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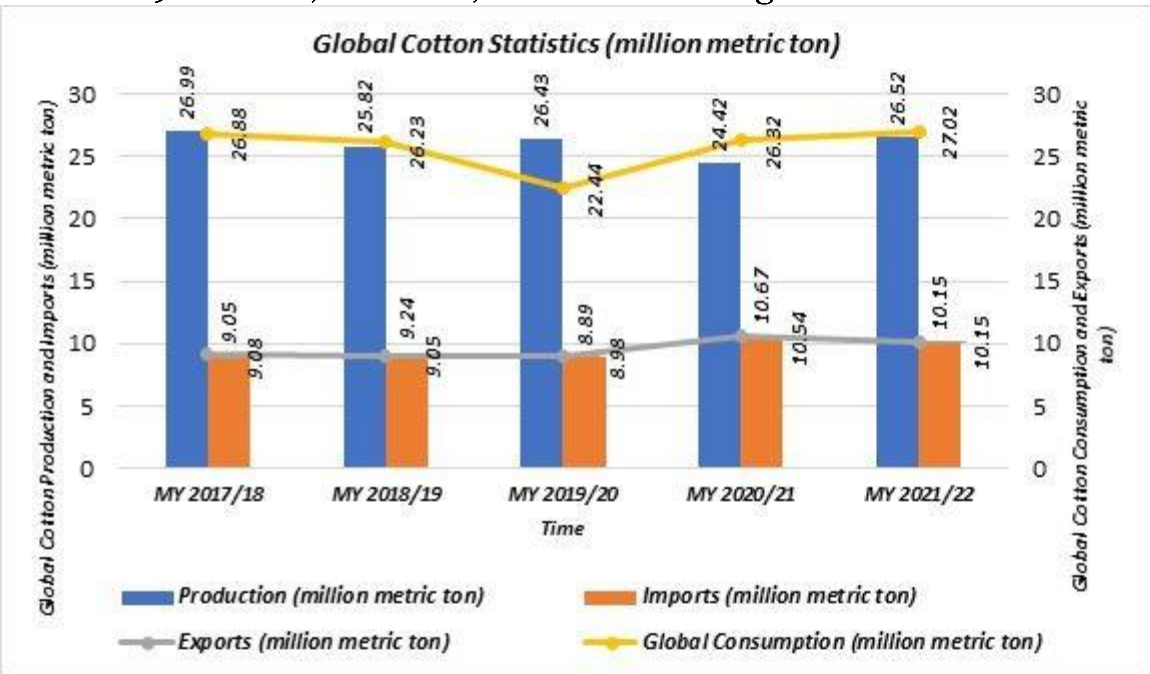
INTERNATIONAL NEWS

Global cotton production & consumption to improve: TexPro

Global cotton production and consumption is expected to move up in the upcoming period due to better crop yield in Brazil, Australia and Pakistan, which overcame the production loss in Greece. Cotton consumption is consistently on the rise due to increasing demand and mitigating impact of COVID-19 in India, Pakistan, Mexico and Bangladesh.



SOURCE: - TexPro & USDA

Global cotton prices have been rising since July 2021 due to global demand. The surge has been sustained as the World Agricultural Supply and Demand Estimates (WASDE) are following upward movements on the Intercontinental Commodity Exchange's December 2021 contract.

Prices of Indian cotton have been rising owing to strong domestic and global demand, coupled with lower supplies. Cotton prices in China also escalated despite robust sales from the State Reserve.

Global cotton production was 26.43 million metric ton in market year (MY) 2019-20, which dropped by 7.60 per cent to 24.42 million metric ton in MY 2020-21, according to Fibre2Fashion's market analysis tool TexPro. But it is expected to recover to 26.52 million metric ton in MY 2021-22 with a rise of 8.60 per cent.

Global cotton imports were 8.89 million metric ton in MY 2019-20 and 10.67 million metric ton in MY 2020-21. They are likely to decline to 10.15 million metric ton in MY 2021-22, recording a drop of 4.87 per cent.

Cotton exports globally were 8.98 million metric ton in MY 2019-20, which increased to 10.54 million metric ton in MY 2020-21 with a rise of 17.37 per cent. Exports are now expected to decline by 3.70 per cent to 10.15 million metric ton in MY 2021-22.

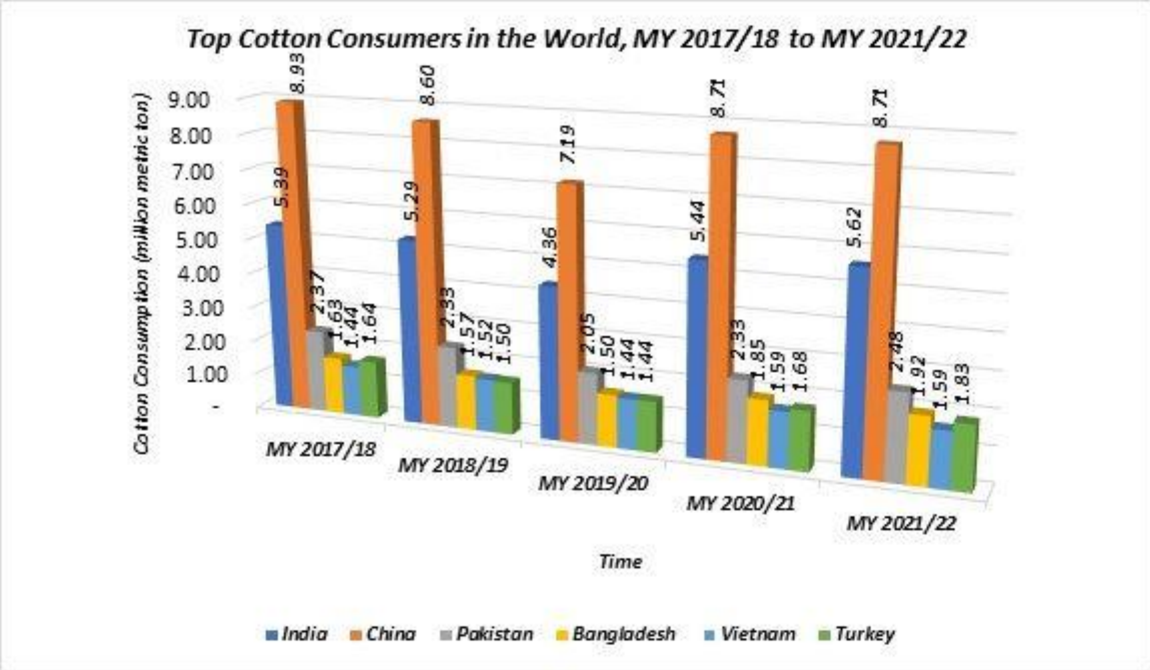
The global cotton consumption went up by 17.29 per cent from 22.44 million metric ton in MY 2019-20 to 26.32 million metric ton in MY 2020-21, according to TexPro. Now it is expected to increase further to 27.02 million metric ton in MY 2021/22 with a surge of 2.66 per cent.

