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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 106 of 2022 — June 03, 2022

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Currency Watch	
USD	77.58
EUR	83.41
GBP	97.53
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INTERNATIONAL NEWS

SAYING NO TO CHILD LABOUR

INTERNATIONAL NEWS

ASEAN manufacturing sector growth slows during May: S&P Global

May data signalled another modest expansion across the manufacturing sector in the Association of Southeast Asian Nations (ASEAN) members, according to the latest S&P Global purchasing managers' index (PMI). Operating conditions improved at a softer pace in the month, reflecting weaker expansions in output, new orders and employment, the data showed.

Nonetheless, sustained expansions in output supported a rise in pre-production inventories, thereby ending two months of destocking.

The headline PMI registered at 52.3 in May, marginally down from 52.8 in April. Although indicating a loss in growth momentum, the latest reading extended the run of expansion to eight successive months.

Singapore was one of the four nations where the pace of increase slowed. However, leading the ranking table at 57.3, the rate of expansion was marked, with growth now seen in each of the last nine months.

Of the seven constituents, only Vietnam noted a quicker uplift in May. At 54.7, the rate of expansion was the strongest for four months.

Meanwhile, manufacturing firms in the Philippines (54.1) recorded a slightly softer uplift than that seen in April. Nevertheless, the pace of increase was the second-fastest since November 2018.

The headline PMI reading for Thailand remained at 51.9 in May. While the overall expansion was mild, it was among the strongest in the series history.

Indonesia and Malaysia also saw the rates of increase soften in the latest survey period, recording 50.8 and 50.1 respectively.

Operating conditions across Malaysia broadly stagnated, however.

After expanding for the first time in 20 months during April, Myanmar's manufacturing sector fell back into contraction territory. However, the rate of decline (49.9) was only fractional.

The ASEAN manufacturing sector observed a weaker improvement in operating conditions midway through the second quarter. Output growth was the second-softest in the current eight-month sequence of expansion.

Similarly, new orders also rose at a slower pace. However, after stabilising in the previous survey period, foreign demand for ASEAN manufactured goods strengthened, with new export orders expanding for the first time in three months.

Manufacturing firms across the region increased their inventory reserves during May. Sustained demand growth prompted companies to raise their preproduction inventory levels for the first time in three months.

On the price front, average cost burdens rose substantially, and at the third-strongest rate in the series history. Firms passed on a large proportion of the burden with factory gate charges rising at the second fastest pace on record.

ASEAN manufacturing companies increased employment levels for the second month in a row during May, albeit at a softer pace. The respective seasonally adjusted index posted marginally above the 50 no-change mark, pointing to only a slight uplift in headcounts.

Finally, sentiment regarding the 12-month outlook for output receded to a three-month low during May. Business confidence remained firmly in positive territory.

Source: fibre2fashion.com– Jun 03, 2022

HOME

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China to focus on new markets to boost textile and apparel competitiveness

To maintain its competitiveness, China's textile and apparel sector plans to develop innovative fibers and focus on sustainable production while expanding its reach to markets covering the regions included in the Regional Comprehensive Economic Partnership agreement.

China's textile and garment exports are currently under tremendous pressure owing to the ongoing Russia-Ukraine conflict. Uncertain global economic recovery and geopolitical issues have impacted growth, points out Sun Ruizhe, President, China National Textile and Apparel Council (CNTAC).

Recurrent COVID surges weakens consumer sentiment

Rising prices of commodities such as crude oil and cotton are impacting profits of MMF and cotton producers in the country. Recurrent COVID-19 waves and global divergence in prevention and control measures have weakened industrial production and logistics, affecting market confidence and consumer spending.

Covering 15 countries across Asia-Pacific, the RCEP agreement will facilitate a more comprehensive and deeper cooperation amongst industry leaders. It will protect the industry against the current economic and trade risks besides creating strategic value for the diversification of industrial and supply chains. Over 94 per cent textile and garment products from China will enjoy zero tariffs under the RCEP framework after a certain period. The number increases to over 95 per cent for textile and garment exports from other members to China.

Textile industry growth to slowdown in H1FY'22

China's commitment to reduce tariffs, accumulative rule of origin and trade liberation and facilitation measures will enable it to strengthen ties with other countries such as Japan. The country reported 11.1 per cent rise in textile and garment exports to $72.25 billion in the first quarter, reveals CNTAC. Weak demand and supply chain issues will slowdown the industry's growth in the first half of the year.

And as Sun Ruizhe, President, CNTAC says, the US Congress passed the H.R.6256 bill in December 2021 to prevent goods produced in China's Xinjiang Uygur autonomous region to be imported into the country, this move hit China's cotton textile and garment exports.

New categories and brands emerge

CNTAC and its member companies have achieved significant breakthroughs in the development of new fibers, sustainable production and upgrading textile machineries. The rise in platform and content economy is leading to the development of traditional and new brands. Emergence of new categories is also facilitating the launch of new brands.

Besides integrating digitization in industrial development, China's textile and garment companies will focus on developing new markets via new technologies and the country's dual-circulation development pattern.

Accounting for 54 per cent of China's total exports, US, Association of Southeast Asian Nations (ASEAN), European Union and Japan were its four biggest export markets, reveal General Administration of Customs, China stats. Many domestic manufacturers benefitted from design, equipment and integration of the upstream and downstream industry chain despite facing fierce competition from rivals in Southeast Asia since the second half of 2021, affirms Deng Lijun, Chief Analyst, Northeast Securities.

