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NATIONAL NEWS

INTERNATIONAL NEWS

American associations urge VP Harris to maintain China 301 tariffs

The main textile and apparel manufacturing trade groups in the US and Central America have sent a joint letter to Vice President Kamala Harris, outlining critical issues, such as upholding strong rules of origin in the US free trade agreement with the region and maintaining China 301 tariffs on finished apparel imports, ahead of the Summit of the Americas taking place in Los Angeles next week.

The National Council of Textile Organizations (NCTO), representing the full spectrum of US textiles from fibre through finished sewn products, and the Central America – Dominican Republic Apparel and Textile Council (CECATEC), the main apparel and textile group in the region, thanked Harris for her leadership in helping drive more investment to northern Central America and for the Biden administration's commitment to strengthening the economic partnership forged between the United States and the region, which supports 1 million collective textile and apparel jobs.

"Perhaps most critical for our collective industries is the administration's strong support for the 'yarn forward' rule of origin in the US-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), which promotes trade, investment and economic development in the US and the region. This ensures the benefits of the agreement go to the partners in the agreement, which helps drive massive investment and certainty," the groups stated in the letter.

"The agreement's strong rules have brought trade and investment to the region and the US and allowed us to compete against highly subsidised industries in Asia often employing illegal trade practices such as the use of forced labour."

"We continue to urge the administration to hold highly subsidised economies accountable for predatory trade practices that have blatantly undermined our collective industries and our workers.

It is critical for the administration to continue to ensure the 301 tariffs remain on finished apparel products that have helped bring diversification in sourcing from Asia and provided opportunities for both US and Central American workers," they noted.

"The tariffs are playing a key role in unlocking investment in the region and the US."

Source: fibre2fashion.com– Jun 01, 2022

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Retail turnover in Germany down 5.4% MoM in April 2022

The real (price-adjusted) turnover of retail enterprises in Germany was 5.4 per cent and the nominal (not price-adjusted) turnover was 4.7 per cent lower, on a calendar and seasonally adjusted basis, in April 2022 compared with March 2022, according to provisional results of the Federal Statistical Office (Destatis).

Thus, real turnover reached the lowest level since February 2021.

Compared with April 2021, retail trade in April 2022 recorded a 0.4 per cent decrease in turnover in real terms and a nominal increase of 6.2 per cent. The difference between the results in real and nominal terms reflects the high price increases in retail trade, as per Destatis.

Source: fibre2fashion.com– Jun 01, 2022

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China, Ukraine Turmoil 'Suppress' US Manufacturing Demand

Apparel production led the U.S. manufacturing sector's economic growth in May, the nation's supply executives said Wednesday in the latest Manufacturing Institute for Supply Management (ISM) "Report On Business."

The May Manufacturing Purchasing Manufacturing Index (PMI) registered 56.1 percent, an increase of 0.7 percent from April. Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee, said this indicates expansion in the overall economy for the 24th month in a row after a contraction in April and May 2020.

It was also the second-lowest Manufacturing PMI reading since September 2020. A reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent means it is generally contracting.

"The U.S. manufacturing sector remains in a demand-driven, supply chain-constrained environment," Fiore said. "Despite the Employment Index contracting in May, companies improved their progress on addressing moderate-term labor shortages at all tiers of the supply chain, according to Business Survey Committee respondents' comments. Panelists reported slightly lower rates of quits compared to April."

May was also the second straight month that prices didn't rise as quickly as they had in the months prior, but instability in global energy markets continues, Fiore noted, while surcharge increase activity appears to be stabilizing across all industry sectors.

Sentiment remained strongly optimistic regarding demand, with five positive growth comments for every cautious comment, although panelists continue to cite supply chain and pricing issues as their biggest concerns.

Fifteen manufacturing industries reported growth in May, led by apparel, leather and allied products. The only industry reporting a decrease in May compared to April was furniture and related products.

ISM’s New Orders Index registered 55.1 percent in May, a 1.6 percent increase compared to April, and the 24th consecutive month of growth. A New Orders Index above 52.9 percent usually coincides with an increase in the Census Bureau’s series on manufacturing orders.

Of the 18 manufacturing industries, 11 reported growth in new orders in May, topped by apparel, leather and allied products, while textile mills and furniture and related products were among the six industries reporting no change in new orders in May.

The Production Index rose 0.6 percent to 54.2 percent in May, also up for the 24th consecutive month. An index above 52.4 percent is consistent with an increase in the Federal Reserve Board’s Industrial Production figures.

The eight industries reporting growth in production during May were led by apparel, leather and allied products, while the eight industries reporting a decrease in May were topped by textile mills and included furniture and related products.

ISM’s Employment Index fell to 49.6 percent in May, 1.3 percent below the April reading. An Employment Index above 50.5 percent is usually consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

“The index contracted after eight consecutive months of expansion,” Fiore said. “This is the lowest reading since November 2020, when the index registered 48.1 percent…Survey panelists’ companies are still struggling to meet labor management plans, though with more signs of improvement…An overwhelming majority of panelists again indicate their companies are hiring, and for the second month, 89 percent of Employment Index comments were hiring focused.”

Of 18 manufacturing industries, eight industries reported employment growth in May, topped by apparel, leather and allied products. The seven industries reporting a decrease in employment in May included textile mills and furniture and related products.

The delivery performance of suppliers to manufacturing organizations was slower in May, as the Supplier Deliveries Index fell 1.5 percent to 65.7 percent. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent translates to slower deliveries.

“Improvement in the index will be constrained at least in the short term due to continuing labor issues and the expected impact of recent China lockdowns,” Fiore said.

Of 18 manufacturing industries, 15 reported slower supplier deliveries in May, led by apparel, leather and allied products and including textile mills and furniture and related products.

The Inventories Index hit 55.9 percent in May, 4.3 percent higher than April. An Inventories Index greater than 44.4 percent is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories.

Apparel, leather and allied products again topped the industries reporting higher inventories in May, which also included textile mills.

ISM’s Customers’ Inventories Index registered 32.7 percent in May, 4.4 percent lower than April.

“Customers’ inventories are too low for the 68th consecutive month, a positive for future production growth,” Fiore said. ‘For 22 straight months, the Customers’ Inventories Index has been at historically low levels.”

Only apparel, leather and allied products reported customers’ inventories as too high in May. The 14 industries reporting customers’ inventories as too low during May were led by textile mills and included furniture and related products.

The ISM Prices Index fell 2.4 percent to 82.2 percent in the month, indicating raw materials prices increased for the 24th consecutive month but at a slower rate in May. The Prices Index has exceeded 70 percent in 17 out of the last 18 months and been above 60 percent for 21 straight months. A Prices Index above 52.6 percent usually coincides with an increase in the BLS Producer Price Index for Intermediate Materials.

In May, 17 of 18 industries reported paying increased prices for raw materials, led by apparel, leather and allied products, and including textile mills and furniture and related products.

ISM's Backlog of Orders Index registered 58.7 percent in May, a 2.7 percent increase compared to April, indicating order backlogs expanded for the 23rd straight month.