	1st July 2021	12th November 2021
A - Index (cents per pound)	94.00	127.00
India Shankar 6, 28mm (thousand INR per candy)	50.45	66.20
US Cotton, Sotheast (cents per pound)	85.00	117.00
China Cotton Index (thousand RMB per metric ton)	16.09	22.60
Brazil Cotton Index (cents per pound)	94.00	110.00

TIME

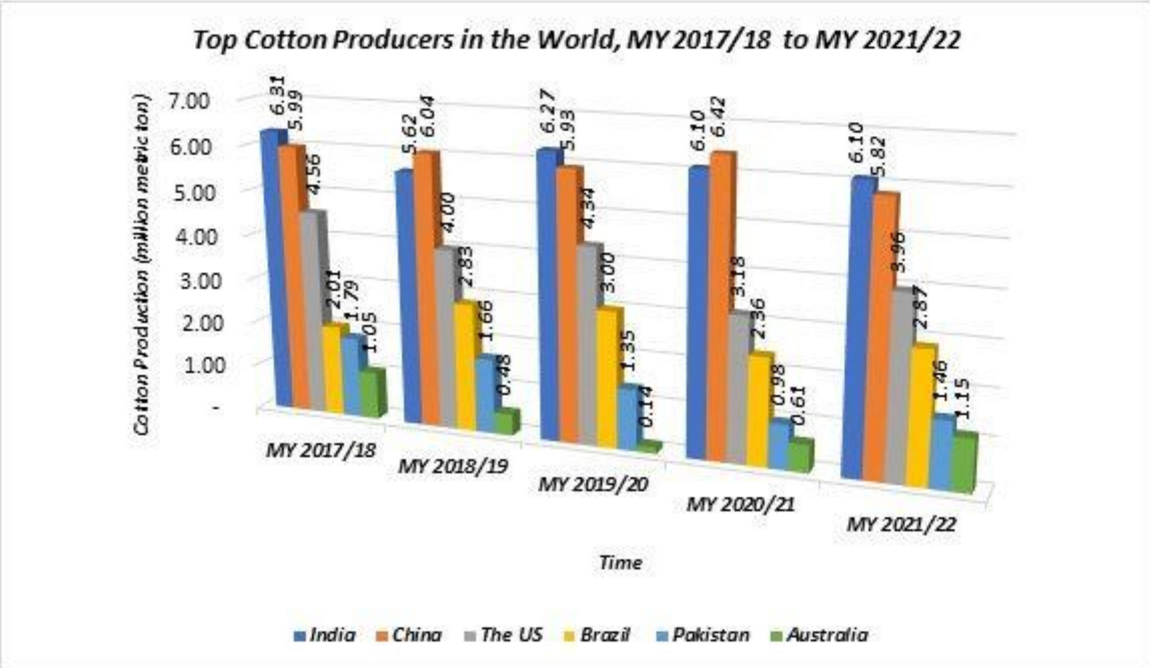
SOURCE: - TexPro

Since July 2021, cotton prices have been rising at different growth rates in different regions. Cotton prices increased by 35.11 per cent in Cotlook A - Index, 31.22 per cent in Shankar-6 (28 mm), 37.65 per cent in Southeast US cotton, 40.46 per cent in China Cotton Index and 17.02 per cent in Brazil Cotton Index from July 1, 2021 to November 12, 2021.



SOURCE: - TexPro & USDA

India, China, Pakistan, Bangladesh, Vietnam and Turkey were the major cotton consumers in the world between MY 2017-18 and MY 2020-21.



SOURCE: - TexPro & USDA

India, China, the US, Brazil, Pakistan and Australia were the major cotton producers in the world between MY 2017-18 and MY 2021-22.

Source: fibre2fashion.com– Nov 17, 2021

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China's FDI inflow up by 17.8% in 1st 10 months of 2021

Foreign direct investment (FDI) into the Chinese mainland, in actual use, rose by 17.8 per cent year on year (YoY) to 943.15 billion yuan, or $142.01 billion in the first 10 months of 2021, according to the ministry of commerce, which said during the January-October period, FDI into the service sector increased by 20.3 per cent YoY, while high-tech industries saw FDI inflow jump by 23.7 per cent.

Foreign investments from countries along the Belt and Road as well as the Association of Southeast Asian Nations into the Chinese mainland jumped by 30.7 per cent and 29.5 per cent respectively during the period, an official news agency reported.

Source: fibre2fashion.com– Nov 18, 2021

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Goods transport between Vietnam, China using railways rises

The volume of goods traded between Vietnam and China through the two border-gate railway stations of Lao Cai and Dong Dang was over 838,000 tonnes in the first nine months of 2021, up by 43 per cent year on year (YoY), according to Vietnam Railways Corporation (VNR) statistics. The growth was attributed to coordination between Vietnamese and Chinese railways.

In the third quarter, although many provinces and cities were hit by the pandemic, thereby affecting the volume of domestic freight transported on the North-South railway route, the volume of goods transported by rail between Vietnam and China reached more than 258,000 tonnes, a rise of more than 57 per cent over the same period last year, a news agency reported.

Despite the pandemic, freight trains run normally between the two nations, and so the volume of international freight imported and exported through Dong Dang station reached more than 400,000 tonnes in the first ten months of this year.

The average volume of goods transported by railway between Vietnam and China is about 650,000 to 700,000 tonnes annually. During January-October this year, the station's freight volume rose by 17 per cent YoY.

Vietnam Railways is working with Kunming Railways of China to raise the railway market share and handle about a million tonnes of import and export goods annually between the two sides through the Lao Cai station.

Source: fibre2fashion.com– Nov 16, 2021

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£44 bn in lost trade in 1st 7 months of EU-UK trade deal: Analysis

The terms of the European Union (EU)-UK Trade and Cooperation Agreement (TCA) caused UK exports to the EU to fall by 14 per cent and trade in the opposite direction to fall by almost a quarter in the first seven months of its enforcement, recent analysis done by the UK Trade Policy Observatory (UKTPO) at the University of Sussex has revealed.

The reduction in trade brought about an estimated combined hit to the UK economy of around £44 billion with £32.5 billion lost in potential imports to the United Kingdom and £11 billion in exports to the EU, according to the analysis produced for the episode of Channel 4 Dispatches that was aired on November 15.

TCA's impact was felt even more strongly in the services sector, leading to 12 per cent drop in exports and a 37 per cent reduction in imports over the first two quarters of the year, the analysis revealed.