Source: fashionatingworld.com– Jun 02, 2022

HOME

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Apr 2022 Japan's textile and apparel imports plummeted

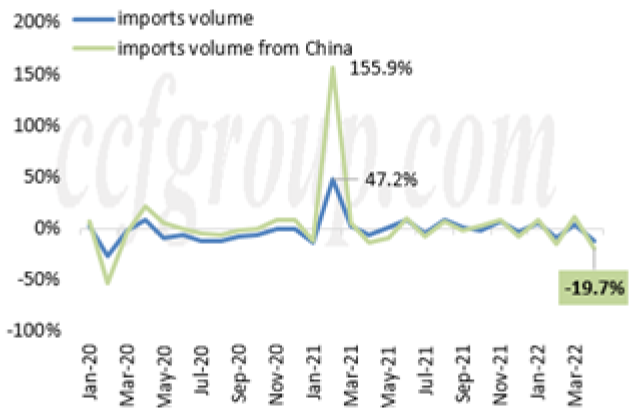
Japan’s textile and apparel imports in Apr totaled 197kt, down 12.9% year-on-year and 15.1% month-on-month, of which imports from China moved down 19.7% from the same period last year and 20.9% compared to last month. Japan’s textile and apparel imports in Jan-Apr totaled 844kt, down 2.9% from the same period last year and 3.9% compared with the same period in 2019.

Both in terms of import volume and value, Japan's textile and apparel import demand did not perform well in April, showing a sharp decline, while the decline in Japan's textile and apparel imports from China was greater than that of total imports. From a variety point of view, the import of Japanese clothing was not as fast as the total import of textile and apparel.

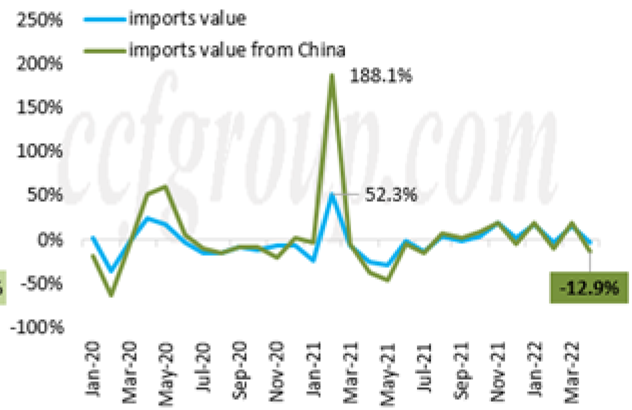
Japan's textile and apparel imports volume

Japan's textile and apparel imports value

Yearly changes in the imports volume



Yearly changes in the imports value



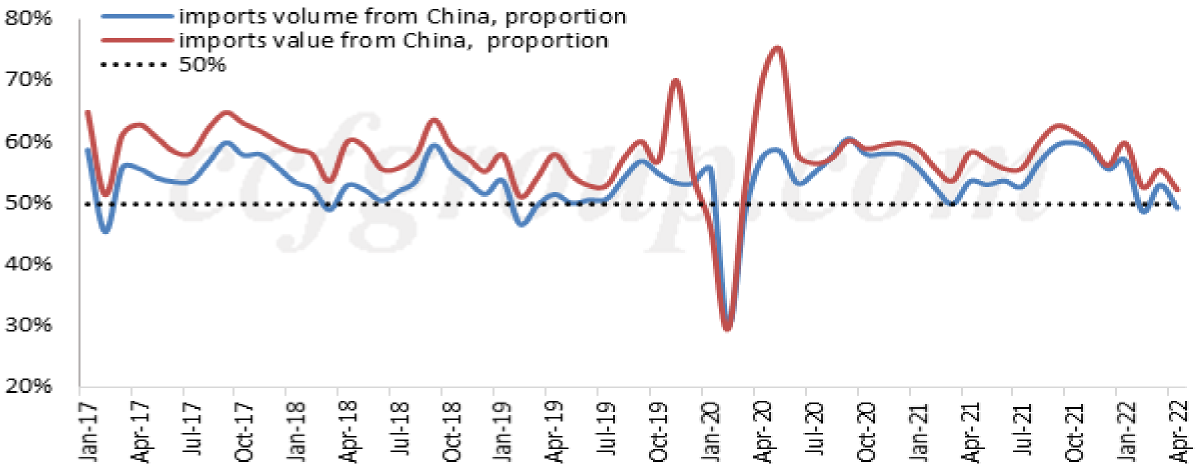
From a monthly growth rate, the year-on-year growth rate of Japan's textile and apparel imports from the second half of last year to April this year was not ideal, and the performance in April 2022 was even worse, indicating that Japan's textile and apparel import demand recovered slowly. On the one hand, it was the impact of the epidemic; on the other hand, Japan's economic growth was obviously weak.

Japan's textile and apparel imports origins				
Origins	imports (kt)	YoY	proportion	proportion YoY change
China	97.3	-19.7%	49.4%	-4.2%
Vietnam	23.2	-10.4%	11.8%	0.3%
Indonesia	13.7	-5.5%	7.0%	0.5%
Thailand	11.5	10.0%	5.8%	1.2%
Korea	7.4	-18.9%	3.7%	-0.3%
Bangladesh	7.9	-1.1%	4.0%	0.5%
China Taiwan	7.3	-5.3%	3.7%	0.3%
Cambodia	4.2	-4.6%	2.2%	0.2%
Malaysia	3.8	-18.3%	1.9%	-0.1%
Myanmar	4.0	58.1%	2.0%	0.9%
India	3.1	-20.0%	1.6%	-0.1%
U.S.	3.1	-0.6%	1.6%	0.2%
Total	186.6	-13.4%	94.7%	-0.5%

So what were Japan's textile and apparel import origins in April? What were the changes in these origins?