Ten industries reported growth in order backlogs in May, topped by textile mills, while apparel, leather and allied products, and furniture and related products were among the six industries reporting no change in order backlogs in May.

ISM's New Export Orders Index hit 52.9 percent in May, up 0.2 percent from April.

"For the third straight month, Covid-19 in China has suppressed customer demand from overseas and the war in Ukraine has limited European demand," Fiore said.

Seven industries reported growth in new export orders in May, led by apparel, leather and allied products, while textile mills, and furniture and related products were among six industries reporting no change in exports in the month.

ISM's Imports Index fell 2.7 percent in May to 48.7 percent, the lowest reading since May 2020. Fiore said import demand remains strong, "but we are beginning to see the impact of port closures in China, which will lead to additional supply chain disruptions."

Apparel, leather and allied products, textile mills, and furniture and related products were among seven industries reporting no change in imports in May.

Source: sourcingjournal.com– Jun 01, 2022

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Turkiye's apparel exports rise 20.79% in Jan-Apr 2022

Apparel exports from Turkiye increased by 20.79 per cent year-on-year in January-April 2022, according to the data from the Turkish Statistical Institute and the country's ministry of trade. During the first four months of the current year, Turkiye exported apparel worth $6.78 billion, compared to exports of $5.61 billion during the same period of 2021.

Category-wise, exports of knitted and crocheted clothing and accessories (HS chapter 61) earned $3.742 billion in January-April 2022, registering a growth of 18.6 per cent over $3.156 billion earned during the same months of the previous year.

Exports of non-knitted apparel and accessories (HS chapter 62) were valued at $3.042 billion, showing an increase of 23.6 per cent compared to $2.460 billion exports made in January-April 2021.

Exports of old clothing and other textile articles and rags (HS chapter 63) also grew by 9.5 per cent year-on-year to $1.046 billion during the period under discussion.

Meanwhile, Turkiye's imports of cotton, cotton yarn and cotton textiles (HS chapter 52) increased by a sharp 69.4 per cent to $1.733 billion over $1.023 billion in the first four months of 2021.

Likewise, man-made filament (HS chapter 54) imports too shot up by 78.1 per cent year-on-year to $1.172 billion, the data showed.

Source: fibre2fashion.com– Jun 02, 2022

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China's luxury market to account for 27% of global market: WWD report

After 18 months of non-stop acceleration, growth in the Chinese luxury market is set to slowdown to low double-digits in 2022, as per latest Bain & Co research. However, the pace of Chinese luxury consumption will remain stable with the local Chinese market overtaking the US market by 2025. As per a Women's Wear Daily report, Chinese luxury market will account for almost 27 per cent of the global market in the forecast period with most of the growth driven by digital sales channels.

Growing cooperation with global markets

Rapid rise in consumption triggered by COVID-19 and reshaping of the global luxury boundaries has led to deep acceleration of China's luxury market in the last two years. Growth of international brands accelerated to a great extent during this period though the domestic Chinese luxury market also showed maturity.

To study these shifts in China's luxury market, a key observer of the Chinese fashion industry WWD China launched an online study in collaboration with Boston Consulting Group and Tencent Marketing Solution. Titled, 'Luxury in China: The Driven Force and Ways to Create Efficiency and Growth', the course highlights the key drivers of Chinese luxury fashion market.

It aims to improve cooperation between Chinese and international luxury markets. And helps brands drive growth by offering latest market insights, says Lena Yang, Co-founder and Vice Chairman, WWD China. Featuring three companies, the course explains the nature of Chinese market and its consumers in depth. It also elucidates on the corresponding best practices of brands in their respective areas of expertise.

According to Boston Consulting Group, China's luxury market growth is mainly driven by two groups: high-income group consumers and post-1990s consumers. The report shows the consumption patterns of various consumer groups in China besides highlighting the impact of this generational shift on the luxury retail network.

Complete shopping experience through unique digital services

In recent years, Chinese luxury brands have accelerated their digital transformation to ensure they remain in touch with consumers, and convert reluctant consumers into confirmed buyers. Around one third luxury purchases in China are now made through online channels, says Lin An, Managing Director and Partner, Boston Consulting Group.

China's growing online penetration and the rise of social commerce encourages digital players to ensure complete shopping experience for consumers on the platform. Online brands adopt innovative marketing tactics such as livestreaming e-commerce and augmented and virtual reality shopping experiences, and private traffic community management to boost sales on their platform.

China also offers marketplaces such as Tmall and JD.com, besides platforms such as Xiaohongshu and Weibo for luxury buyers. With over 1.2 billion monthly active users, luxury platform WeiXin ensures higher brand awareness and loyalty for brands.

The platform's Mini Program offers international brands an opportunity to develop their direct-to-consumer business locally. It gives them the required control over data, marketing performance and product offerings. Another of China's leading tech conglomerate, Tencent helps brands collaborate to activate market in other areas such as music, animation, and gaming. The new WWD China report will further help global brands capitalize on their market potential.

Source: fashionatingworld.com– Jun 02, 2022

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GOTS certified facilities increase by 19% in 2021

According to the 2021 Annual Report released by GOTS, there was a significant increase in the number of certified facilities in 2021 despite continued COVID constraints.

According to the report, the number of GOTS certified facilities increased by 19 per cent in 2021 with Certification Bodies (CBs) reporting 12,338 facilities in 79 countries. The additional CBs are helping meet an ever-increasing demand for certification.

The rise in certifications also allowed GOTS to expand internally, adding Representatives as well as colleagues with expertise in Standard Development and Implementation, Quality Assurance, Communication, and IT. Visits to the GOTS website jumped 43 per cent from 2020 and GOTS's following on social media expanded significantly, gaining 57 per cent across platforms.

The report further chronicles the implementation of the most recent update to the standard document, GOTS version 6.0, and the release of 'Conditions for the Use of GOTS Signs (CUGS)', which outlines the rules for using the GOTS logo and labeling and updates to GOTS Scope and Transaction Certification policies which are a crucial part of the certification process.

Source: fashionatingworld.com– Jun 02, 2022

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Cotton Made in Africa Broke Supply and Demand Records Last Year

Cotton made in Africa (CmiA) achieved record levels of supply and demand in the 2020-2021 season, with new and existing clients seeking to purchase greater amounts of cotton verified through CmiA and CmiA Organic.

The organization reported that 600 million CmiA textiles were brought to market, more than doubling the previous year's volume. The production of CmiA-verified cotton also grew 10 percent to 690,000 tons, meaning that 40 percent of all cotton produced in Africa is now verified by CmiA. Cotton made in Africa is active in 11 countries in Sub-Saharan Africa and supports around 1 million small-scale farmers.

In addition, the number of licensed retail and brand partners rose around 30 percent in the past four years and now encompasses some of the world's biggest retail and fashion chains, including Bestseller, Lidl, LPP and the Otto Group.

"This year's record levels of supply and demand for Cotton made in Africa underline how widely accepted sustainable raw materials have become in international value chains," said Tina Stridde, managing director of the Aid by Trade Foundation, which administers Cotton made in Africa. "Textile companies worldwide, as well as cotton companies in all of Sub-Saharan Africa, have joined our initiative as reliable and strong partners for small-scale farmers."

