into a 10% growth in exports if the raw material prices don't increase further," he said.

The gain is limited to sectors that have low dependence on imports. "Wherever there is imported content, our (import) costs would rise and thus neutralise this advantage at the export front," said Pankaj Chadha, chairman of Engineering Export Promotion Council of India.

India's goods exports shrunk 4.9% on-year in November to a two-year low of $32.1 billion. "A sharp fluctuation in a short duration helps only the profitability of exporters and not their competitiveness," said Federation of Indian Export Organisations director general Ajay Sahai. "Exporters, especially those who have open cover and are not hedged, can benefit. However, there is not much benefit in the long term." According to industry estimates, only 15% of exporters are not hedged.

Other Currencies

Exporters are also cautious that the gains from the rupee's fall would not be sustained. The rupee has depreciated by 2.2% against the US dollar since the beginning of the year. However, the fall was higher for other currencies such as the Brazilian real (26.8%), Mexican peso (19.6%), yen (11.8%), South Korean won (11.7%), and yuan (2.6%).

"The rupee has experienced less pressure in terms of depreciation except in the last two months," said Madan Sabnavis, chief economist at Bank of Baroda.

In a note, the bank said a weaker rupee will help exports, especially when the yuan has fallen more than the rupee. Sabnavis said ever since Donald Trump won the US presidential elections, the rupee has been on a downward trend.

Source: economictimes.com

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Price and Sectorial Imbalances Cripple Textile Industry

Globally the textile industry is in a demand slump, however there are sectorial and price imbalances among different sectors from fiber to retail goods.

Cotton No. 2 Futures for March 2025 delivery is trading at 69.17 cents, which has been in decline from 71.93 since November 29, 2024. There has been about ten cents decline in Futures since January 03, 2023, indicating weak demand for cotton.

However, in the past twenty years, consumption of synthetics has grown exponentially amounting to about 65% in 2023, with cotton occupying 20% of total fiber consumption globally.

Price competitiveness between polyester and cotton has been a big player in the increase in the consumption of polyester. Even with the crash of cotton prices, mills are not buying due to lack of demand for textile goods.

"There is no demand and movement of yarn," stated India-based cotton purchaser.

The Cotton Corporation of India has been procuring new crop at the MSP price of about Rupees 60,000 per candy (356 Kgs of lint), which amounts to Rupees 7521 per Quintal of Kapas (30 mm length). Private players are not active in the Indian market due to crash in seed price as well as weak demand for fibers from mills.

"Yarn price is not at the breakeven level due to labor cost and lack of price support by weavers," stated Seenivasahan Ramasubbu, Whole time Director at Coimbatore-based Sri Kannapiran Mills, Ltd, a spinning mill with 100,000 spindles.

"We are losing about Rupees 28/Kg for 40s Ne carded yarn. Weavers are willing to pay Rupees 250/Kg for 40s Ne carded yarn and they are comfortable at this price," added Seenivasahan Ramasubbu.

Given the price squeeze for spinners, mills are not interested in stockpiling cotton and currently maintain stock for 30-days, impacting cotton ginners.

There is sectorial imbalance currently in the industry with weavers and retailers in a comfortable position compared to ginners and spinners.

"Viability for spinning mills is not there," stated Seenivasahan Ramsubbu. In the Coimbatore area in India, which is a spinning hub, mills are on sale emphasizing the need for price and sectorial balance in the industry.

Issues that need addressing are enhancing the demand, labor shortage, productivity, and support from government for working capital. Investment in spinning infrastructure is not advisable in the current time.

Krishnasamy Gandhiraj, General Manager of Coimbatore-based Lakshmi Card Clothing and Vice-Chairman of The Textile Association (India) agreed with the above sentiments stating issues such as low yarn price realization, labor shortage and weak yarn exports are hurting the textile industry.

Industry is hoping that by end of Quarter 1, 2025, global demand for textile goods will increase, which could improve yarn price realization.

Demand enhancement will help with creating balance among different sectors in the textile industry.

With new administration in place in the United States on January 20, 2025, trade situation should be clear by end of first quarter of 2025 regarding tariffs and other trade policies.