In April, the largest source of Japan's textile and apparel imports was still China, followed by Vietnam, Indonesia and Thailand. From the perspective of YoY changes, in the major markets, except for the textile and apparel imports from Thailand and Myanmar, the others all declined to varying degrees, while the imports from China, Voyage, Malaysia and India dropped to a greater extent. As the imports from China accounted for a large proportion in the Japan's textile and apparel imports, it had a greater impact on Japan's total imports.

Japan's textile and apparel imports from China in total imports



In recent years, the proportion of import volume and value of Japan's textile and apparel imported from China in total imports had a certain seasonal rule, accounting for the largest share in September or October every year, then gradually falling back to a relatively low level in April or May of the next year, and then fluctuating.

Japan's textile and apparel imports fell sharply in April from a year earlier because of weak Japanese demand and seasonal effects.

Source: sourcingjournal.com– Jun 02, 2022

HOME

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Yarn Expo Autumn to return from August 29 in Shanghai

An invaluable opportunity for business and networking will be available later this year when Yarn Expo Autumn will return from August 29-31, 2022 at the National Exhibition and Convention Centre in Shanghai. Notably, sustainable and functional materials will be one of the highlights at the fairground against a backdrop of strong market demand.

This year's fair will maintain its position as a leading trading platform in Asia for the fibres and yarn industry, showcasing the latest advancements and providing fairgoers with a comprehensive outlook on market trends, the fair organisers said in a press release.

Among all yarn and fabric innovations, sustainable and functional products will undoubtedly continue to be a key market theme this year. A 2021 report on Chinese consumer behaviour states that 89 per cent of respondents intended to buy sustainable products moving forward. Meanwhile, a recent study by Research and Markets showed that the market size for China's functional apparel is projected to reach $52.5 billion by 2026 with a CAGR of 7.3 per cent.

As a result, visitors will find a diverse range of dedicated materials at this year's Yarn Expo Autumn, including recycled polyester filament yarns, recycled polyester colour yarns, recycled functional yarns, thermo regulating and anti-bacterial fibres and yarns and more.

Discussing the fair's advantages, Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd, said, "Yarn Expo is not only an effective platform for showcasing textile innovations and accommodating different sourcing needs, but it's also a much-needed trade fair for industry players to gather updates on market trends as well as exchange insights.

Throughout the pandemic, the fair has continued to drive industry growth, providing a reliable source of business facilitation for the sector. We are very pleased that the autumn edition will be held this August and look forward to the valuable communication opportunities with participants from the entire textile value chain."

“China’s latest Five-Year Plan has boosted the demand for high quality and sustainable products, which help promote our US cotton. There are high volumes of inquiries about organic imports as well as product origin and sustainability,” Shaoping Li, senior manager at Cotton Council International, said.

“We bought a number of anti-bacterial products to the fair. We connected with many visitors and the turnout was higher than I expected. I think environmental protection, sustainability, functionality and antibacterial aspects will be the key trends in the textile industry for the foreseeable future,” said Kent Wang, sales director of Shanghai Xinya New Material Technology Co Ltd.

The last edition of Yarn Expo Autumn welcomed 429 exhibitors from seven countries and regions, as well as over 13,000 decision makers who were sourcing in person. Continuing this success, the 2022 autumn fair will once again be held concurrently with Intertextile Shanghai Apparel Fabrics – Autumn Edition, Intertextile Shanghai Home Textiles – Spring Edition, PH Value and CHIC. Covering the entire textile supply chain, the fairs will create synergy effects to drive these industries forward.

Yarn Expo Autumn is organised by Messe Frankfurt (HK) Ltd and the Sub-Council of Textile Industry, CCPIT.

Source: fibre2fashion.com– Jun 02, 2022

HOME

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Switzerland's ITMF traces production costs in primary textile industry

The manufacturing costs of different textile products in the primary textile industry have been broken down into various cost elements at each stage of the textile value chain, according to a new report published by the International Textile Manufacturers Federation (ITMF). The federation published the new edition of International Production Cost Comparison (IPCC).

The 2021 edition added Central America and Mexico to the historical cost analysis in Bangladesh, Brazil, China, Egypt, India, Indonesia, Italy, Korea Rep., Pakistan, Turkey, US, and Vietnam. Cost factors, manufacturing costs and total production costs are available for different textile products in the segments of spinning, draw texturing, weaving, knitting, and finishing.

The publication has revealed that producing one metre of woven fabric from cotton 1-1/8" in a continuous open width process (COW) cost $1.36/m on average in 2021 (range between $1.11/m in India and $1.91/m in Italy).

Spinning the yarn needed to produce this metre of a finished woven fabric costs 19 per cent of the fabrics' total production cost on average worldwide (range between 15 per cent in Korea, Rep. and 22 per cent in Central America).

Weaving this yarn adds an extra 19 percentage points (pp) on average to the total production cost of the fabric (range between 14 pp in Egypt and 26 pp in Italy). Finally, finishing this metre of woven fabric increases the final production cost by 31 pp (range between 26pp in Egypt and 33pp in the US, Turkey and India).