"Together, we have been able to ensure that CmiA and CmiA Organic cotton enjoy worldwide demand and are processed in over 50 textile production markets," she added. "By harnessing market forces, we are able to prepare small-scale farmers for the growing challenges of climate change and to build up their resilience through innovative and efficient farming methods."

CmiA works with small-scale farmers in Benin, Burkina Faso, Côte d'Ivoire, Cameroon, Chad and Nigeria, as well as in Mozambique, Zambia and Tanzania. With new partners in Togo and Ghana, the initiative's network will expand to 11 Sub-Saharan partner countries as of 2022.

CmiA has also significantly expanded its textile value chain in recent years. In 2021, the network of registered partners grew to encompass 240 spinning mills throughout the world. The three largest purchasers of CmiA cotton are Lidl Group, Otto Group and Ernsting's family.

"We are proud to be one of the major purchasers of CmiA," Dr. Alexander David, head of the international purchasing division at Lidl Stiftung & Co. KG, said. "In keeping with our international CSR strategy, which prioritizes fair trade and resource efficiency, we aim to procure the cotton for our textile product range more sustainably by the end of 2022. CmiA-verified cotton will play a key role in achieving the goal we have set for ourselves. By using CmiA-verified cotton, we support local farmers in Africa and promote environmentally friendly agriculture."

Anna Rensing, the head of quality development and product sustainability at Ernsting's family, said since 2010, CmiA has been a strong and reliable partner and will continue to play a key role in reaching the company's goal of complete product certification for natural-fiber products.

"This is also reflected in our cotton sourcing, with CmiA's share rising by 487 percent between 2020 and 2021," Rensing said. "In addition to its status as a long-time partner, we greatly appreciate that CmiA has proven so reliable and available in these volatile and challenging times."

Cotton made in Africa follows a licensing model that requires all textile companies to pay licensing fees for CmiA-verified cotton to the initiative, which reinvests the proceeds in cotton-growing regions in Africa.

Some of these funds go towards regular certifications that are conducted at the field and ginnery levels by external auditors to monitor compliance with social, economic and environmental sustainability criteria.

External monitoring ensures that exclusion criteria like prohibitions on irrigation, child labor, genetically modified seeds and certain pesticides as defined in international conventions are met and that progress is made on improvement criteria that target issues including soil fertility and gender equality. Licensing revenue also supports agricultural and business training for small-scale farmers.

The Aid by Trade Foundation is increasingly investing in measures for adapting to climate change and for reducing the impact of cotton growing and ginning on the climate. In one example, a carbon-neutral approach to cultivating CmiA cotton is being promoted in co-operation with Atmosfair, while in another partnership project, around 2.8 million euros ($3.01 million) are being invested in sustainable soil management.

CmiA is an internationally recognized seal for sustainably produced cotton from Africa. The CmiA initiative was established by the Hamburg-based Aid by Trade Foundation (AbTF) in 2005.

Source: sourcingjournal.com– Jun 01, 2022

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China's manufacturing sector fares better with 49.6 PMI in May

China's manufacturing sector fared better in May as more factories resumed production after the Omicron outbreak was contained, according to data from the National Bureau of Statistics (NBS), which recently said the purchasing managers' index (PMI) came in at 49.6 in May, up from 47.4 in April. A reading above 50 shows expansion, while one below 50 reflects contraction.

"China's economy took a hit from the Omicron outbreak and changes in the international situation, but it has improved in May due to the effective coordination of epidemic containment and economic and social development," NBS senior statistician Zhao Qinghe was quoted as saying by an official news agency.

The sub-index for production stood at 49.7 in May, up by 5.3 percentage points from the previous month, and the sub-index for new orders stood at 48.2, up by 5.6 percentage points from April.

"Among the 21 industries surveyed, the number of industries with PMI in expansion zone increased to 12 in May from 9 in April, showing positive changes in the country's manufacturing sector," Zhao said.

In May, the sub-index measuring supplier delivery time rose by 6.9 percentage points to 44.1, indicating that logistics remained slow despite some improvement.

The purchase price index for primary raw materials stood at 55.8, 8.4 percentage points lower than the previous month, but still running at a relatively high level.

Source: fibre2fashion.com– Jun 01, 2022

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Rising demand for automotive technical textiles

Demand for technical textiles in the automotive market is growing as new applications emerge and manufacturers strive to increase comfort, improve safety and reduce weight, according to Profiles of five major automotive technical textiles manufacturers, a 20-page report from the global business information company Textiles Intelligence.

The average weight of textile materials now used in a mid-size car is 30kg, 50% more than the 20kg used in 2000. One driving force behind the rise has been a focus on lowering weight in order to achieve higher fuel efficiency and reduce greenhouse gas emissions, in response to government directives.

Technical textiles offer significant opportunities for reducing weight. For example, the use of components made from Lineo's FlaxPreg sandwich panel composites has been proven to achieve a weight reduction of 50% compared with traditional components made from glass fibre and polyurethane. Also, the composites offer a cost advantage of around 5%. The composites are designed for manufacturing a number of automotive interior components, including door panels, instrument panels, load floors, roof trim and seat backs.

Similarly, the use of ELeather, an artificial leather material for automotive interior components, achieves a weight reduction of 40% compared with conventional leather. Also, the material boasts a number of high-performance attributes which provide customers with the benefit of a more efficient, less expensive and longer lasting material.

Another driving force behind the rise in demand for technical textiles in automotive applications is a need for improved acoustic comfort as the popularity of new energy vehicles (NEVs) grows. In particular, sounds which were previously masked by the noise of the internal combustion engine (ICE) in standard ICE vehicles are clearly audible in NEVs—much to the discomfort of the user.

To remedy this discomfort, Adler Pelzer Group (APG) provides full system engineering and noise, vibration and harshness (NVH) packages to customers such as Tesla and, more recently, it has redefined its methods for developing NEV acoustics in a package which it calls EVO (evolution of automotive acoustics).

In fact, APG believes that improving the acoustic comfort of automotive vehicles represents a significant opportunity, so much so that it has acquired the Acoustics business of STS Group and the Acoustics and Soft Trim (AST) business of Faurecia.

Meanwhile, Autoliv and Global Safety Textiles (GST) have benefited from rising demand in the airbag sector and, in particular, rising demand for new innovative products. For example, Autoliv has developed an exterior airbag for autonomous vehicles which covers the front of the vehicle when inflated in order to protect vulnerable road users such as cyclists, motorcyclists and pedestrians.

Despite the promise shown by increasing demand for technical textiles in the automotive market, however, suppliers of technical textile products to the automotive industry were severely impacted in 2020 and 2021 by a slowdown in the market caused by the COVID-19 pandemic. They were also impacted by supply chain issues, increased freight and transportation costs, higher energy prices, and shortages of supercapacitors.

Furthermore, the ongoing military conflict following Russia's invasion of Ukraine has led to further price increases and supply chain disruptions in 2022 and, as a result, it seems unlikely that these suppliers will get back during the year to the performances they enjoyed in 2019.

This report is available to purchase on Innovation by following the link below.