The researchers warned that while some of the trade hit, notably among UK exports to the EU, could be accounted for in teething transition problems at the start of the year, the loss of EU imports into the EU persisted at the same rate in the second quarter of the year suggesting it would remain an ongoing issue, a press release from the university said.

Michael Gasiorek, UKTPO director and professor of economics at the university's business school, said: "The immediate impact on UK trade for firms and for consumers has been sharp and in many cases severe. In the longer-term, this will affect UK jobs and investment, and the challenges will be harder for small and medium sized enterprises to overcome."

The UKTPO research also found that tariffs were still being applied on a quarter UK preferential exports to the EU covered by the free trade agreement, as UK firms continued to struggle with the complexity, the cost of paperwork and the detail of requirements needed to meet the conditions of rules of origin needed for zero-tariff.

Overall, UK exports to the EU worth between £7.89 billion and £10.56 billion incurred tariffs in the first seven months of the new trading conditions.

Tariffs on some agricultural products can be over 50 per cent while for many items of textiles and clothing the tariffs are set at 12 per cent or 16 per cent.

The impact on UK exports varied considerably among different sectors in the first six months of the year, the analysis showed. The worst hit-sectors, plagued by persistent and lingering losses included footwear & headgear (77.2 per cent) and textile & clothing (minus 60.2 per cent).

Source: fibre2fashion.com– Nov 17, 2021

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Xinjiang achieves growth in textile output and exports

Industry shrugs off cotton boycott as region's garment shipments soar

The output of the cotton textile industry in the Xinjiang Uygur autonomous region and exports of its products both achieved significant growth this year despite a boycott of cotton and textile products from the region amid allegations of so-called forced labor, business insiders said.

Although the boycott of Xinjiang cotton and textile products initiated by the United States, which was based on groundless claims of forced labor, has cast a shadow over Xinjiang's cotton textile industry, the region has managed to become even stronger as its quality cotton and textile products remain popular in domestic and global markets, said Liu Yaozhong, deputy director-general of the textile industry sub-council of the China Council for the Promotion of International Trade.

In January, the US announced a ban on imports of Xinjiang cotton as well as related products over alleged human rights abuses. Two months later, public outrage was expressed in China after some international brands chose not to source cotton from Xinjiang, citing allegations of forced labor based on claims made by the Better Cotton Initiative, an NGO based in Switzerland that is supported by the US government.

"Thanks to the support of the massive domestic market and orders from the majority of countries, which can see the Xinjiang cotton issue objectively, the region's cotton textile industry didn't fall during the crisis. On the contrary, it has achieved healthy growth," Liu said on the sidelines of the China Xinjiang Development Forum held in Beijing on Monday.

The boycott hasn't affected Xinjiang's cotton production, as the region is expected to produce more than 5 million metric tons of cotton this year, about the same as last year. It will account for about 85 percent of China's total cotton production this year, Liu added.

In addition, the industrial added value of large and medium-sized textile companies in Xinjiang from January to August increased 26.4 percent year-on-year, while the industrial added value of large and medium-sized textile companies nationwide during the first nine months of the year was up 6.3 percent year-on-year, he said.

"It's clear that Xinjiang's textile industry has been growing fast," Liu added.

During a trip to Xinjiang in May, Liu said he noticed that many textile companies were short of workers, so the "forced labor" claim was just a joke among locals.

"The claim is just to politicize the trade issue," he said. "I hope international companies and buyers that have doubts can come to Xinjiang and carry out their own inspections so they can resume cooperation with Xinjiang cotton and textile suppliers."

After seven decades of development, the cotton textile industry in Xinjiang has become vitally important for people of all ethnic groups in the region and the domestic and global textile and garment industries, said Zhang Xi'an, vice-chairman of the China Chamber of Commerce for Import and Export of Textiles.

"Exports of textiles and garments from Xinjiang reached $4.74 billion in the first nine months of this year, an increase of 53.7 percent year-on-year. The growth is significantly higher than it was nationwide," Zhang said.

He added that the development of Xinjiang's cotton textile industry is key to local livelihoods as more than 65 percent of the workers in the industry are not members of the Han ethnic group.

Source: chinadaily.com– Nov 18, 2021

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Good News for Cotton: Healthy Production, Demand and Prices

Demand, speculation, and consumer awareness of natural fibers are all driving the cotton price, while the new crop situation is healthy.

Recently, the Confederation of Indian Textile Industry (CITI), India's largest textile mills federation, made a clarion call to bring stability to cotton and yarn prices by avoiding panic buying and having minimal stock. In communication to federation members, T. Rajkumar, Chairman of CITI, brought attention to the fact that there has been a record crop in India and that the new season has started with an opening stock of 7.5 million bales (170 Kgs/bale).

According to the United States Department of Agriculture, global production and consumption in 2021/22 will be higher with ending stocks lower than the previous year. This is indeed positive news for the cotton textile sector in terms of demand for cotton products.

With healthy cotton crops in India and the U.S. this year, the global textile industry is hoping that the market will cool down early December. Textile industry leaders are advising against stockpiling, as expressed a few days ago by Velmurugan Shanmugam, General Manager of a 70,000 spindles cotton yarn mill in Arruppukkottai, India.

United States production this marketing year (2021/22) is expected to be 18.2 million bales (480 lbs. each), with exports projected to be 15.50 million bales. Cotton exports from the United States remain strong with good demand from Pakistan, Vietnam, and Turkey. China is still the number one importer of U.S. cotton.

The High Plains of Texas is having a good crop this year with 3.5 million bales (480 lbs. per bale) expected in the area serviced by the Lubbock Classing Office – substantially higher than last year's production. "It is a big crop, and the quality is good," stated Danny Martinez, Area Director of the classing office.

Data from 700,000 bales classed so far this season shows average strength around 30.53 g/tex, staple length of about 36.18 mm, and 48% of micronaire in the premium range.

In India, while production is slightly higher than domestic consumption, supply is expected to be tight with exports pegged at 5.80 million bales. According to USDA, India's domestic consumption will be about 25.8 million bales (480 lbs. each), showing strong demand.

Arrivals have been picking up in India, and spinning mills associations are encouraging cautious handling of the situation so that an unwarranted hike in prices can be softened. As it is slowly happening and expected by end-users, prices will soften by December, which is eagerly awaited by manufacturers and consumers.

Recent happenings in the cotton textile supply chain have shown that the demand for cotton products is real and growing – an encouraging trend for farmers and the manufacturing sector.

Having just come out of the United Nations' COP 26 Summit, the need for sustainable products will be growing, which is a positive sign towards a sustainable world and the consumption of natural products.