The study has further revealed that the average cost of raw materials needed to produce this metre of woven fabric was 31 per cent of the fabric's production cost. It was relatively cheaper in Italy (22 per cent) and most expensive in Egypt (40 per cent).

The publication also showed that Mexico and Central America are comparatively more dependent on energy cost for spinning NE/30 yarn then the other countries in the panel.

The cost of power represents 28 per cent and 25 per cent of manufacturing costs in both countries, respectively. In contrast, the US and Egypt benefit from relatively low energy costs (10 per cent and 11 per cent of manufacturing costs, respectively).

Dependency on labour costs is very high in Italy and the US with shares of 40 per cent and 38 per cent of manufacturing costs. This cost element represents only 2-3 per cent of total manufacturing costs in India, Pakistan, Bangladesh, and Egypt.

Spinners of NE/30 yarn in Egypt, Central America and Pakistan further face high capital cost (over 40 per cent of their manufacturing costs). The cost of capital is much lower in Italy and Korea, Rep., where it reached 21 per cent in 2021.

Source: fibre2fashion.com– Jun 02, 2022

HOME

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1300+ exhibitors register for Techtextil, Texprocess in Frankfurt

The first edition of Techtextil and Texprocess in Frankfurt, Germany since COVID-19 has reached a booking level of over 1,300 exhibiting companies from 51 countries, 12 international country pavilions and numerous joint stand participants. In anticipation of Techtextil and Texprocess which will begin from June 21, exhibitors are preparing with new and further developments.

In addition to German exhibitors, companies from Italy, France, Turkey and Spain are most frequently represented. In exhibition halls 8, 9, 11 and 12, diverse and innovative products and processes will be presented to the global trade audience in June. With different formats and special shows, Techtextil and Texprocess offer an ideal setting for face-to-face meetings, encourage discussions and promote further development of the industry, the fair organiser Messe Frankfurt said in a press release.

"We are delighted that Techtextil and Texprocess are finally making it possible for international decision-makers to exchange ideas again. The current situation is characterised by economic and social challenges, from pandemic-related influences to supply bottlenecks and raw material shortages. This makes it all the more important for the industry to come together in one place and find solutions together. The unique innovative power of these industries shows the strong potential for the future of the textile industry. We are pleased to be able to offer a platform for new and further developments, for example with the Techtextil and Texprocess Innovation Awards," said Michael Jänecke, director brand management, Technical Textiles & Textile Processing.

In hall 8.0, the future of the denim industry will be spotlighted. The Denim Future Lab will highlight the industry's innovative approaches and present advancements along many stages of the denim processing chain. How will denim be produced and processed sustainably? How can luxury denim be customised in the future? Innovative and progressive companies such as Jeanologia, Ugolini, Wiser Tech, Brongo and IEN Industrie S.p.A. will present trends such as eco-bleaching, eco-dyeing, upcycling solutions or individual design and finishing of luxury denim. The speakers corner of the Denim Future Lab will offer the opportunity to exchange experiences with experts and invites to discussions. With the support of the

Transformer Foundation and the exhibitors, topics such as greenwashing, chemicals in the production process as well as cotton and other fibres will be discussed in the speakers corner free of charge.

At Techtextil, countless innovative textiles for a wide range of industries will be presented. To demonstrate the properties or possible applications, most exhibitors also show end products from the many areas of application, including apparel. The special show "Performance Textiles in Fashion" in hall 9.1 will bring functional textiles and fashion to life for visitors. The special show will feature extraordinary and innovative garments.

On all four days of the fair, the Techtextil Forum in hall 9.1 will offer exciting expert lectures and discussions on a wide range of topics relating to technical textiles and nonwovens. These include talks such as "Circular Economy in the Textile Industry - a Positioning", "Development of 3D-printed composite elements for personal stab protective clothing" or "Transforming Textiles to Testimonies - recycled solutions for architectural membranes". The patron of the Techtextil Forum is once again EURATEX - The European Apparel and Textile Confederation.

In the Texprocess Forum in hall 9.0, everything will revolve around current industry topics in the processing of textile and flexible materials. Expert presentations on topics such as Impact 4.0 / Future of Industry 4.0, Quality Management of the Future, Supply Chain Management, Digital Product Development and Sustainability Management are among the topics planned. As in 2019, the Texprocess Forum programme will be organised by DTB - Dialog Textil-Bekleidung e.V. and VDMA TFL. Both forums are free of charge. Following the Techtextil Forum and Texprocess Forum, the presentations will also be made available "on demand" on the Techtextil and Texprocess Digital Extension platform.

A special highlight is the public presentation of the Techtextil or Texprocess Innovation Awards on June 21 2022 in hall 9.0. Progressive approaches as well as new and further developments in the field of technical textiles and textile processing will be the focus. Textile innovations selected by an international jury of experts will be awarded and presented on all four days of the trade fair in hall 9.1 (Techtextil) or 9.0 (Texprocess).

With Sustainability@Techtextil and Sustainability@Texprocess, visitors can recognise companies with sustainable products and approaches at first glance. Exhibitors who have successfully passed a review by an international independent jury are thus identified at the trade fairs. Techtextil and Texprocess thereby support the sustainable development of the textile industry. Innovative and sustainable fibres, yarns and fabrics as well as progressive processes, new cutting technologies, water-saving dyeing processes and other future-oriented processing technologies are thus highlighted.