Profiles of five major automotive technical textiles manufacturers

Source: innovationintextiles.com– Jun 01, 2022

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Cotton rally squeezes Asian garment makers, threatens recovery from COVID

A near doubling in benchmark cotton futures to 11-year highs, hard on the heels of a spike in freight and fuel prices, is clobbering Asian apparel makers while their global retail customers are reluctant to soak up the extra costs.

Losses have mounted for garment makers in Asia, among the region's top employers, with some smaller units suspending operations, rendering thousands jobless, undermining a recovery from the pandemic and posing a fresh challenge for policymakers already battling high inflation.

To remain viable, some yarn and garment makers are even replacing cotton with cheaper synthetic fabric.

"Our factories are running at full capacity. But at what prices? We are hardly making any profits," said Siddiqur Rahman, managing director of Dhaka-based Sterling Group, which supplies to brands such as H&M (HMb.ST) and Gap Inc (GPS.N).

An uncertain outlook for demand from Europe amid the Russia-Ukraine war has added to the woes of apparel makers in Asia - home to the world's top garment exporters, China and Bangladesh.

Bangladesh exports more than 60% of the garments it manufactures to Europe, Rahman said. In India, world's top cotton producer, several small apparel makers are struggling to fulfil orders from three months ago, when cotton prices were around a third less than current levels.

"Many small units have stopped taking new orders," said Ashok Juneja, president of India's Textile Association.

India's cotton prices have more than doubled in a year after rains hit harvest.

Global prices surged 70% over the period, scaling the highest since 2011 in May, with analysts predicting more gains amid drought damage to output in top exporter the United States and a recovery in China's demand as COVID-19 curbs ease.

In a double whammy for garment makers, "buyers are not willing to raise prices", said Ravi Sam, managing director at Adwaith Textiles, an Indian exporter. "They are also uncertain about summer demand, especially in Europe," he added.

In southern India, which accounts for most of the country's textile exports, spinning mills in May decided to stop producing yarn and procuring raw cotton, the South India Spinners Association said. read more

The shutdowns are hard for industry workers as many were unemployed during COVID lockdowns."Nearly 40% of the mills here have been shut since they are financially unviable," said Duraisami, who goes by just one name and recently lost his job at a textile mill in the southern state of Tamil Nadu.

Like Duraisami, thousands in the area have lost their jobs in May, the state government has said.

CHEAPER POLYESTER

Asian garment makers, which also count Walmart Inc (WMT.N) and Nike (NKE.N) among their customers, rely heavily on Europe and the United States for exports of ready-made garments.

While demand rose in the first quarter as the world emerged from the pandemic, fresh China COVID curbs and higher fuel prices amid the Russia-Ukraine conflict stifled it. Shipping costs have quadrupled from pre-pandemic levels and global brands are not absorbing additional costs, Rahman said.

"The manufacturers are bearing the burden," he said. To cut expenses, some mills are using more synthetic fibre, which can cost $0.60-$1 a pound versus $1.4 for raw cotton.

"From what we hear from the mills in Asia, they are increasing spinning ratios in favour of polyester," said Rogers Varner, president of Varner Brokerage in Cleveland, Mississippi.

But this swap has limitations given contractual commitments to deliver a certain quality of fabric.

"There will be some replacement ... but you can't just replace something because you don't want to pay for it," said Louis Barbera, partner and analyst at VLM Commodities Ltd.

TAILWINDS

Costs, industry participants say, are unlikely to ease soon.

Prices rose even as lockdowns hurt demand from China, which accounts for about a third of global cotton consumption, and they will climb further as the country resumes buying, a Singapore-based dealer with a global trading firm said.

For now though, China's demand is bleak. Textile units are sitting on nearly a month's inventories of yarn and cloth, versus the usual 10-15 days, a China-based trader said.

About 400,000 tonnes of Xinjiang cotton are being used per month, half of year-ago levels, the trader added.

But with the end to a strict lockdown in Shanghai, China's largest city, at 1600 GMT on Tuesday, or midnight locally, industry players see demand improving. read more

Hot weather in Texas, which accounts for over 40% of the U.S. output, should also provide a tailwind for prices.

"If we do not get ... multiple events of rainfall in west Texas, cotton prices will surpass current levels," Barbera said.

This could eventually lift apparel prices, adding to inflationary pressures.

"I think cotton prices are rising all the way to the retail store. At some point people will just decide they can't or will not buy," said Keith Brown, principal at commodity firm Keith Brown and Co, Georgia.

Source: reuters.com– Jun 02, 2022

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Switzerland, China closely discussing upgradation of bilateral FTA

Switzerland and China are closely discussing upgradation of their existing free trade agreement (FTA), according to the Chinese commerce ministry, which recently said both sides are actively promoting a joint study on upgrading the agreement and seeking areas where upgrades are possible. The negotiations are not stalled, a ministry spokesperson reiterated.

The bilateral agreement was signed in July 2013 and entered into force in July 2014.

The spokesperson said that the agreement is high-level, rich in content and mutually beneficial, as well as playing a positive role in strengthening economic and trade cooperation between the two countries, an official news agency reported.

China is now Switzerland's third-largest trading partner. In 2021, the bilateral trade volume hit $44.11 billion, soaring by 96.7 per cent year on year, according to the ministry.

Source: fibre2fashion.com– Jun 01, 2022

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Consumer price index in Vietnam rises by 2.25% YoY in Jan-May 2022

Vietnam's consumer price index (CPI) in May this year increased by 0.38 per cent compared to the previous month's figure, according to the general statistics office, which recently said that with this, the average CPI in the first five months of the year increased by 2.25 per cent compared to the same period last year, higher than the increase of 1.29 per cent in the first five months of 2021. Statisticians attribute the rise to the sharp increase in gasoline prices.

According to economic analysts, in less than half a year, the average CPI has been 2.25 per cent, and while the uptrend is still continuing, the target threshold of 4 per cent requires close management efforts, according to Vietnamese media reports. Forecasts of international organizations also suggested that Vietnam's inflation in 2022 will be around 3.8-4 per cent.

Specifically, according to May's statistics, among 11 main groups of consumer goods and services, 10 groups of goods increased in price compared to the previous month whereas only one group of products was discounted. The country's index of industrial production (IIP) in May was estimated to increase by 4 per cent month-on-month and by 10.4 per cent year on year. Notably, the industrial production index in the first 5 months of 2022 compared with the same period last year increased in 61 localities, showing a clear recovery trend of the economy.

Localities with a large industrial scale have positive growth trends, such as the Southern Province of Binh Duong with an increase of 9 per cent, the Central Province of Ha Tinh increased by 6.9 per cent, Ho Chi Minh City increased by 6.5 per cent, the northern provinces of Hai Duong, Thai Nguyen and Quang Ninh increased by 3.6 per cent, 3 per cent and 2.3 per cent respectively, the Mekong Delta provinces of Vinh Long and Long An increased by 3.4 per cent and 2.7 per cent respectively.

In the first five months of this year, the industrial production index increased by 8.3 per cent over the same period last year.