Source: cottongrower.com– Nov 17, 2021

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High inflation, weaker lira to impact Turkish textile-apparel sector

Subdued domestic demand due to high rate of inflation, high cost of imports owing to a weaker lira, high energy costs, and lower investments will impact manufacturing and exports of Turkish textile-apparel sector. For the month of October 2021, inflation rate rose to a 2.5-year-high of 19.89 per cent year-on-year, according to Turkish Statistical Institute.

"The nearly 20 per cent annual inflation rate is driven by food, services, housing and transportation prices, leaving consumers with little money for their clothing needs. So, people are postponing are purchasing only the minimum necessary textiles for their daily needs," according to Suat Idil, who represents Fibre2Fashion in Turkey. "The decrease in domestic demand is definitely going to impact manufacturing as textile-apparel companies will cut down on their production."

Accompanying high inflation is the weakening currency. Turkey's currency lira has lost around 25 per cent of its value since the beginning of 2021, and it today stands at 10.37 against the US dollar. "This is helping textile exporters earn more money right now. Actually, higher inflation and lower interest rate, and thereby weakening the currency, is the government's strategy for promoting exports. But it is putting big pressure on people as market prices have gone up like crazy. In short term, textile exporters might enjoy this, but then when it comes to importing raw materials from abroad it would also affect them in a bad way," explains Idil.

During January-September 2021, Turkey's apparel exports increased by 25.72 per cent to $13.364 billion, compared to exports of $10.630 billion during the corresponding period of 2020. However, its imports of cotton, cotton yarn and cotton textiles (HS chapter 52) increased substantially by 34.2 per cent year-on-year to $2.553 billion during the same period, according to the data from the Turkish Statistical Institute and the country's ministry of trade.

Meanwhile, in addition to the high cost of fuel and other imports, the government this month raised the price of natural gas supplied to the industry by 48 per cent, as a global price spike drove up import bills. One of the largest gas importers in Europe, Turkey depends on pipeline gas from Russia, Azerbaijan and Iran as well as liquefied natural gas (LNG) imports from Nigeria, Algeria and spot markets.

"As a result of the current scenario, new investment in the country's manufacturing sector, especially from domestic players, will fall drastically. Already, people have started shifting their savings to gold and foreign currencies," says Idil. "It is ironical that this comes at a time when the West is actively pursuing 'near-shoring' and 'China + 1' strategy," a person sourcing goods for a European retailer told Fibre2Fashion on the condition of anonymity.

According to economists in Turkey, one of the major reasons for the present high rate of inflation and the weakening of the currency is the government's insistence on low interest rates. They argue that this may have more side effects next year, which may even spill into 2023.

Source: fibre2fashion.com– Nov 17, 2021

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U.S. and Japan Form Partnership on Trade

The Office of the United States Trade Representative (USTR) and Japan's Ministries of Foreign Affairs and Economy, Trade and Industry announced the launch Wednesday of the U.S.-Japan Partnership on Trade.

The initiative reaffirms the shared commitment to strengthen the link between the two countries through regular engagement on trade-related matters of importance to both nations.

"This partnership will deepen the cooperation between the United States and Japan that has defined our strong bilateral trade relationship," USTR Katherine Tai said. "Our close collaboration will support the Biden-Harris administration's development of an economic framework for the Indo-Pacific and help create sustainable, resilient, inclusive and competitive trade policies that lift up our people and economies."

The initial areas of focus for cooperation will include issues such as third-country concerns, cooperation in regional and multilateral trade-related forums, addressing labor and environment-related priorities, a supportive digital ecosystem for all and trade facilitation.

It is expected that the first series of meetings under the Partnership on Trade will take place early in 2022. Periodic meetings will be held thereafter on a regular basis to advance a shared agenda of cooperation across a broad range of issues, as well as to address bilateral trade issues of concern to either side.

The partnership will be chaired by representatives of USTR for the United States and by the Ministries of Foreign Affairs and Economy, Industry and Trade for Japan.

For the 12 months through September, the U.S. imported $346.78 million worth of textiles and apparel from Japan, a 23.1 percent increase from the first nine months of 2020, according to the Commerce Department's Office of Textiles & Apparel (OTEXA). The vast majority of the goods imported was fabric.

In the same period, the U.S. exported $353.48 million worth of apparel and textiles to Japan, a 3.77 percent year-over-year decline, according to OTEXA.

In a separate development announced by USTR while Tai was on a diplomatic trip to Japan, she and Japan's Minister of Economy, Trade and Industry. Hagiuda Koichi, and Valdis Dombrovskis, executive vice president of the European Commission, said they have agreed to renew their Trilateral partnership to address the global challenges posed by non-market policies and practices of third countries.

The Trilateral partners will recommence their work in the coming weeks, with the intention of meeting in person on the margins of the upcoming World Trade Oorganizaton Ministerial Conference in Geneva, Switzerland.

Source: sourcingjournal.com– Nov 17, 2021

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Cotton Day Vietnam online forum to help Vietnamese textile enterprises revive after COVID-19

Cotton Day Vietnam 2021, a forum on trends and solutions to help Vietnamese textile enterprises revive after COVID-19, will be held online on December 1. The fifth annual event themed "Sustainability and Transparency You Can Trust" will be organised by the Cotton Council International (CCI) and the Vietnam Textile and Apparel Association (VITAS).

The event will include a seminar with presentations and updated information on the situation of the cotton industry in Vietnam and the world, and trends and perspectives from the world's leading brands and retailers relating to sustainable cotton.

It will also provide solutions that textile and garment companies in Vietnam need to adapt to market demands after COVID-19.

Speaking at a press conference in Ho Chi Minh City early this week, Vu Duc Giang, chairman of VITAS, said that, despite the pandemic, garment and textile exports in the first 10 months of this year reached 32 billion USD, an increase of 10.8 percent compared to the same period last year.

Fibre and yarn exports soared by 52.65 percent year-on-year to 4.5 billion USD, but cotton imports reached more than 2.7 billion USD, a year-on-year increase of 41.86 percent. Giang said: "Cotton is still the priority of Vietnamese enterprises because it meets sustainable development goal."

Vo Manh Hung, CCI Representative in Vietnam, said: "The world textile and fashion industry is making strong changes towards environmental protection and sustainable development. Brands are increasingly focusing on materials that are both fashionable and environmentally friendly. Cotton is a very good material for the environment."

Cotton Day Vietnam 2021 will be organised on 6Connex platform from 8am-12pm on December 1.

Source: en.vietnamplus.vn– Nov 17, 2021

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Denim Industry Feels the Weight of Surging Cotton Prices

To say times have been challenging of late for the fashion industry would be an understatement. Congested ports, factory shutdowns and tight shipping capacity have created logistical and financial troubles for partners throughout a denim supply chain already scrambling to recover from the Covid-19 pandemic. And now, with cotton prices reaching record-breaking levels, companies are once again being forced to reconsider the ways in which they operate.