For the first time, visitors will discover Techtextil and Texprocess virtually and benefit from new formats and exchange opportunities. Digital exhibitor profiles, matchmaking offers, 1-to-1 video calls or web sessions complement the on-site visit. Messe Frankfurt formats such as conferences or panel discussions are also digitally extended and can be accessed on demand afterwards.

Source: fibre2fashion.com– Jun 02, 2022

HOME

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US-Taiwan Initiative on 21st-Century Trade launched

Deputy US trade representative (USTR) Sarah Bianchi and Taiwanese minister without portfolio John Deng recently met virtually to launch the US-Taiwan Initiative on 21st-Century Trade, intended to develop concrete ways to deepen bilateral economic and trade ties, advance mutual trade priorities, and promote innovation and inclusive economic growth. The two leaders met under the auspices of the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office in the United States (TECRO).

As a key outcome of the meeting, both sides will work to develop an ambitious road map for negotiations for reaching agreements with high-standard commitments and economically meaningful outcomes in trade facilitation, regulatory practices, agriculture, fight against corruption, harnessing the benefits of digital trade, supporting small and medium enterprises, standards, non-market policies and practices, promoting worker-centric trade, and supporting the environment and climate action.

Both sides will follow trade-facilitating practices, including accelerated implementation of the World Trade Organisation's Trade Facilitation Agreement, adopting provisions on digitalisation of trade facilitation measures and ensuring inclusivity in accessing customs procedures.

In addition, the two sides intend to explore negotiating provisions on electronic payments, risk management, protection of trader information and support for small and medium enterprises' (SME) access to technology used for the clearance of goods. The two sides seek to support the protection of labour rights, including the elimination of forced labour in global supply chains, according to a USTR release.

Both recognise the significant distortions that can occur to international trade and investment from non-market practices of state-owned and state-controlled enterprises as well as government-designated monopolies, and therefore, seek to develop provisions to create a level-playing field for workers and businesses when competing against these entities in the international marketplace. The first meeting of the US-Taiwan Initiative on 21st-Century Trade is expected to be held later this month in Washington, DC.

Source: fibre2fashion.com– Jun 02, 2022

HOME

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Order Move To Southeast Asia? No, China's Textile Industry Is Still Irreplaceable!

Recently, both in the process of industry interviews and in the reports of major media, they have repeatedly mentioned the impact of the strong recovery of Vietnam's textile industry on China. Some enterprises believe that in the future, China will have more textile orders transferred to Vietnam and other Southeast Asian countries from the perspective of human costs, trade agreements and other aspects. So is this a long-term trend or a short-term phenomenon?

Recently, the Industrial Economics Research Institute of China Textile Industry Federation announced that since the second half of 2021, with the increase of the vaccination rate of the new crown vaccine, the relevant epidemic prevention measures in Southeast Asia and South Asia have been gradually relaxed, the trade and manufacturing industries have recovered rapidly after the severe impact of the epidemic in 2020, and the economic recovery process of emerging economies in the Asia Pacific region such as Vietnam, Bangladesh and India has accelerated. In April this year, the World Bank (WB) and the Asian Development Bank (ADB) released the semi annual report on East Asia and the Pacific economy in 2022 and the Asia Development Outlook report in 2022 respectively, saying that the average economic growth of countries in East Asia and the Pacific region reached 7.2% in 2021, and the economic growth of Vietnam has exceeded the pre epidemic level.

The strong recovery of the domestic demand market and the sustained growth of export trade have become the core support for the sustained recovery of the manufacturing industry in Southeast Asia and South Asia, and driven its international trade in textiles and clothing to achieve good growth for several consecutive months.

The strong recovery of Vietnam's textile industry can also be seen from its export situation. Since 2022, driven by the strong recovery of the manufacturing industry, Vietnam's textile and clothing exports have achieved substantial growth. According to Vietnam customs data, Vietnam exported yarn, other textiles and clothing to the world from January to April totaled US $13.77 billion, a year-on-year increase of 21.4%.

Among them, the export amount of yarn was US $1.94 billion, a year-on-year increase of 14.9%; The total export value of other textiles and clothing was US $11.83 billion, up 22.2% year-on-year. The continued recovery of overseas terminal demand has accelerated the recovery of Vietnam's textile supply chain, and the demand for supporting textile raw materials and finished products has rebounded significantly. From January to April, Vietnam imported a total of US $7.17 billion of cotton, yarn and fabrics from the world, a year-on-year increase of 14.4%. Among them, the import value of cotton, yarn and fabric was USD 1.22 billion, USD 900million and USD 5.05 billion respectively, with a year-on-year increase of 22.2%, 3.4% and 14.8% respectively.

According to the data of Vietnam General Bureau of statistics, in the first quarter of 2022, Vietnam's gross domestic product (GDP) reached about US $92.175 billion, a year-on-year increase of 5.03%, continuing the growth momentum since the fourth quarter of last year.

RCEP expands trade with ASEAN

China still dominates the chain

On January 1 this year, the regional comprehensive economic partnership agreement entered into force, injecting new vitality into free trade and multilateralism. Relevant data show that in the first quarter, China's textile and clothing exports to 14 other RCEP member countries totaled US $21.4 billion, a year-on-year increase of 12.3%, accounting for 29.6% of China's total textile and clothing exports to the world in the same period.