Source: fibre2fashion.com– Jun 01, 2022

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Pakistan: Easier trend on cotton market

The new Kappas from Pengriyo, Samaro were sold at Rs 9000, The rate of new Kapaas of Chor Jamali was in between Rs 9000-9100 and the rate of Tando Bhago was in between Rs 8800-9000. The rate of Kappas of Digri, Kunri was Rs 8800-9000 while the rate of Mirpur Sakharo, Gharo, Ubaro was Rs 8500-8800 and Gularchi, Berani, Kadhan, Badin was Rs 8800-9000.

All Pakistan Textile Mills Association (APTMA) urges the government to continue with the Regionally Competitive Tariffs for the entire value chain and not to impose any non-tariff barrier on raw material or spare parts for the industry.

Exports of textiles and apparel increased by 23 percent year on year to $15.4 billion in 2020-21, up from $12.5 billion in 2019-20. Textile exports grew by 26% in the first 10 months of this fiscal year, from $ 12.7 billion to $ 16 billion. Furthermore, by the end of the fiscal year in June 2021-22, clothing and textile exports are expected to earn $ 21 billion significant contribution to supporting the Balance of Payments deficit.

Textile exports are expected to increase to $ 27 billion next financial year as a consequence of the new capacity installed through TERF & LTFF over the last year.

Furthermore, there are speculations that the Government is considering Non-Tariff Barriers (NTBs) through a voucher scheme to curtail raw material imports. The impact of any non-tariff barrier on raw material imports would be disastrous.

Changing/discarding a winning formula can lead to extremely negative outcomes. Regionally Competitive Energy Tariffs (RCETs) across the value chain, as well as an unrestricted import of raw materials and spare parts for exports are essential for a rapidly the growing textile exports.

Mian Kashif Zia Chairman PHMA (North Zone) and Chairmen and representatives of other textile associations said that the increase in interest rates is a poison killer for the industry.

Mian Kashif Zia said that in order to increase the country's exports, the value added textile sector would have to be given equal facilities like the competitive countries and it was necessary to continue the policy initiative of electricity and gas at special rates. All the traders and industrialists of the city termed electricity, gas and other issues as a bigger threat to the value added textile sector than Corona, said Mian Kashif Zia, Chairman Pakistan Hosiery Manufacturers and Exporters Association (North Zone). He said this while addressing a press conference at his office.

Atif Munir Sheikh President FCCI, Jawad Asghar Chairman Yarn Association, Shehzad Ahmad APBUMA, Ameer Ahmad Vice Chairman PTEA, Rana Abdul Ghafoor Embroidery Association, Khurram Akhlaq Chairman Power Loom Association, Waheed Khaliq Rame Chairman Power Loomzoners Association, Chaudhry Salamat Ali Former Central Chairman PHMA, Dr Khurram Tariq Former Central Chairman PHMA, Syed Zia Alamdar Former President Chamber, Mian Farrukh Iqbal, Former Senior Vice Chairman PHMA, Hafiz Rashid Mahmood and other industrialists and businessmen and PHMA executive members also attended.

Mian Kashif Zia said that in order to increase the country's exports, the value added textile sector must be given equal facilities as the competitive countries. He said that it was important to continue the policy of electricity and gas at special rates. If this was not done then not only the industry would be shut down but also millions of workers would become unemployed. He said that in order to get rid of external debts, value added textile exports should be increased so as to avoid dictation of IMF.

Atif Munir Sheikh President Faisalabad Chamber of Commerce and Industry (FCCI) said that the government has to take our problems seriously and solve all the problems in the textile sector as soon as possible. He said that we have no political agenda but we want to strengthen the sinking economy by increasing the country's exports and for this it is necessary to take all stakeholders into confidence.

Waheed Khaliq Rame Chairman Power Loom Owners Association said that our industry is also close to closure. If the present government does not reduce the electricity rates, not only the workers but also the owners will be on the streets.

Shakeel Ansari, chairman of the Sizing Association, said that the prices of our raw materials have doubled even before the rise of the dollar, and it has become very difficult to do business in such circumstances. He said that the government should immediately announce relief to the textile industry in consultation with all stakeholders.

Dr Khurram Tariq former Central Chairman PHMA said that we are not seeking any subsidy from the government in terms of electricity and gas but electricity and gas should be given to the textile sector according to their cost. He said that the entire burden of non-recovery is placed on our industry. This raises the price of electricity and gas for the industry and the entire burden is borne by our industry.

Moreover, ICE cotton futures were little changed on Tuesday but were headed for their biggest monthly drop in more than two years pressured by a stronger dollar and forecasts for rain in key growing regions of West Texas. Cotton contracts for July fell 0.27 cent, or 0.19%, to 139.15 cents per lb, at 1:29 p.m. ET. It traded between 139.05 cents and 142.00 cents a lb. The contract was down 8.6% so far this month.

"It seems to be a little more rain in the forecast for West Texas and the U.S. dollar is up today," said Keith Brown, principal at cotton broker Keith Brown and Co in Georgia. The U.S. dollar rose across the board as Treasury yields climbed and worries over a further acceleration in global inflation kept investors' risk appetite at bay. USD/Oil prices extended a bull run as the European Union agreed to a partial and phased ban on Russian oil and China decided to ease some COVID-19 restrictions.

Higher oil prices make polyester, a substitute for cotton, more expensive. China cotton futures on the Zhengzhou Commodity Exchange were up 0.6% at 20,515 yuan per tonne.

Chicago wheat futures fell after Russian President Vladimir Putin expressed readiness to allow blocked Ukrainian grain vessels from Black Sea ports. The Spot Rate remained unchanged at Rs 22500 per maund. The Polyester Fiber was available at Rs 305 per kg.

Source: brecorder.com– Jun 02, 2022

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Pakistan: PHMA seeks trade facilitation across global markets

Pakistan Hosiery Manufacturers and Exporters Association (PHMA) on Wednesday sought trade facilitation across the global markets, saying that the country's apparel textile posted 25 percent growth this fiscal year.

A delegation of Trade and Investment Officers posted in Pakistan's missions abroad for promoting exports and foreign direct investment visited PHMA House to seek suggestions from apparel exporters for trade expansion abroad with made in Pakistan tag.

During the meeting, Muhammad Jawed Bilwani, Chief Coordinator, PHMA told the delegation that trade and investment officers serving the country's missions over 50 friendly countries can play a important role to boost up exports.

He suggested that trade and investment officers should participate in all exhibitions and prepare reports for the trade organizations and exporters to help explore the new markets and exploit trade opportunities.

The TIOs should act vibrantly and explore all the major markets and commercial centers in a country they are placed to help argument exports, he said.

He also highlighted knitwear products that are made and exported to the world markets including hoodies, shirts, t-shirts, jersey, docks, trousers, jackets, gloves, knitted bed-sheets etc.

He advised that the trade missions abroad to help facilitate the foreign buyers during visas process so that they could visit Pakistan easily on a business tour.

PHMA Zonal Chairman Abdul Rehman in his welcome note articulated that knitwear garment sector ranks on the top of textile group and provides the highest urban employment.

Textile exports are at top with $15.4 billion exports in 2020-21 while exports in 2021-22 (10 months) are to the tune $15.98 billion with a notable enhancement of over 25 percent.