Let us hope the New Year 2025 brings hope for the industry and enhances consumer confidence.

Source: cottongrower.com

India's GST Council maintains RMG tax rates after industry opposition

The GST Council decided to maintain the current tax structure on ready-made garments (RMG) at its 55th meeting held in Jaisalmer last Saturday. Earlier, a tax hike of up to 35 per cent on RMG had been proposed by a Group of Ministers (GoM) on Rate Rationalization, led by Bihar Deputy Chief Minister Samrat Chaudhary.

The meeting, chaired by Union Minister for Finance and Corporate Affairs Nirmala Sitharaman last Saturday, did not address or discuss the proposed tax hike.

The GoM had suggested imposing a 35 per cent GST on RMG priced above ₹10,000 (approximately $118). It had proposed a GST of 18 per cent on RMG priced between ₹1,500 and ₹10,000, and 5 per cent on RMG priced below ₹1,500. Additionally, it had proposed raising the highest GST slab from 28 per cent to 35 per cent. This highest slab is typically applied to luxury goods and sin goods and services.

Textile industry organisations had opposed the proposal, arguing that it could have catastrophic consequences for the textile and garment industry, particularly for small retailers, traditional brick-and-mortar businesses, and the millions of workers dependent on this sector for their livelihood.

In 2022, another proposal to increase taxes on downstream products to resolve the issue of an inverted duty structure was also poorly received by the industry and opposed.

The labour-intensive textile industry is the largest job generator after agriculture in the country.

Source: fibre2fashion.com

Guntur industrialists welcome textile policy

GUNTUR: The State government's approval of the new Textile, Apparel, and Garments Policy 2024-29 has raised hopes for textile industrialists struggling with losses at the Guntur Textile Park.

Established in 2014 as part of a Central government's initiative to boost the textile sector, the park at Gopalamvaripalem near Chilakaluripet was initially planned with 61 units, including five weaving processing units, 54 weaving units, and two garment units. However, the abrupt withdrawal of the Central policy

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discouraged several industrialists, leaving only nine units operational at 50% capacity, with just 400 employees.

The newly approved policy aims to rejuvenate the sector by offering a 30% subsidy on investment, Rs 2 per unit electricity tariff, a 50% subsidy on electricity bills, and sales tax waivers for six years. Additional benefits include a 45% subsidy for SC, ST, and BC women entrepreneurs and an extra 18% subsidy for units starting production within 18 months of registration. Guidelines for the 2018-23 Textile Policy were also released, granting existing units a 20% investment subsidy, reduced electricity costs, and tax relief for a decade.

Speaking to TNIE, Guntur Textile Park managing director Samineni Koteswara Rao welcomed the policy but stressed the need for the government to clear pending incentives worth Rs 1,100 crore from the last decade. He highlighted that the vision behind the policy could only materialise if backlog payments were addressed promptly. Rao also urged the government to set a fixed timeline for subsidy disbursement to enhance the policy's impact.

Industrialists are optimistic that the incentives, if implemented as promised, will restore the park's full capacity, attract fresh investments, and provide much-needed employment opportunities for the local population.

India eyes $25 billion export opportunity in US amid China tariff dispute

Ahead of the Union Budget 2025-26, exporters urged the finance ministry to approve a US-focused marketing scheme worth Rs 750 crore to generate an additional $25 billion in exports to the US over the next three years.

According to the Federation of Indian Export Organisations (FIEO), the US' plan to impose higher tariffs on China presents a "significant opportunity" for Indian exports, particularly in sectors where China has been a dominant supplier.

These sectors include electronics, electrical equipment, footwear, textile, garment, furniture, automotive parts, toy, and chemical. The largest gains are expected in consumer electronics, such as mobile phones, televisions, and electrical components, with an estimated $10 billion in additional exports.

"For that, we need to increase our presence in the US by showcasing in numerous exhibitions, holding buyer-seller meetings, and partnering large local retailer associations. A marketing scheme focusing on the US, with a corpus of Rs 250 crore per year (Rs 750 crore overall) for three years, maybe launched to generate additional exports of $25 billion by the end of three years," FIEO President Ashwani Kumar said.