On May 13, Vietnam's customs online also reported that Wu Dejiang, chairman of Vietnam textile and clothing association (vitas), said at the seminar on sustainable production of textile supply chain jointly organized by Vitas and IFC that in the first four months of this year, Vietnam's textile and clothing exports had reached nearly US $11billion, an increase of nearly 21% on a year-on-year basis.

The free trade agreement that has been signed brings great opportunities to Vietnam. In particular, the RCEP agreement, which has just entered into force in early 2022, is a great opportunity for Vietnam.

In fact, China acts as the main engine in RCEP.

For example, we export cotton to Vietnam, which is processed into cloth and other primary products. In this chain, Vietnam only develops processing trade, and China is still the main player in the chain. Of course, Vietnam, Cambodia, Laos, Indonesia and other countries will take advantage of RCEP to keep pace with China and achieve their own development in the future.

So why does China play the role of the main engine in RCEP? Weijianguo, former Vice Minister of the Ministry of Commerce, believes that there are several reasons:

First, after years of reform and opening up, China has accumulated rich experience, has the most complete industrial system and chain in the world, and has an efficient, high-level and flexible technician team.

Second, China has a large consumer market, including a large market for the means of production and a large market for the means of living. No matter which country in RCEP has the same size, capacity and development level as China's economy.

Third, China has always treated other countries as equals and coexisted peacefully. It has not established any trade discrimination rules and policies, nor is it as unswerving as the United States in wielding the stick of trade protectionism and hegemonism. It is believed that under the global trade rule system of equality, mutual benefit and common development, China can win more friends, and these countries will also be embedded in China's supply chain and industrial chain.

In short, in the industrial chain within the framework of RCEP, China is the position and role of the chain leader. While developing itself, China will also drive the development of downstream countries such as Vietnam, and even the development of buyer markets such as Japan and South Korea. Vietnam is unlikely to replace China as the world's factory.

Chinese textile enterprises' global layout

Complementary with Vietnam in the industrial chain

It is worth noting that although many orders flow to Vietnam and other countries, many are still undertaken by Chinese enterprises.

As we all know, China's textile industry is the first group of industries to "go out" to layout the global industrial chain. Tianhong Textile Group is one of the largest cotton textile manufacturers in China. In 2006, it began to lay out overseas production bases, mainly purchasing land in Vietnam to expand production capacity. In addition, the company also has factories in Uruguay, Turkey and other places. Since 2014, the company has started to build the Haihe Industrial Park in Vietnam, creating a whole industrial chain covering raw materials, spinning, manufacturing, dyeing and finishing, garment making and brands.

Up to now, Tianhong subsidiaries Tianhong galaxy, Tianhong dyeing and finishing, Tianhong technology, Lanyan jeans, etc. have completed the Industrial Park. After the gradual unsealing of Vietnam, domestic textile leaders also continued to make efforts in the local market.

On March 30, Lutai textile disclosed that Vientiane textile, a wholly-owned subsidiary, planned a total investment of about US $210million in Xining Province, Vietnam, for the construction of production bases for woven and knitted fabric products. Lutai textile said that the investment is intended to efficiently integrate domestic and foreign resources and effectively avoid the impact of potential trade barriers.

At present, due to the epidemic prevention and control, the containers are not guaranteed and the logistics is not smooth, resulting in the decrease of orders in China and the increase of orders in Vietnam. However, when we look at the development of an industry, we should not only look at the performance of one month, one quarter and one stage, but also look at the development performance of the whole year or even longer.

Compared with Vietnam and other countries, the complete and efficient supply chain system established by the reform and opening up of China's textile industry is obviously beyond Vietnam's reach in the short term.

Labor force is the bottleneck of development but not the biggest constraint

To occupy the high end of the value chain

In recent years, the gradual disappearance of the demographic dividend has led to the transfer of China's textile industry. That is to say, some people attribute the industrial transfer to the increase of Chinese workers' wages.

For example, in Shenzhen, a salary of fourorfive yuan a month may not attract workers. In Vietnam, the monthly salary of workers is only about 1500 yuan. The wages of Chinese workers are several times that of Vietnam, which has led to the loss of China's manufacturing advantage. So, how can China's manufacturing industry maintain its advantages? In this regard, some people have proposed two solutions: one is to reduce the wages of workers; the other is that in the future, China will mainly develop medium - and high-end industries and transfer some low-end or labor-intensive industries.

In this regard, weijianguo believes that these views and solutions are misjudged and wrong. Industrial transfer cannot be attributed to the disappearance of the demographic dividend. On the contrary, we should solve the income gap and the gap between the East and the west by raising workers' wages, so as to achieve common prosperity. "To follow the trend, China's manufacturing industry should work hard to improve the allocation of total factor productivity, rather than maintaining the competitiveness of the manufacturing industry by reducing workers' wages." Weijianguo said, "Germany and Japan, two manufacturing powers, not only have high manufacturing levels and high-end industrial chains, but also have much higher labor costs, that is, the wages of workers, than we do. Therefore, it is untenable to say that high wages of workers lead to the outflow of orders and even the relocation of manufacturing industries."

The solution lies in improving total factor productivity and labor productivity. China's manufacturing industry is developing from low-end to high-end. In the future, we will increase the level of opening to the outside world, further create the best business environment in the world, respect the protection of intellectual property rights, etc., stir up global production factors through a series of measures, attract global capital, technology, talents, etc., and finally achieve the best allocation of production factors. Through more than 40 years of reform and opening up, China has built its position as the world's factory. Next, China's goal should be to become the world factory of the world's sophisticated manufacturing industry.