Mark Ix, director of marketing, North America at Advance Denim, calls it the perfect storm. “Rising prices adds a layer of difficulty in an already challenging market,” he told Rivet.

Retail intelligence platform Edited identified denim as being the category most affected by the price inflation, as cotton makes up over 90 percent of the raw materials used in production. As a result, Kontoor Brands, the parent of Wrangler and Lee, has seen its stock fall 6 percent as investors worry over margin erosion.

Gary You, House of Gold’s director of strategy and product development, said his job has changed drastically as a result of the constant fluctuation, noting that he feels “more like a stock/commodities broker than a denim person.”

Cotton is traded globally and the price is shifting every day. After trading near $1.03 per pound for much of September, the A Index, an average of global cotton prices, dipped below $1.00 on Sept. 21. Since then, it has climbed to levels as high as $1.20. According to the U.S. Department of Agriculture (USDA), U.S. spot cotton prices averaged $1.05 cents per pound for the week ended Oct. 7, making it the highest weekly average since the week ended Sept. 15, 2011, when the average was $1.08.

“It would be understandable if the cotton price was derived from simple supply and demand, but in today’s case we see speculation creating a more dramatic rise in cotton and certainly upsetting the traditional market dynamics,” You said.

And it’s not just cotton that’s experiencing unprecedented inflation. Ix noted that the cost of dyes is up 80 percent, and all other costs are similarly “out of control.” In response to the surging prices, the China-based denim mill negotiates rates with suppliers on current order positions to keep costs low. However, with each new order, the mill gets quotes from spinning mills based on the current cotton prices.

A price increase of this scope is especially unsustainable for larger brands whose sizable orders make them most affected by even the slightest increase. In a Q3 2021 earnings call, Levi Strauss & Co. president and CEO Chip Bergh explained that the team is working closely with brand partners to make purchases at the optimal time for both parties.

"We have negotiated most of our product costs through the first half of 2022 at very low single-digit inflation," Bergh said during the call. "And for the second half, we are anticipating a mid-single-digit increase in cost of goods sold (COGS), which we will offset with pricing actions we've already taken." He added that he has a plan in the event that prices increase further—and that plan is to cross that bridge when it gets there. "If the inflation issues and/or cotton and/or cost of goods gets worse than what we've got built into our model right now, we'll figure out where and how to do that," he said.

However, Ix explained that anticipating a dip in pricing is especially challenging in the current climate.

"It is important to understand that in the post-Covid world, all inputs are in an inflationary mode. Add to this the supply chain disruption and it makes market timing of purchases very difficult, if not impossible," he said.

But Levi's 168-year track record indicates it's more than capable of making it through uncertain times. Despite its size, the brand remains nimble—and its quick acting at the start of the pandemic is what helped it emerge from the year stronger than ever.

During the early days of the pandemic, Levi's re-fashioned stores into mini distribution centers, allowing the brand to ship from retail locations. Accompanied by the launch of curbside pickup, BOPIS and virtual stylist appointment scheduling, the quick and strategic pivot helped the company remain engaged with consumers during a time when many retailers were reporting a major disconnect.

In fact, the brand was able to reduce its markdowns and increase pricing by about 5 percent in Q2 across all geographies and channels, which accounted for a gross margin increase of about one point. Harmit Singh, Levi Strauss

& Co. executive vice president and CFO, explained that it's best to increase pricing when the company is doing well—not when it's in need of a win.

Other brands have followed suit and slowed discounting, and as a result may be able to indirectly offset cotton's price increase. Guess and Lee have announced a reduction in promotions to maintain the integrity of the brands and benefit their bottom lines.

Further down the supply chain, mills may be able to compensate for cotton's increased pricing with strategic pivots. For Advance Denim, which endured a cotton price surge more than decade ago, the solution involved tapping into lower-cost fibers.

"In 2010, we had a spike in cotton prices that lead to the development of styles with large percentages of polyester or rayon to hedge against the high cotton price. It really ushered in tri-blends as the new normal in value denim styles," he said, adding that today's challenges could dampen the strategy. "The difference today is that there are inflationary pressures on all inputs, so there might not be as much relief from adding rayon or poly."

Incorporating lower-cost fibers may also be a step backward in terms of sustainability. Cotton—specifically organic—is a common choice for companies looking to reduce their environmental impact.

Despite the cost fluctuation, denim may still come out on top—if companies continue to prioritize sustainability. According to a 2020 study organized by trend forecasting company WGSN, 84 percent of respondents aged 18-25 are willing to spend more for sustainable products.

According to retail intelligence platform Edited, the rise in material costs has actually unveiled opportunities for enhanced sustainability, as cotton prices are now more aligned with the cost of environmentally friendlier fibers like hemp, Lyocell and Tencel. As a result, denim consultant Salli Deighton noted that denim's long dependence on cotton may be coming to an end.

"Whilst I completely understand the situation with cotton prices rocketing by almost a third, it really has shown the need to rethink our reliance on cotton," she said. "For quite a few years now, many mills have been looking into blends with recycled and alternative fibers which will reduce some of the impact of the cotton increases."

Mohsin Sajid, owner and creative director at denim brand Endrime, agrees. “The tipping point has been with us for some time. Covid-19 help encourage a generation of designers and product developers to start thinking differently,” he said.

Pakistan-based Naveena Denim Mills is one of many widening its menu of fibers, with an emphasis on hemp, Tencel and Lycra EcoMade as well as post-consumer waste and post-industrial waste. However, Aman Tata, the mill’s director, noted that cotton will always be important.

“Cotton still has a central role to play in denim fabric production,” he said. “It is impossible to replace it totally with alternatives.”

Source: sourcingjournal.com– Nov 17, 2021

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71% of fashion companies turning to nearshoring: McKinsey

Following lockdowns in retail and factory closures in source countries, supply chain disruptions continue to hit the fashion industry hard. With shipping costs becoming the biggest cost driver, 71 per cent of apparel and fashion companies are planning to increase their nearshoring share by 2025, according to a latest report by McKinsey & Company.

“Harbor shutdowns, port congestion, container shortages, and capacity issues in sea and air freight are putting the fashion industry under massive pressure. For the first time, shipping disruptions are becoming the biggest cost driver,” according to the leader of the Apparel, Fashion & Luxury practice at McKinsey in Germany, Senior Partner Karl-Hendrik Magnus.

82 per cent of sourcing executives surveyed cite shipping costs as the biggest driver, while labour costs in source countries—previously always one of the top drivers—is mentioned by only 21 per cent. “The era of sourcing continuous cost improvement is being challenged as never before and there’s an increasing focus on other competing goals,” says Patricio Ibáñez, co-author of the study and Partner at McKinsey.