In addition, FIEO has requested a tax deduction of 200-250 per cent for research and development spending under Section 35(2AB) of the Income-Tax Act to foster product innovation.

At a pre-Budget meeting with the finance minister and top officials from the finance ministry in North Block, exporters also called for the continuation of the interest equalisation scheme, which ends on December 31, along with additional funds for marketing and trade promotion of specific export items, and income-tax relief for micro, small and medium enterprise (MSME) manufacturing units.

The interest equalisation scheme (IES) provides interest rate benefits for pre- and post-shipment rupee export credits, with the government compensating lenders. This initiative aims to ease the financial burden on exporters, particularly those in labour-intensive sectors and MSMEs.

Engineering Exports Promotion Council of India Chairman Pankaj Chadha proposed increasing the annual benefit cap for MSME manufacturers from Rs 50 lakh to Rs 10 crore. This change would offer substantial financial support to MSME exporters.

FIEO noted that a long-term IES would enable exporters to secure orders more effectively, especially in sectors with wafer-thin profit margins, as a 3 per cent interest subvention could make the difference between winning or losing an order.

Gem & Jewellery Export Promotion Council Chairman Vipul Shah underscored the need for separate funding for marketing, particularly for diamonds.

Exporters also called for government support for energy audits and compliance with the carbon border tax. Chadha recommended reimbursing 50 per cent of these costs under the market access initiative scheme and providing targeted support for compliance with the carbon border adjustment mechanism to help MSMEs adopt sustainable practices and remain globally competitive.

Source: business-standard.com

India's Export Statistics of Cotton Textiles (Apr – Oct 2024)

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India's Export Statistics of Cotton Textiles

Product	Unit	in Quantity (Million) April - October 2023-24	in Quantity (Million) April - October 2024-25	% Growth	in Value (Million USD) April - October 2023-24	in Value (Million USD) April - October 2024-25	% Growth
Fibre	Kgs	229.94	238.37	3.66	460.17	436.24	-5.20
Yarn	Kgs.	716.33	651.07	-9.11	2267.50	2046.10	-9.76
Fabrics	Kgs.	37.35	43.85	17.40	209.99	237.45	13.08
	Sqm	1,269.49	1,288.52	1.50	1,101.29	1,102.88	0.14
					1,118.01	1,120.33	0.21
Made-ups	Kgs.	216.54	227.50	5.06	1,261.99	1,371.27	8.66
	Nos.	634.76	623.71	-1.74	1,292.65	1,350.82	4.50
					2,554.64	2,722.09	6.55
Total (Fibre, Yarn, Fabrics, Made-ups)					**6,593.59**	**6,544.75**	**-0.74**

Source of Data: DGCIS, Ministry of Commerce

The above table provides India's export statistics for cotton textiles during April-October for the fiscal years 2023-24 and 2024-25, comparing the performance in terms of both quantity and value. Here's the explanation:

1. Fibre (in kilograms):

   Quantity exported grew by 3.66% (from 229.94 million kg to 238.37 million kg). However, export value decreased by 5.20% (from USD 460.17 million to USD 436.24 million)

2. Yarn (in kilograms):

   Quantity exported declined by 9.11% (from 716.33 million kg to 651.07 million kg). Export value also saw a decline of 9.76% (from USD 2,267.50 million to USD 2,046.10 million).

3. Fabrics (in square meters):

   Quantity exported increased by 17.40% (from 37.35 million kgs to 43.85 million kgs). Export value grew by 13.08% (from USD 209.99 million to USD 237.45 million).

   In square meters: Quantity increased slightly by 1.50% (from USD 1,269.49 million to 1,288.52 million). Export value also recorded growth of 0.14% (from USD 1,101.29 million to 1,102.88 million).

4. Made-ups (measured in kg and numbers):

   In kg: Quantity exported rose by 5.06% (from 216.54 million kg to 227.50 million kg). Export value increased significantly by 8.66% (from USD 1,261.99 million to USD 1,371.27 million). In numbers: Quantity decreased slightly by 1.74% (from 634.76 million to 623.71 million). Despite this, value rose by 4.50% (from USD 1,292.65 million to USD 1,350.82 million).