Knitwear in textile group has achieved highest growth in exports, which was $3.8 billion in 2020-21 and touched $4.2 billion in 2021-22 (10 months) with an increase of 35 percent.

He said that there should be a close liaison of the Pakistani Trade Missions in friendly countries worldwide with the local business organizations.

He urged the trade missions abroad for exchange of export information with associations in Pakistan.

Other prominent PHMA member exporters Abdul Kadir Bilwani, Senior Vice Chairman PHMA, Faisal Arshad Sheikh, Vice Chairman PHMA, Akhtar Yunus, Altaf Hussain, Ilyas Gigi, Yaseen Bandeali and others also shared their views in the meeting.

On behalf of the delegation of trade officers, Qamar Zaman thanked PHMA for the meeting. He endorsed that close liaison of newly appointed trade officers is highly significant to pave way for exploring new markets and enhancement of exports.

Other Trade Officers who participated in the meeting were: Nauman Aslam, Consul General Istanbul, Syed Kauser Ali Zaidi, Minister Trade & Investment Kabul, Shaukat Hayat, Minister Trade & Investment Moscow, Amna Naeem, T&I Counsellor Frankfurt, Arooj Rizvi, T&I Counsellor Paris, Qurat ul Ain, T&I Counsellor Los Angeles, Dr Amir Hussain, T&I Counsellor Tehran, Afnan Khan, T&I Counsellor Qandhar, Ghulam Qadir, T&I Counsellor Beijing, Zain Aziz, T&I Attache Bangladesh, Abdul Majeed, T&I Attache Tajikistan and Serien Asad, T&I Attache Qatar who also conveyed their compliments and sought support to perform their duties in their new responsibility abroad.

Source: brecorder.com– Jun 02, 2022

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NATIONAL NEWS

Cabinet approves Expanding the mandate of Government e Marketplace - Special Purpose Vehicle (GeM - SPV) to allow procurement by Cooperatives as Buyers

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi has given its approval for expanding the mandate of GeM to allow procurement by Cooperatives as buyers on GeM.

The Government e Marketplace (GeM) was launched on August 9, 2016 by the Ministry of Commerce and Industry, Government of India to create an open and transparent procurement platform for Government buyers. A Special Purpose Vehicle (SPV) by the name of Government e- Marketplace (GeM SPV) was set up as the National Public Procurement Portal on 17th May, 2017 in pursuance of the approval, of the Union Cabinet accorded on 12th April, 2017. At present, the platform is open for procurement by all government buyers: central and state ministries, departments, public sector enterprises, autonomous institutions, local bodies, etc. As per existing mandate, GeM is not available for use by private sector buyers. Suppliers (sellers) can be from across all segments: government or private.

No. of beneficiaries:

More than 8.54 lakh registered cooperatives and their 27 Crore members would be benefitted with this initiative. GeM portal is open for all the buyers and sellers across the country.

Details:

1. GeM is already adequately developed as a one stop portal to facilitate online procurement of common use Goods and Services. It is transparent, efficient, has economy of scale and is speedy in procurement. Cooperative Societies will now be allowed to procure goods and services from GeM.

2. Allowing Cooperative Societies to register on GeM as Buyers would help Cooperatives in getting competitive prices through an. open and, transparent process,

3. The validated list of cooperatives to be onboarded on GeM - for pilot as well as subsequent scale up - will be decided by Ministry of Cooperation in consultation with GeM SPV. This will ensure that technical capacity and logistics requirement of the GeM system are taken into account while deciding the pace of on boarding of Cooperative as buyers on GeM.

4. GeM will provide a dedicated onboarding process for cooperatives, provide the technical infrastructure to support additional users on existing portal, as well as provide assistance to cooperatives for onboarding and transaction journeys, via available contact centers, in-field training and other support services.

5. Ministry of Cooperation would issue necessary advisories to encourage the Cooperative Societies to make use of the GeM platform for procurement of goods and services in order to benefit from increased transparency, efficiency and competitive prices.

6. To protect interests of the broader seller community on GeM and ensure timely payments, the modalities of payment systems shall be decided by GeM in consultation with the Ministry of Cooperation.

Implementation strategy and targets:

GeM will initiate suitable actions, which would inter alia include creation of necessary features and functionalities on GeM portal, upgradation of infrastructure, strengthening of the helpdesk and training ecosystem, and onboarding of cooperatives. The overall pace and mechanism of roll-out would be decided by Ministry of Cooperation. The milestones and target dates will be aligned mutually between Ministry of Cooperation and GeM (Ministry of Commerce and Industry).

Impact including employment generation potential:

The Ministry of Cooperation wanted the Cooperative Societies to be allowed to procure goods and services from GeM as it is already adequately developed as a one stop portal to facilitate online procurement of common use Goods and Services. It is transparent, efficient, has economy of scale and is speedy in procurement. In the above context, allowing Cooperative Societies to register on GeM as Buyers of Goods & Services required by them would help Cooperatives in getting competitive prices through an open and transparent process. Moreover, since the societies have more than 27 Crore members, procurement through GeM would not only economically benefit the common man, but it would also enhance the credibility of the cooperatives.

GeM has also developed a rich understanding of running an advanced procurement portal including the functional needs, managing the technical infrastructure, and dealing with multiple stakeholders involved. It is felt that the rich experience gained in creating the procurement ecosystem in the country can be significantly utilized to produce efficiencies and transparency in procurement processes for cooperatives also. This is also expected to enhance overall "Ease of Doing Business" for cooperatives, while providing a larger Buyer base to the GeM registered sellers also.

Expenditure involved:

While the GeM SPV will continue to leverage the existing platform and organization for supporting the proposed expanded mandate, it may need some investments in additional technology infrastructure, and additional training and support resources. To cover for these incremental costs, GeM may charge an appropriate transaction fee from cooperatives, to be decided in mutual consultation with the Ministry of Cooperation. Such charges shall not be more than the charges which GeM would charge to other Government buyers. This will be planned to ensure self-sustainability of operations for GeM, and hence no major financial implication is expected for government.

Background:

The GeM SPV has made significant strides since its inception. The Gross Merchandise Value (GMV) has grown with CAGR of over 84.5% from FY 2018-19 to FY 2021-22. The portal has delivered 178% growth in GMV in the FY 2021-22 and has crossed INR 1 lakh Crore in FY 2021-22 alone, which is higher than the cumulative GMV till FY 2020-21. Click here for more details.

Source: pib.gov.in– Jun 01, 2022

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₹1,40,885 crore gross GST Revenue collection for May 2022; increase of 44% year-on-year

The gross GST revenue collected in the month of May 2022 is ₹1,40,885 crore of which CGST is ₹25,036 crore, SGST is ₹32,001 crore, IGST is ₹73,345 crore (including ₹ 37469 crore collected on import of goods) and cess is ₹10,502 crore (including ₹931 crore collected on import of goods).

The government has settled ₹27,924 crore to CGST and ₹23,123 crore to SGST from IGST. The total revenue of Centre and the States in the month of May 2022 after regular settlement is ₹52,960 crore for CGST and ₹55,124 crore for the SGST. In addition, Centre has also released GST compensation of ₹86912 crores to States and UTs on 31.05.2022.