“Fifty percent of companies have already embarked on extensive transformations to increase sourcing speed and flexibility,” according to the key findings of the study “Revamping fashion sourcing: speed and flexibility to the fore” by McKinsey & Company.

As part of the international study, the management consultancy surveyed 38 CPOs (chief procurement officers) from leading apparel companies and retailers in North America and Europe, who together account for roughly $100 billion of sourcing volume.

Discussing the increasing importance of nearshoring, resilience, and sustainability, the report states that to remain competitive, fast response times and supply chain resilience are crucial for today’s fashion companies. More and more businesses have reported a fall in earnings in recent months as new merchandise and replenishments have arrived too late, the assortment fails to resound with consumers, and markdowns on overstocks are increasing.

One way to respond more flexibly to supply chain risks and current trends, while also managing production by sales data, is to introduce shorter transport routes, says the report by the global consulting firm. Despite the higher sourcing costs, almost three-quarters of respondents are planning to grow their nearshoring share—that is, to source apparel from nearby countries.

For the first time, Turkey is now one of the top-3 most promising source countries for the years ahead. Turkey is particularly appealing for the European market: Transportation from Turkey to Germany, for example, takes three to six days compared to the up to 30 days needed to move an item of clothing from southeast Asia by ship.

For the US market, Central America has become more of an important focus. Relocating production back to the domestic market is also gaining interest: 24 per cent of sourcing executives mentioned increasing their reshoring share as an option.

“Another advantage of nearshoring is that the shorter transport routes increase sustainability while lowering greenhouse emissions. Nearshoring also allows more flexible in-season production, which helps to reduce overproduction,” says the report’s co-author Saskia Hedrich.

This will also support a trend where 53 per cent of firms are planning to reduce the number of options in their assortment in the next few years by focusing more on analytics to deliver more intelligent and customer-centric design. It’s a trend that benefits everyone: Customers with products that are better tailored to their needs, businesses with better full-price sales, and the environment with less product surplus and waste.

Source: fibre2fashion.com– Nov 17, 2021

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NATIONAL NEWS

Take more risks, add capacities to boost economy: FM tells India Inc

Nirmala Sitharaman assures facilitative business landscape; privatisation of 5-6 PSUs by Jan, says DIPAM Secretary

Finance Minister Nirmala Sitharaman today asked India Inc to seize the opportunities presented by Aatmanirbhar Bharat and be a "lot more risk taking and create capacity" to bring more dynamism to the economy.

Simultaneously, the government stepped up its privatisation effort, with DIPAM Secretary Tuhin Kant Pandey stating at the CII Global Economic Policy Summit 2021 that financial bids for privatising as many as six CPSEs (BEML, Shipping Corporation, PawanHans, Central Electronics, NINL) would be invited by January.

Go into new areas

"I appeal to the industry not to further delay increasing capacity, not to further delay looking at areas to partner in technology," said the Finance Minister, addressing the Summit.

Sitharaman exhorted the industry to seize the opportunities presented by Aatmanirbhar Bharat, ramp up capacities, create job opportunities and empower people with skill-sets. She asked India Inc to venture into new areas, find partners to upgrade technologically, invest in infrastructure and turn growth-oriented. "The government's intention is to make the business landscape easy and facilitative," she added.

'Reduce income disparity'

The Minister asked the industry to offer jobs to reduce income disparity. She asked corporates to cut down on importing finished goods and instead ramp up investments in manufacturing. "At a time when India is looking at impetus to growth, I want the industry to be a lot more risk-taking and understand what India wants," she said.

The FM stressed that the spike in consumer spending suggests not just pent up demand, but also that life is getting back to normal after a crisis of unprecedented scale.

Infrastructure push

The Finance Minister outlined some of the priority areas for the government, including building technology-driven infrastructure. She added that ₹5.5-lakh crore has been allocated for infrastructure with 134 per cent increase for the health segment.

“Fintech and BharatNet are reaching the farthest corners of the country which present collateral benefits for growth. Start-ups and new age technology will make a big difference to the economy,” she said.

In his remarks, Economic Affairs Secretary Ajay Seth said the past 5-7 years have seen pivotal changes in economic thinking, with more reforms, removal of frictions and cleaning up of processes to fuel India’s future.

Source: thehindubusinessline.com- Nov 17, 2021

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PM Gati Shakti: Logistics for the people

The Indian economy is at a very exciting phase. Rapid urbanisation and industrialisation are resulting in the expansion of existing urban centres and industrial zones and the development of new urban agglomerations and new industrial clusters.

Adoption of technologies such as solar and wind power in a large scale are creating new mega-facilities in hitherto remote locations. E-commerce is touching the lives of consumers in the remotest of villages.

With planned reforms in the agricultural sector that empowers the Indian farmer to directly connect with the market, new agro-production and marketing clusters will emerge. The planned economic corridors criss-crossing the country will lead to new large-scale industrial townships. As policies such as the production liked incentives (PLI) attract FDI, linkages with global-value chains will need to be supported with improved maritime and air connectivity with rest of the world.

It stands to reason that for such an India on the 'constant move' the current models of static planning for connectivity infrastructure would be inadequate, and would indeed emerge as a major bottleneck for growth and economic expansion.

Holistic connectivity

What India therefore urgently needs is an institutional mechanism by which holistic connectivity plans can be developed and credibly implemented in time. However, this institutional mechanism would have to be agile and responsive to the multiple demands for connectivity, and have the ability to have regular iterations in the planning process, allowing for flexibility to manage constantly evolving new demands for connectivity.

In other words, the planning model will have to shift from the current top-down and largely framed by the transport line Ministries, i.e., Ministry of Road Transport and Highway (MoRTH), MoR, Ministry of Civil Aviation (MoCA) and Ministry of Ports, Shipping and Waterways (MoPSW), to one that is more bottom-up, with a clear understanding of the alignment of industrial zones, mines, agro-clusters, warehousing clusters, logistics parks, inland terminals and gateway ports. This requires a significant investment in institutional development that can make this new bottom-up approach work.

The first step towards developing robust bottom-up planning and implementation mechanism is having access to the granular details of existing and planned industrial, agricultural, urbanisation related developments. This is easier said than done.

Data collation

This information exists across different departments of the central government, State governments, private sector associations, agriculture association, and local chambers of commerce. Developing the correct methodology to collect, collate, and analyse this information would be critical to successful planning and execution.

Being responsive to these many constantly evolving demands for connectivity would then require assessments as to the best means by which such connectivity can be provided. In some cases, this would mean critically re-assessing the alignment of a national highway under development or a railway line. In others, it would require the development of new connectivity between the location requiring such connectivity and the national trunk transport infrastructure.