Key Insights:

- Raw Cotton exports declined by 5.20% on account of lower shipments to China, reflecting demand issues.
- Exports of Cotton Fabrics grew moderately by 2.22%. Bangladesh and Sri Lanka were the leading growth markets with increases of 20.71% and 20.62%, respectively.
- Exports of Cotton Yarn dropped by 9.76%. Bangladesh witnessed significant growth of 33.68%, and now comprised 47.63% of exports. However, exports to China fell sharply.
- Countries like Peru, Mexico, and Vietnam showing significant growth opportunities, especially in the Cotton Yarn and Fabrics segments.
- As far as Cotton Made-ups exports are concerned, USA remained the major export destination with 56.21% share and 7.72% growth. Australia and Canada also showed impressive growth at 30.73% and 34.79%, respectively.

Special feature

Indian Rupee hits a new low

In the current financial year, the rupee has depreciated 2.19% against the dollar.

It is expected to weaken further as the dollar is likely to gain, given the US Federal Reserve's indication of fewer rate cuts in 2025.

What has led to the fall in the rupee?

In the last two months, coinciding with Donald Trump being elected as US president, the dollar has risen to two-year highs. Consequently, the dollar index inched upwards to 108, a multi-year high, which resulted in the rupee hitting a low of 85.80 on Friday, its worst intraday fall in two years. Other factors such as a slowdown in domestic gross domestic product, persistent outflows from the domestic equity market, and negative domestic trade data have also weighed on the rupee.

Market participants expect negative balance of payments data for October–December, which in turn caused further depreciation in India's domestic currency. The rupee has fallen 1.3% in December alone, marking one of the poorest performances among Asian currencies. It is set to finish 2024 weaker against the greenback for the seventh consecutive year, having depreciated 2.7% so far. While it suffered a sharp 10% drop in 2022, after the war in Ukraine, it stabilized in 2023 with a 0.6% decline thanks to central bank intervention.

What is expected at the end of the financial year?

Economists predict further weakening of the local currency. By the end of the current financial year or March 2025, the rupee is expected to trade in the range of 86.25–86.50. Major central banks such as the European Central Bank, Bank of England, and People's Bank of China are likely to adopt a dovish stance, whereas the US Federal Reserve may remain hawkish in its monetary policies. This divergence between other major central banks and the US Fed is likely to keep the dollar elevated, the major reason for the rupee to remain under pressure. Also, due to the overvaluation of the rupee, further depreciation is expected. The rupee is overvalued by 8.1% on the real effective exchange rate metric. The Reserve Bank of India's (RBI) intervention has focused on moderating the pace of depreciation, but it led to overvaluation of the rupee.

RBI's strategy to curb volatility

The central bank has intervened across all three markets—spot, offshore, and forwards—to curb volatility in the currency market. Over the past few months, the RBI has been actively participating in the non-deliverable forward (NDF) market, taking long positions in the rupee to support its value. Having significant positions in the NDF market, the apex bank has increased its intervention in the forex market via over-the-counter.

As a result, the RBI has been conducting mid-tenor buy/sell swaps, deferring dollar demand over the months. In the spot market, the central bank sold $9.28 billion in October. India's forex reserves declined by $8.478 billion to settle at $644.391 billion for the week ending December 20. This marks a continued slide after a $1.988 billion drop in the previous week, bringing reserves to a six-month low of $652.869 billion.

This consistent decline in reserves is attributed to revaluation and the RBI's interventions in the forex market to stabilise rupee fluctuations. The RBI's measures have reduced forex reserves by $100-150 billion since October 2021. The pursuit of a stable exchange rate has led to reduction of around 10% in export competitiveness of the currency.