According to weijianguo, there are three prerequisites for becoming a world factory:

First, there should be a production chain and supply chain with complete departments, integrity, efficiency, flexibility and seamless connection between upstream and downstream. From the perspective of logistics efficiency, Vietnam's port, airport, highway and other infrastructure are not perfect.

Second, in addition to hardware facilities, from the perspective of software facilities, it is necessary to have a high-level technician team to become a world factory. For example, the reason why China can become a world factory is not only because there is a large number of labor, but also because there are a team of 100 million or 200 million skilled workers.

Third, there should be a market-oriented, legal and international business environment. From the top level to the grass-roots level, various departments can quickly negotiate and form a joint force, rather than having multiple policies, which hinders investors.

Judging from the above three conditions, Vietnam still has a way to go. For a while, it cannot become the world factory, nor can it replace China as the world factory.

He also said that although some orders have passed due to China's epidemic prevention and control, there are still some hidden dangers. For example, the epidemic situation is repeated, for example, whether it can meet the requirements of the European and American markets.

Source: hanslace.com– Jun 01, 2022

HOME

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Ukraine war, high cotton prices put squeeze on China and India producers and garment makers, threatening coronavirus pandemic recovery

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 and Gap Inc.

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 per cent 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 per cent 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.

The shutdowns are hard for industry workers as many were unemployed during Covid lockdowns.

"Nearly 40 per cent 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 and Nike 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 US$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, industry players see demand improving.

Hot weather in Texas, which accounts for over 40 per cent of the US 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: scmp.com– Jun 02, 2022

HOME

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EuroCham in Cambodia urges garment factories to switch to solar power

The European Chamber of Commerce (EuroCham) in Cambodia recently called for quicker adoption of renewable energy and rooftop solar panels by garment firms to raise their competitiveness. EuroCham representatives conveyed this to industry heads, development partners and government officials at a meeting co-hosted by the Garment Manufacturers Association of Cambodia (GMAC).

There are more than 6,000 garment exporters in Cambodia now that directly employ over 700,000 workers. “Rooftop solar can attract new, modern suppliers and raise production. This is all about being competitive, and my job is to make Cambodia more competitive as a production hub for different products,” a representative of the chamber’s garment and manufacturing committee was quoted as saying by a Cambodian newspaper.

“At some point, if we cannot compete with other manufacturing hubs, we will have to close down the factories,” said the representative. Coal, gas, and oil prices continue to rise as a result of logistical hurdles and geopolitical pressure. Currently, solar energy is estimated to cost 2.67 cents per kWh while coal-fired energy costs 7.7 cents per kWh, a press release from the chamber said.

Energy demand in Cambodia is estimated to triple by 2040 and several factors favour a switch to solar energy. China, South Korea and Japan have refused to finance future coal projects. Sok Khavan, secretary of state at the ministry of mines and energy, said the ministry is fully committed to renewable energy as reflected in the current domestic energy mix where power from renewables constitutes 52 per cent.

The share of solar power has grown from around 10 MW in 2019 to 400 MW this year, representing a 4,000 per cent growth in the past three years, Khavan said, adding that a balance has to be struck between sustainable and affordable energy.

Source: fibre2fashion.com– Jun 03, 2022

HOME

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Sri Lanka: Apparel sector bullish Browns to invest Rs. 15.3 b to set up country's most modern, largest textiles plant

Bullish on the prospects for the export apparel sector, Browns Group is investing Rs. 15.3 billion to put up the country's most modern and the largest textiles plant in the Kurunegala District.

The Board of Investment (BOI) agreement to this effect was signed recently between Brown and Company PLC Group CEO T. Sanakan and BOI Director General Renuka Weerakone.

Sanakan, along with new Project Division Heads Dulip Samaraweera and Charitha Jayasingha has taken the initiative to save extensive outflow foreign exchange on the import of much needed fabrics for the apparel manufacturing industry for exports.

The Project is driven with the expertise of Prithiv Dorai and Kenneth Wijesuriya, who have a vast knowledge in textile manufacturing industry.

Currently Sri Lanka's apparel and textile industry is the leading income generator in foreign exchange amounting to $ 5 billion dollars of which almost $ 3 billion is spent annually on import of raw materials.

Brown and Company said the project will be established in Mahakandura, bringing in employment to approximately 800 persons in the Kurunegala District. The plant will embrace the green concept in textile manufacturing with modern state of art machinery with very latest in technology.

Source: ft.lk– Jun 03, 2022

HOME

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Bangladesh: Soaring cotton price clobbering RMG exporters

Soaring price of cotton on top of the increased shipping cost and fuel price hike triggered by the Russia-Ukraine war is adding to the challenges of the country's RMG exporters.

As the buyers are reluctant to adjust their prices taking the added cost into account, the exporters find themselves on the horns of a dilemma.

The situation is not only true for Bangladesh, but for other Asian countries as well, reports the Reuters.

The report said, many manufacturers in India and other countries have chosen to cease production leading to many workers becoming jobless, which in effect is hindering the economic recovery from the pandemic.

Due to excessive rain in India and drought in the US state of Florida, the production of cotton has depleted leading to its price to increase as much as two times in some countries in the span of one year.

The Reuters story reads, 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.