The revenues for the month of May 2022 are 44% higher than the GST revenues in the same month last year of ₹97,821 crore. During the month, revenues from import of goods was 43% higher and the revenues from domestic transaction (including import of services) are 44% higher than the revenues from these sources during the same month last year.

This is only the fourth time the monthly GST collection crossed ₹1.40 lakh crore mark since inception of GST and third month at a stretch since March 2022. The collection in the month of May, which pertains to the returns for April, the first month of the financial year, has always been lesser than that in April, which pertains to the returns for March, the closing of the financial year. However, it is encouraging to see that even in the month of May 2022, the gross GST revenues have crossed the ₹1.40 lakh crore mark. Total number of e-way bills generated in the month of April 2022 was 7.4 crore, which is 4% lesser than 7.7 crore e-way bills generated in the month of March 2022.

The chart below shows trends in monthly gross GST revenues during the current year. The table shows the state-wise figures of GST collected in each State during the month of May 2022 as compared to May 2021.

Click here for more details

Source: pib.gov.in– Jun 01, 2022

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India's struggle for permanent solution to MSP worries at WTO gains momentum

India's fight for a permanent solution for public stock holding of foodgrains at the WTO to protect its right to continue expanding its MSP programmes has gathered steam with the G-33 group of developing countries and African nations finally coming together to submit a joint proposal on a solution.

This is significant as the crucial WTO Ministerial Conference (MC12) is to begin in Geneva in about 10 days and many countries, mostly developed, are attempting to put the important issue of permanent solution on the back burner.

"On Tuesday, a total of nearly 80 members from the G-33 group, the African Group and the ACP group put their act together and submitted a joint proposal at the WTO suggesting a permanent solution on public stock holding based on a fair way of calculating subsidies with a current external reference price instead of an ancient one. This solution should be acceptable to all as it is logical and will provide a level playing field to developing countries," an official tracking the matter in Geneva told BusinessLine.

Rules under AoA

According to the present rules under the Agreement on Agriculture (AoA), subsidies given to the farmer, calculated as the excess of MSP over its international price, also known as External Reference Price (ERP), plus subsidy on inputs, are clubbed as aggregate measurement of support (AMS). Developing countries are required to keep AMS below 10 per cent of value of agriculture production. "One big problem is that the ERP is pegged to the base period of 1986–1988 without any adjustments for inflation which gives an inflated AMS," the official explained.

The permanent solution proposal circulated by the G-33, ACP and African Group, proposes that domestic support provided by a developing country member for public stockholding programmes for food security purposes, shall be deemed to be compliant with the required articles of the AoA and not subject to reduction commitments.

Where public stockholding programmes for food security purposes of a developing country include programmes under which stocks of foodstuffs are acquired and released at administered prices, then, the AMS shall be calculated based on the actual quantity of foodstuffs (as opposed to the entire eligible production) acquired at administered prices.

The ERP, instead of being pegged to 1986-88 prices, should either be the three-year average price based on the preceding five-year period excluding the highest and the lowest entry for that product or adjusted for excessive inflation as per the methodology, the proposal said.

"This is an extremely important proposal having the weight of the entire African Group, the ACP and the G-33 group and assumes even more importance in the light of the draft declaration on agriculture that pushes a permanent solution to MC13 (instead of MC12). They should now push hard to get a decision in MC12 and not agree to other decisions until that is agreed," said Ranja Sengupta from Third World Network.

Peace clause

Although a peace clause negotiated by India at the Bali Ministerial in 2013 and later gives developing nations protection against legal action in case limits are breached, it is subject to a number of onerous conditions that makes it difficult to use. India has used the peace clause for rice as its MSP support has been exceeding the prescribed limits but several developed country members have complained that it has not met notification requirements under the clause.

"It is very important for developing countries to get a permanent solution as there is no guarantee that the peace clause will continue to give enough protection against action by developed countries. That is why the G-33 is insistent that a permanent solution be delivered so that such conditionalities can be done away with," another official explained.

Source: thehindubusinessline.com– June 01, 2022

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Don't expect CRR hike in next RBI policy review, says SBI chairman

At a time when the Reserve Bank of India (RBI) is sucking out liquidity from the banking system amid inflationary pressures in the economy, the head of the country's largest lender has said he does not expect a further hike in the cash reserve ratio (CRR) requirements for the banking industry in the upcoming policy review, scheduled next week.

In a surprise move last month, the six-member monetary policy committee (MPC) raised the repo rate by 40 basis points (bps) to 4.40 per cent in an off-cycle meeting. Also, the central bank hiked CRR by 50 bps to 4.5 per cent, leading to the withdrawal of Rs 87,000 crore of liquidity from the banking system.

"I don't expect CRR to be hiked further. The 50 bps (hike) itself has sucked out Rs 87,000 crore," Dinesh Kumar Khara, chairman, State Bank of India (SBI), told Business Standard in an interview.

The net liquidity absorption by the RBI fell to Rs 3.27 trillion on Tuesday from close to Rs 5 trillion at the end of April, indicating the kind of liquidity surplus that prevailed in the banking system until recently is no longer available.

Khara, however, said SBI's loan growth would not be impacted much due to the draining of excess liquidity. "As far as we are concerned, we are quite comfortably placed. We have a decent AFS (available for sale) book also, which enables us to ensure that there is enough liquidity.

If at all we see decent growth in credit, we can also make that available for support. If I look at YoY (year-on-year) growth in credit as well as advances, I am seeing a healthy trend. So that gives me confidence," he said.

Khara said the robust loan demand that SBI witnessed during the fourth quarter is expected to continue in the current financial year. The bank would see similar loan growth in 2022-23, if not better, he said.

"When we look at the loan growth of the last quarter of the last financial year, this was essentially attributed to better utilisation of working capital limits of large corporates and also availing the term-loan facility which were sanctioned. That trend still continues. We also got a healthy pipeline of the proposals, which are under process. So that augurs well for the corporate credit growth," he said.

When asked about loan growth the bank expects in FY23, Khara said, "We expect it to be at the same level, if not better. It could be better too."

SBI registered a loan growth of 11 per cent in the last financial year, while loan growth from domestic operations was 10.27 per cent. Corporate loans registered a growth rate of 11.15 per cent sequentially during the January-March quarter.

He said capacity utilisation has improved in the economy, which is beyond 72%. "So as and when we see capacity utilisation improving beyond a threshold, it certainly needs better utilisation of the working capital," he said.

"Our retail engine continues to do well…And we will have support from the corporate side also. That is why we hope we will get a decent credit growth in the current financial year too," he added.

Source: business-standard.com– Jun 02, 2022

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Yarn price hike: Powerloom units resume production

The majority of powerloom units in Coimbatore and Tirupur districts, which had halted production in protest of the rise in cotton yarn price, resumed operation on Wednesday, considering the welfare of job work weavers.

“Job work weavers who depend on beams supplied by powerloom units are badly affected by the stoppage in production. They are struggling to make ends meet,” K Sakthivel, coordinator of Coimbatore and Tirupur Districts Textile Manufacturers Federation, said.