Impact of RBI Intervention on Liquidity

An excessively interventionist approach by the RBI could be counterproductive, particularly if other central banks allow their currencies to weaken in response to external pressures, such as possible US-imposed tariffs under Trump. The persistent intervention has drained the rupee liquidity in the domestic market. This tightening of liquidity has pushed overnight rates closer to the marginal standing facility (MSF) rate, indicating a huge liquidity deficit in the banking system. The MSF allows banks to borrow money with an interest rate above the repo rate; the MSF rate is used for banks facing a shortage of funds.

How has the rupee performed among its Asian peers?

Despite the rapid depreciation, the rupee has registered a moderate decline compared to other emerging market currencies. It remains one of the better performers in the region, supported by the RBI's dollar sales in the foreign exchange market, participants point out.

The Japanese yen was the worst performer against the dollar. The rupee saw a modest decline of 2.2% this year, faring better than the South Korean won, Indonesian rupiah, and the Japanese yen, which weakened by 9.5%, 4.9%, and 9.5% against the dollar, respectively. In December itself, the rupee depreciated 1.2%, its biggest monthly decline in two years and attributed to the RBI's weak grip on the market. Economists believe the RBI will relax its pace of intervention in the currency market going forward.

Source: Financial Express

Important Notifications on Policies & Procedures

Policy Updates

Kindly get in touch with TEXPROCIL Grievance Redressal Cell for any clarifications, if required, on the herein shared notifications issued recently by the Council. The Member companies are appealed by the Council to send their suggestions sought on the various issues.

A) Enabling Voluntary Payment electronically on ICEGATE e-payment Platform

CBIC vide Circular No.27/2024-Customs dated 23.12.2024 has introduced the electronic Voluntary/Self-Initiated Payment (SIP) facility on the ICEGATE platform to streamline and digitise customs payment procedures.

Features of the new system:

- The new system will replace the manual TR-6 payments currently used at Customs stations.
- It will allow users to generate self-initiated challans for voluntary payments and then complete transactions through the ICEGATE e-payment platform without needing approval from Customs officers.
- This facility is for payments related to past import/ export clearances and should not be used for customs duties on live consignments.
- Users must be registered on ICEGATE and can choose from various payment categories like audits, investigations and penalties (refer to Annexure–A of Circular No.27/2024-Customs).
- Payments can be made via internet banking, NEFT/RTGS and Payment Aggregator Mode, with additional banks to be added once testing is complete.
- The new payment system will be mandatory from 01.01.2025, replacing manual payments, unless specifically approved by the Principal Commissioner/Commissioner of Customs.
- A user manual on the Voluntary/Self-Initiated Payment facility is available on the ICEGATE platform (click here: https://www.icegate.gov.in/guidelines/voluntary-payment).

Link of the Circular: https://texprocil.org/circular/1735211534-Eserve-220_of_2024.pdf

B) DGFT reschedules the launch date for Preferential eCoO 2.0 System to 17.1.2025

DGFT vide Trade Notice No.24/2024-25 dated 20.12.2024 has postponed the launch date for the revamped Preferential Certificate of Origin (eCoO) 2.0 system to 17.01.2025, replacing the earlier date of 21.12.2024 announced in Trade Notice No.23/2024-25 dated 06.12.2024.

Additionally, electronic filing of Non-Preferential Certificates of Origin (CoO) on the eCoO 2.0 Platform (https://www.trade.gov.in) shall be mandatory from 01.01.2025.

Link of the Circular: https://texprocil.org/circular/1735211483-Eserve-218_of_2024.pdf

C) EPCG Scheme - Applicability of amendment to Para 5.10(c) of HBP 2015-20 (Mid-Term Review)

DGFT has issued Policy Circular No.10 dated 13.12.2024 regarding applicability of Para 5.10(c) of HBP 2015-20 (Mid-Term Review) to third-party exports under the EPCG Scheme.

BACKGROUND OF THE CASE

The Hon'ble High Court of Ahmedabad, in its judgment dated 21.12.2023 (SCA No.16316/2021), set aside Policy Circular No.22/2015-20 dated 29.03.2019. Subsequently, the SLP (Civil) Diary No. 29793/2024 filed by the Union of India was dismissed on 02.08.2024.