Each of such individual location specific cases of demand for connectivity would require proper assessment of different options available, and how best this location can be connected to the rest of the transport network, and across modes. Such assessments require a significant level of technical expertise in transport network operations and modelling and data analytics.

Need for synergy

An effective response to different location specific cases would also need alignment with the respective State governments. Individual States would have their own respective infrastructure development plans focused on connecting their industrial or agricultural hubs with the planned national trunk infrastructure. This means the institution responsible for national master planning will require effective lines of communication with State government agencies on a regular basis.

Given that State governments themselves are large bureaucracies with infrastructure responsibilities spread across departments and agencies, meaningful dialogue between the national level master planning institution and State governments would need to be mediated through a pre-identified single-point of contact in every State government that is empowered to coordinate with other State government agencies and respond to the requests for information or project management emanating from the Centre.

All of this means that this master planning exercise is not just a simple matter of having some form of committee of senior officials of relevant transport ministries who coordinate the mode specific development plans or road, rail, inland water, and ports and shipping infrastructure.

To be truly effective, and responsive to the genuine connectivity needs of all the economic activities powering India's growth, this institution would have to develop substantive capacities for collecting micro-level data on demand for connectivity from multiple sources and technically analyse this data to ensure maximum impact.

It would also have to have the capacity to coordinate with State governments and private stakeholders to fully appreciate location specific demands. Last but not the least, this institution for master planning needs to be supported by state-level single point of contact for all logistics related issues.

The breadth of vision and ambition of the GATI Shakti initiative, as outlined by Prime Minister Narendra Modi on October 13 indicates that all of these elements of institutional capabilities are included in the design of this initiative.

This provides hope that a radical change is underway. India will replace decades of top-down planning that characterised the last seven decades after independence and replace this with a truly bottom-up set up where the system would become responsive to the dynamic connectivity needs of the country's entrepreneurs and citizens. This would be befitting gift for the nation on the 75th anniversary of our independence.

Source: thehindubusinessline.com- Nov 17, 2021

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India's textile and apparel exports show positive growth in October 2021

According to preliminary data from India, exports of cotton and artificial yarn / fabric / cosmetics, ready-made garments, jute products including floor coverings, and carpets from India in October 2021 showed positive growth year-on-year. .. Commodity trade in October 2021 announced by the Ministry of Commerce and Industry of the country.

All textile apparel products / product groups recorded positive growth in October 2021 compared to October 2020. These include cotton yarn / fabric / make-up, hand-woven products, etc. (46.2%), artificial yarn / fabric. / Makeup etc. (29.12%), jute production including flooring (27.44%), leather and leather goods (15.64%), carpets (10.06%), handicrafts excluding handmade carpets (9.72%), all textiles Ready-made garments (6.42%).

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India's exports in October 2021 were $ 35.65 billion, a positive growth of 43.05% compared to $ 24.92 billion in October 2020. In terms of rupees, exports in October 2021 were 2,67,056.26 chlores, a positive growth of 45.88 percent, compared to 1,83,060.60 chlores in October 2020. Compared to October 2019, exports in October 2021 showed positive growth of 35.89% on a dollar basis and 43.30% on a rupee basis.

Cumulative exports from India from April to October 2021 were $ 233.54 billion (17,30,104.50 chlores) compared to $ 150.54 billion (11,24,418.69 chlores) from April to October 2020. , Recorded a positive growth of 55.13%. Dollar-based (53.87% positive growth on a rupee basis). Compared to April-October 2019, exports from April-October 2021 showed positive growth of 25.97% on a dollar basis and 33.06% on a rupee basis.

India's Minister of Commerce and Textiles, Piyush Goyal, commented on India's export performance and said in a Twitter post that continued strong export growth indicates a sustainable economic recovery. "The export of high quality goods and services from the Indian flag lays the foundation for Aatmanirbhar Bharat."

Source: eminetra.com- Nov 17, 2021

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Economists urge gradual consolidation, see fiscal deficit near 6% in FY23

Global observers of the Indian economy felt a quick consolidation in India's fiscal policy may not be the right way to go ahead, and that only a gradual path must be embarked on to ensure growth inches above expectations.

While they agreed on buoyant revenue and pace of recovery cranking up growth, they held that reviving lost jobs could be complicated, and will require concerted efforts in areas that need support, particularly the construction sector.

They were on a panel that discussed the future of India's fiscal and monetary policy and its implications on growth, at a conference organised by the Confederation of Indian Industry, an industry lobby group.

Sudipto Mundle, distinguished Fellow at the National Council of Applied Economic Research, Taimur Baig, managing director (MD) and chief economist at DBS Bank, Sajjid Z Chinoy, chief India economist at JP Morgan, and Neelkanth Mishra, MD and co-head of Asia-Pacific strategy and India strategist at Credit Suisse, were on the distinguished panel.

Both Chinoy and Mishra are on the Prime Minister's Economic Advisory Council as part-time members.

Shankar Acharya, former chief economic advisor and a member of the 12th Finance Commission moderated the dialogue.

The economists expect a fiscal deficit close to 6 per cent in 2022-23. All of them mentioned the plight of the informal sector and the need to reverse the losses therein to secularly revive jobs and consumption in the economy.

"There has been scarring in the informal sector. As a result, consumption levels have stagnated. The marginal propensity to consume — how many individuals spend for every additional rupee earned — has been affected," said Sudipto Mundle.

The supply chain disruptions have a lot to do with the underperforming informal sector, he added.

Baig said that expedited formalisation has had a collateral damage on small businesses, not equipped to handle it.

This resulted in major scarring. Fiscal policy should cater to these areas in the economy, he said.

“In the long run, formalisation will improve the business environment. But done hastily, it erodes the tax base and hurts the fisc, rather than helping it," said Baig.

On monetary policy, they asserted that the movement should now be to push real interest rates into positive terrain.

“The Reserve Bank of India should look at narrowing the policy corridor at a gradual pace, such that real interest rates cease to be negative,” said Chinoy.

Mundle said that much of the heavy lifting has been done by the central bank in the period of deep distress. Now that core inflation is at the upper end of the band, and the US has started tapering its bond purchases, India’s monetary policy should think about raising interest rates.

“The heavy lifting, now, remains to be done at the fiscal level. To that effect, the buoyant revenues this year have been a relief,” added Mundle.

Mishra remained the most optimistic, and suggested that actual growth numbers in successive years could be in the 9-10 per cent range, against the consensus near-7 per cent mark.

But he also said that parts of the economy are still struggling, and they need to be recognised. A lot of job losses yet to be recovered are in the services sector.

Even if these jobs return, their household balance sheets are broken, and they will take time to mend. Repairing them at the earliest should be a priority of the fiscal policy, said Mishra.