“We are checking the feasibility of switching over to artificial yarn like polyester and rayon instead of cotton to keep the business afloat. Units may start using cotton yarn again when the price dips,” Sakthivel said.
As of Wednesday, there were no changes in the price per kilogram of yarn on all counts and remained same as the price announced in May, said sources.

On the other hand, G Venkatesan, vice-president of the South India Spinners Association, said spinning mills are continuing their protest by cutting the production. “Spinning mills have reduced their production substantially. To keep the spindles in good condition, mills are operating at 40% of their total capacity.”

Source: timesofindia.com– Jun 02, 2022

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High input costs continue taking a toll on India's manufacturing sector

GDP data showed that India's economy grew by a modest 4.1% in Q4FY22, down from 5.4% in the previous quarter. Indian economy's pace of recovery slowed down owing to global supply bottlenecks caused by the Russia-Ukraine conflict and higher input costs.

While the overall industrial activity in the fourth quarter registered a growth, the manufacturing sector remained the sole laggard.

"The contraction in the manufacturing sector - that struggled with supply bottlenecks and high input prices- in the last quarter of FY22 is a cause of concern," Rajani Sinha, Chief Economist, CareEdge said. Sinha added that high input prices will continue to negatively impact manufacturing sector. The S&P Global India Manufacturing PMI data on Wednesday pointed to a sustained recovery across the sector.

However, input costs rose for the twenty-second successive month in May, with companies reporting higher prices for electronic components, energy, freight, foodstuff, metals, and textiles.

Data shows that business sentiment was dampened by inflation concerns in May, with the overall level of confidence the second-lowest in just over two years.

“While firms appear to be focusing on the now, the survey's gauge of business optimism shows a sense of unease among manufacturers. The overall level of sentiment was the second-lowest seen for two years, with panellists generally expecting growth prospects to be harmed by acute price pressures,” Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said.

Source: economictimes.com– Jun 01, 2022

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Getting ESG right for the textile industry

Environmental, social and governance (ESG) commitments are top priority for all business stakeholders. Companies have been presented with clear and rising expectations from these stakeholders – from investors to customers – to be proactive while managing ESG risks and opportunities as part of their overall business strategy. In fact, this interest has reached a tipping point with the stakeholders demanding that business leaders improve sustainability practices that benefit not only the bottomline but also generate a wider societal impact.

These demands are supported by studies that suggest stakeholders view ESG achievements as a critical part of corporate performance. Businesses with better ESG delivery are also likely to have performed better on traditional parameters. This is why ESG efforts are being ramped up, with sustainability working into all stages of the supply chain, from eco-friendly raw materials and waste recycling to educating suppliers. This is a reality across all sectors, and the textile industry is no exception.

The textile industry has long been known as a major polluter, which is what has sparked the urgency to become sustainable, improve worker safety and ensure the right of consumers to make informed choices. The textile supply chain spans across sourcing, manufacturing, processing, fabric care & packaging that produce dangerous effluents. All of this must be kept in mind while designing and implementing mitigation plans.

To that end, the launch of the Extended Producer Responsibility (EPR) scheme was a significant step forward. Under the policy, producers are given a significant responsibility – financial and physical, for the collection & disposal of post-consumer wastes and it has raised the ESG standards across the industries. This has taught us that ESG innovation is key to solving the world's sustainability challenges.

A SOCIAL AGENDA

It's not just regulatory, but also cultural factors that are motivating companies to advance an agenda that places sustainability, social good and inclusion on the same pedestal as profitability and growth. Key to this approach is the need to use corporate capabilities to solve real problems on the ground.

At the post-consumer stage, again, the EPR plays a significant role. It's a commitment made by the producer to facilitate a reverse collection mechanism and recycling of end-of-life, post-consumer waste. The environment benefits through the recovery of resources embedded in the waste with them circling back into the system. It also ensures against greenwashing – an unfortunately common practice through which a company projects itself as environmentally conscious purely for marketing purposes but without making any real impact through its sustainability efforts.

THE CARBON EMERGENCY

The textile industry has taken the lead in delivering real impact, focusing on reducing or balancing its carbon footprint. A critical part of the ESG initiatives is responsible sourcing and farming. This spans regenerative organic farming to eco-friendly textiles creation and packaging.

Textile industries should emulate the manufacturing process that follows the harvest including recycled water, sustainable energy and efficient operations to produce eco-friendly textiles, and lastly the packaging including recycled plastic. The efforts stretch well beyond sustainable production and recycling of materials. There is also a marked shift from traditional power sources to renewable energy.

Every industry must have a long-term ESG vision. In fact, the very future of the textile industry depends on how it will use resources, recycle products, minimise waste and deliver community impact. How the industry responds to this imperative will determine its shape and nature in the years to come.

Source: timesofindia.com– Jun 01, 2022

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Manufacturing PMI: India's May factory activity remained strong at 54.7 despite inflation worries

Jobs in the manufacturing sector rose further in May on the back of improvement in sales

Purchasing Managers' Index (PMI) for manufacturing sector changed a tad to 54.7 in May against 54.6 registered in April. According to the latest report, labour market has improved in the manufacturing sector and is strongest since January last year.

"India's manufacturing sector sustained strong growth momentum in May. Thanks in part to the sharpest rise in international sales for eleven years, total new orders expanded further. In response to demand resilience, companies continued with their efforts to rebuild stocks and hired extra workers accordingly," Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence said.

Compiled by S&P Global, PMI indicates changes in the manufacturing sector. This along with PMI for services is used as an important tool to assess the health of overall economy.

Released on Wednesday, latest data points to a sustained recovery across the sector. The above-50 reading was the eleventh in as many months and consistent with a solid improvement in operating conditions.

Demand showed signs of resilience last month, improving further despite an uptick in selling prices. "Companies reported a marked increase in total new orders that was broadly similar to April. May data also highlighted a notable uptick in growth of new export orders. The rate of expansion was sharp and the fastest since April 2011," S&P Global said in a statement.

On the labour market, the report said the manufacturing sector jobs rose further in May, owing to ongoing improvement in sales. The rate of employment growth also picked up to the strongest since January 2020. It may be noted that manufacturing sector has a share of around 14 per cent in gross value added (GVA) and provides multiplier effect in job creation.

The report also mentioned that manufacturers continued to scale up production in May amid reports of new business gains, sustained improvements in demand and softening Covid-19 restrictions.

The rate of growth was marked above trend and broadly in line with growth recorded in April. Indian manufacturers signalled a further increase in output prices halfway through the first quarter of FY23.

According to De Lima, while firms appear to be focusing on the now, the survey's gauge of business optimism shows a sense of unease among manufacturers. The overall sentiment was the second-lowest seen in two years, with panellists generally expecting growth prospects to be harmed by acute price pressures.

"There was little-movement in the rate of input price inflation during May, which remains historically high, but output charge inflation surged to its highest in over eight-and-a-half years as companies continued to transfer additional cost burdens to their clients," she said.

PMI survey methodology

PMI is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to gross domestic product (GDP).

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

Source: thehindubusinessline.com– June 01, 2022

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