DECISION

Consequently, it is informed that the amendment to Para 5.10(c) of HBP 2015-20 is prospective in nature and applicable only to third party exports made against EPCG Authorisations issued on or after 05.12.2017.

Link of the Circular: (https://texprocil.org/circular/1734341232-Eserve-217_of_2024.pdf

D) Notification on Machinery and Electrical Equipment Safety (Omnibus Technical Regulation) Order, 2024

The Ministry of Heavy Industries vide Gazette Notification No.3649 (E) dtd. 28.08.2024 notified the Machinery and Electrical Equipment Safety (Omnibus Technical Regulation) Order, 2024. It shall come into force after one year from the date of its publication in the Official Gazette. This Order shall apply to machines and electrical equipment and their assemblies, sub-assemblies and components listed in the Schedules annexed to this Order.

Link of the Circular: (https://texprocil.org/circular/1734341211-Eserve-216_of_2024.pdf)

Launch of Revamped Preferential Certificate of

Policy Updates

Important Notifications on Policies & Procedures

Origin (eCoO) 2.0 System w.e.f. 21.12.2024

DGFT vide Trade Notice No.23/2024-25 dated 06.12.2024 has announced launch of the Revamped Preferential Certificate of Origin (eCoO) 2.0 System. The eCoO 2.0 system can be accessed at: https://trade.gov.in.

Features of the revamped eCoO 2.0 system:

- Exporters can now assign multiple users/applicants under a single IEC.
- Use Aadhaar-based e-signing in addition to digital signature tokens.
- Access eCoO, FTA details, trade events and more on a single platform.
- Simplified preparation and submission of cost sheets.

Key points for implementation

Exporters can begin filing Preferential CoO via the new system from 21.12.2024.

Data Migration including Non-Preferential CoO and e-wallet balances, will occur after stabilisation of the Preferential CoO workflow. Details will be notified separately.

Members may kindly note the following:

- Pending Preferential CoO applications submitted by 20.12.2024 will be processed on the legacy system (https://coo.dgft.gov.in).
- In-lieu CoO applications for CoOs issued from the legacy system will remain on the legacy platform after 21.12.2024.
- New Preferential CoO applications cannot be submitted on the legacy system after 21.12.2024. All new Preferential CoO applications from 21.12.2024 onwards must be filed on the revamped eCoO 2.0 system (https://trade.gov.in).
- Existing DGFT website login credentials (https://dgft.gov.in) will work on the eCoO 2.0 system. No new accounts are required.
- Additional exporter accounts, if needed, can be created on the DGFT website and will sync automatically with the eCoO 2.0 system.
- Exporters not registered on the DGFT website must register and link their email to their IEC. Refer to the Application Help & FAQs (click here) for guidance.
- Changes to basic details should be made on the DGFT website under Modify Your IEC. Updates will automatically reflect on the eCoO 2.0 platform.
- Members using eCoO 2.0, E-Wallet facility will have their legacy system balances migrated after the preferential CoO process stabilizes. A separate notification will announce the transfer.
- User Guide and FAQs for eCoO 2.0 are available at (https://www.trade.gov.in/pages/certificate-of-origin). Helpdesk Service is available on Toll-Free: 011-23061495 / 011-23061499 (Monday to Friday) and Email: coo-dgft@gov.in.

Link of the Circular: (https://texprocil.org/circular/1734341167-Eserve-214_of_2024.pdf)

Promote Your Merchanadise / Services Advertise with Us!

Trade Notification

Advertisement Package for promoting products and solutions in the Publications of TEXPROCIL

Dear Madam/Sir,

As a part of TEXPROCIL's knowledge sharing initiatives, the Council is coming up regularly with various E-publications. The circulation of these publications, averaging to over 3000 avid readers, includes the Council's strong database of 2,000 nos. membership comprising manufacturers, exporters, traders of Indian cotton fibre, yarn, fabrics and madeups range of products.

The readership database also includes the contacts of textiles trade associations, government representatives, foreign missions, etc. which are being updated from time to time.