The ray of hope could be the nascent, but meaningfully reviving construction sector. After a brief eight-year period of flat nominal output growth in the sector, indications are such that they have now started to turn, he said.

Talking about fiscal consolidation, Chinoy said there is a need to reduce primary deficit and reduce debt pressure. But the process should not be too quick, he cautioned. Such rapid tightening of fiscal policy has in the past choked the growth potential of advanced economies.

Mundle mentioned that while sustained expenditure will solve the problem of growth, it may not rescue us from the job problem. For that, growth rates need to be higher than 7 per cent, he added.

Source: business-standard.com- Nov 18, 2021

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$1 trillion economy: Guidance Tamil nadu to focus on outward investments

To set up an export cell to study opportunities that are emanating and help exporters tap them

Guidance Tamil Nadu, State's nodal agency for investment promotion and single window facilitation, has been till now focussed on 'inwards' investments and helping overseas investors set up their operations in the State. However, it is now looking 'outwards' and focusing on exports. The State has set an ambitious target of achieving $100 billion exports by 2030 from the current $26 billion.

Guidance is setting up an export cell to study opportunities that are emanating and help exporters tap them, said a senior Government official. It will also help Guidance to identify export-focussed companies which can then be attracted to set up base in Tamil Nadu, he added.

Recently, Tamil Nadu Export Promotion Strategy 2021 (EPS 2021) was released that said the State's strengths in exports and established infrastructure for exports serve a 'bedrock' for attracting investors to the State. This, in turn, acts as a catalyst for trade. There is a need for an export promotion strategy to focus on export diversification and export dispersion — identifying districts as export hubs.

The State's export basket is diversified with the top ten products contributing 70 per cent of the export share. Some studies put the State's untapped export potential of ₹1.6 lakh crore.

Detailed study

Guidance's export cell's agenda will research on demand for various products; the markets to be tapped and do match making by reaching out to potential buyers to do the tie-ups. A detailed study needs to be done to educate the exporters.

A portal will be developed in this regard. To increase exports, it is important to reach out to newer markets. Footwear or textiles need to go up the ladder with higher value-added products.

Sectors such as technical, medical and industrial textiles are major areas for target, said sources.

To enable more exports, the support infrastructure like ports will also be improved and major logistics players will be roped in. Recently, Dubai's DP World signed an MoU with the State government to set up an Integrated Chennai Business Park of DP World at Vallur (₹1,000 crore and 1,100 persons). Many more such investment is required.

Source: newagebd.net- Nov 16, 2021

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Punjab Chief Minister Charanjit Singh Channi hikes relief for damaged cotton crop to Rs 17,000/acre

Punjab Chief Minister Charanjit Singh Channi on Wednesday announced to enhance the compensation amount from Rs 12,000 to Rs 17,000 per acre for farmers, who suffered losses due to pink bollworm attack on cotton crop. Of the total relief amount announced, Channi added that 10% would be given to farm labourers involved in picking of cotton.

Chairing a high-level meeting with the representatives of 32 farm unions of Sanyukt Kisan Morcha (SKM) led by its president BKU Balbir Singh Rajewal here at Punjab Bhawan, Channi said that "the enhanced compensation amount would involve nearly Rs 200 crore in addition to the already approved Rs 416.18 crore on account of compensation at the rate of Rs 12,000 per acre."

Channi said that the meeting ended on a positive note and of the 18 demands, most have been met.

This was Channi's first meeting with the farmers and it comes ahead of protests planned to mark one year of the agitation against farm laws at Delhi border.

Acceding to another major demand of SKM, the CM also announced to cancel all the FIRs registered by the Punjab Police "against the farmers who had been protesting against the black farm laws within the state, after following the prescribed procedure with due diligence".

He also assured the representatives of SKM that he would "personally take up the matter with Punjab Governor, who is also the Administrator of UT Chandigarh to withdraw the cases against the farmers who participated in the protest march towards Punjab Raj Bhawan against draconian farm laws".

Channi added that "all the cases of stubble burning registered against the farmers would [be] sympathetically considered from the legal aspects to safeguard the interest of the farming community". However, he also appealed to farmers to "refrain from stubble burning in future as it was hazardous both for environment as well as human health besides hampering the fertility of land to an enormous degree".

Taking serious note of supplying paddy seed of spurious quality to farmers in Moga district which resulted in crop damage in 2000 acres, the CM directed the agriculture minister to take a stern action against "the fraudulent seed company and ordered due compensation to the affected farmers to make their loss good". The Chief Minister also directed to "initiate exemplary action against all the erring officials of PUNSEED involved in supply of substandard wheat seed during the current Rabi season".

Regarding "the meager compensation paid to the farmers in lieu of land acquired from them for Delhi-Katra-Amritsar expressway", Channi said that he would "personally convene a meeting of all Divisional and Deputy Commissioners to rationalize the rates of compensation in this regard".

He categorically said that "such farmers should not be allowed to suffer on this count" and directed the Financial Commissioner Revenue to "examine such cases on priority to award fair compensation as per the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013".

To check the adulteration of milk and milk products, Channi sought "wholehearted cooperation and support from the farm organisations to stamp out this menace which was posing a major threat to the health of human beings". He underscored "the need to launch a massive awareness campaign to sensitize the people on this count". Without mincing any words, the Chief Minister said that "the state government would not tolerate any sort of laxity in this regard and directed the departments of Health, Dairy Development and Cooperation (Milkfed) to act sternly against these unscrupulous elements, which were playing havoc with the lives of people".

The Chief Minister also said that "the state government is seriously contemplating to bring a comprehensive proposal in the next Cabinet for formulation of a policy to reserve around 75% of posts in government exclusively for Punjabi youth".

On the issue of appointment of PAU Vice Chancellor, the Chief Minister said that "the selection process in this regard is already underway and the competent person would be appointed soon purely on the merit basis in a fair and transparent manner".

Agreeing to another demand of SKM to fill vacancies in the agriculture department, the CM apprised that "141 posts of agriculture development officers have already been appointed and equal number of posts would be filled soon to provide efficient extension services to the farmers which would go a long way in supplementing their income".

Referring to the demand raised by the representatives of SKM to waive the outstanding loans of all categories of farmers including small, marginal and landless farmers, Channi said that he would "have a separate meeting with them after detailed deliberations with finance department regarding state's financial position".

Channi said that "5.63 lakh farmers have already been benefitted from loan waiver scheme to the tune of Rs 4,610.84 crore". He added, "Apart from these, a sum of Rs 520 crore is being provided to the landless farmers and farm workers across the state."

He said, "the Revenue department in sync with concerned Deputy Commissioners is already in the process to finalize the remaining cases."

Source: indianexpress.com- Nov 18, 2021

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