The Council has planned to offer an **'Advertisement Package'** for the various Publications with a view to enhance the exposure of products and solutions being offered by various entities. We request you to kindly consider the advertisement opportunity as per details attached.

Publication details are as follows:

1. **Newsletter** - Published every fortnight
2. **IBTEX** - Published daily - Includes news clippings on articles of interest in T&C appearing in various publications.

Advertisement Package details are given below this column.

For further clarifications you may like to advise your office to kindly write to Mr. Rakesh Chinthal, IT Officer/ Mr. Rajesh Satam, Joint Director on email: rakesh@texprocil.org / rajesh@texprocil.org.

For queries related to advertisement booking kindly write to Mrs. Mrunal Sawant on email: mrunal@texprocil.org.

We look forward to receiving your enquiries / confirmation for availing the advertisement opportunity in publications of TEXPROCIL.

Regards,

Dr. Siddhartha Rajagopal
Executive Director
:: TEXPROCIL ::

ADVERTISEMENT PACKAGE (For Advertisement in TEXPROCIL E-PUBLICATIONS)

TEXPROCIL E-NEWSLETTER (FORTNIGHTLY)

Ad. Option	One Issue	Six issues	Twelve Issues	Twenty Four Issues (BEST OFFER)
Double Spread	Rs. 12,000	Rs. 61,200	Rs . 1,15,200	Rs. 2,16,000
Quarter Page	Rs. 2,000	Rs. 10,200	Rs. 19,200	Rs. 36,000
Half Page	Rs. 3,000	Rs. 15,000	Rs. 28,500	Rs. 54,000
Full Page	Rs. 5,000	Rs. 25,500	Rs. 48,000	Rs. 90,000

IBTEX E-NEWS CLIPPINGS (DAILY)

Ad. Option	Three Months	Six Months	Twelve Months	Twenty Four Months (BEST OFFER)
Click-on-Logo	Rs. 15,000	Rs. 25,000	Rs. 50,000	Rs. 90,000

For more information please contact:

Rajesh Satam
Joint Director

The Cotton Textiles Export Promotion Council (TEXPROCIL)

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rajesh@texprocil.org

Website
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Trade Notification

Membership Renewal Subscription Fee for FY 2024-2025

Dear Member,

As you are aware, it is mandatory for all exporters to apply for registration/renewal/amendment of their RCMC through the e-RCMC module on the DGFT's portal www.dgft.gov.in

Accordingly, the 'Renewal of RCMC' process for 2024-2025 along with the payment of renewal subscription has to be made compulsorily at the DGFT portal only.

In this regard, please note that your Annual Renewal Subscription for the financial year 2024-2025 has become due for payment from 1st April 2024.

The Annual Renewal Subscription charges are as follows:

Type of Membership	Amount (Rs.)	GST @ 18%	Total Amount (Rs.)
Associate Member	Rs. 8,000/-	Rs.1,440/-	**Rs.9,440/-**
Ordinary Member	Rs. 14,000/-	Rs.2,520/-	**Rs.16,520/-**

You are requested to please renew your membership at the earliest.

Please ignore this email, if you have already renewed your membership for the year 2024-2025.

Steps for Renewal of Membership (Renewal of e-RCMC):

- Go to DGFT Website - https://www.dgft.gov.in
- Click on the Login button and log in by using your username and password
- Go to - Services >> e-RCMC >> Renewal of RCMC and click on 'Start Fresh Application'
- Choose the RCMC allotted to you by TEXPROCIL and click on 'Renew'
- Complete the details in each tab and go ahead by pressing "Save and Next"
- After filling up all the details in all the tabs, the payment of the renewal subscription option 'Payment of RCMC' will appear where you need to do the online payment and click on 'Submit' to submit the application.

Please feel free to contact us for any clarification or any guidance required from us by calling on 91-22-49444000 or sending emails to info@texprocil.org, rukshana@texprocil.org or smita@texprocil.org

Kindly renew your membership and allow us to serve you at our best.

Regards,

Dr. Siddhartha Rajagopal
Executive Director
:: TEXPROCIL ::

From:
The Cotton Textiles Export Promotion Council (TEXPROCIL)

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