Fazlee Shamim Ehsan, managing director at Fatullah Fashion Ltd, told The Business Standard, rising cotton prices, shipping costs and other costs have pushed up our production costs. But, we are not getting the price from the buyers according to that.

He said that due to inflation in Europe and America, which is the main export market of Bangladesh, the export orders in the coming months are also declining compared to previous months.

Meanwhile, the textile mill owners of the country say even if they buy cotton at a higher price, they are not able to sell it at a higher price. On top of it, the uncertainty over the price of cotton remains.

Md Fazlul Hoque, vice president of Bangladesh Textile Mills Association (BTMA) told The Business Standard, currently one pound of cotton costs £1.65 to bring to Chattogram port. Yarn produced from this cotton will cost $5.5 per kg. But now we are selling yarn at $4.80.

In addition to the increase in shipping costs, not receiving cotton shipments on time is another issue, he said adding, "The cotton shipment scheduled in January is yet to begin."

Bangladesh Bank is not approving the hedging of cotton to overcome such a situation. If approved, it would reduce the risk a lot.

The Reuters story added, 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.

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.

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. Asian garment makers, which also count Walmart Inc and Nike 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.

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Source: tbsnews.net– Jun 02, 2022

HOME

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Transparency's Biggest Obstacles, According to Mills and Spinners

Though traceability has become one of the denim supply chain's top buzzwords, the industry still has a long way to go before it can achieve full transparency from farm to fabric. Much of the data provided encompasses information on garment manufacturers (tier 1), fabric weavers (tier 2) and yarn spinners (tier 3). Tier 4 data, which includes information on cotton farmers, is even more difficult to obtain.

A new #WhoMadeMyCotton report from denim consultant Anne Oudard, Simply Suzette founder and sustainable denim specialist Ani Wells, and Cotton Diaries founder Mazria Lanfranchi gathered information from 10 global mills and spinners to understand why this data is so hard to come by. What they found was that many brands are simply not asking their suppliers for this intel.

Companies highlighted in the report include Artistic Milliners, Bossa, Soorty Enterprises, Interloop Ltd., Pure Denim, Global Denim, Orta Anadolu, AGI Denim, Candiani Denim and Cone Denim.

The challenges

Currently, cotton traceability levels vary by country. While the U.S. and Brazil provide Permanent Bale Identification (PBI) numbers that can trace the fiber back to the gin or farm, the report states that other regions like West Africa and Tanzania feature little to no traceability. Additionally, one cotton bale can contain cotton from 300 to 500 different farmers, depending on the size of the farms from which the cotton is sourced.

Traceability becomes more convoluted when factoring in blending. Even in garments containing 100 percent cotton, the fibers are blended from different batches to balance higher quality (and more expensive) crops with a lower quality (and less expensive) batch. While this alone can make tracing more difficult, the report found that mills are also motivated to withhold the information from brands, as identifying all of the differing origins could make them question their quality.

Middlemen such as cotton brokers, agents and merchants also add another opaque layer to the supply chain. Many mills work with middlemen to secure the best rate, as the price of cotton regularly fluctuates, and cotton buying can represent 55 to 60 percent of a mill's total expenses.

Like most sustainable innovations, implementing traceability requires a significant financial investment, which usually falls on those at the beginning of the supply chain, as passing these costs along to the customer makes it harder for mills to stay competitive.

“When we asked, ‘What if a billion-dollar fashion brand would finance these programs?’ many mills seemed confident that it would enable them to staff up and extend these practices to their whole cotton sourcing,” the report stated.

The solutions

Mills are taking proactive steps to find solutions in the information gap.

Of the 10 mills polled in the report, eight either set up direct-to-farm programs in their own countries or invested in traceable cotton technologies that connected them with farmers.

Artistic Milliners developed the Milliner Organic Project in 2020 to promote visibility and workers’ rights throughout the entire scope of the cotton supply chain, from picking to spinning. The direct-to-farm sourcing model makes it easier to trace the supply chain and create a more secure market for farmers. To-date, the program works with more than 2,000 farmers across 9,300 acres of land to support the organic cotton transition. Farmers involved in the project have already seen the benefit of participation, with greater yields and reliable support. The crop now has the in-conversion badge from the third-party certification firm Control Union (CU), which confirms the transition to organic farming.

Jack & Jones, the Danish apparel brand owned by Artistic Milliners’ longstanding partner Bestseller, will be the first to debut the crop in a denim collection scheduled to land in stores in December.

However, brand partnerships aren’t always the strategy of choice for mills. The report noted that some are hesitant to form brand partnerships out of fear of becoming beholden to a brand and the prices and requirements it may set.

Soorty has also supported farmers through its Soorty Organic Cotton Initiative (SOCI), which it developed in partnership with WWF-Pakistan, the Department of Agriculture Extension, Balochistan, and with support and input from the Laudes Foundation, which provides partners with philanthropic capital, expertise and connections. Through the program, Soorty aims to bring organic farming practices and a better way of life to farmers in the Balochistan region of Pakistan. Others, such as Bossa Denim, Candiani Denim and Interloop Ltd., also have their own methods for working directly with farmers to ensure their wellbeing and enhance transparency into their products.

In 2020, Cone Denim became the first denim mill to partner with Oritain, a product and supply-chain traceability specialist that uses forensic science and statistics to identify “origin footprints.” To date, Oritain has mapped more than 90 percent of the world’s cotton. The company’s method combines forensic science and statistics to detect naturally occurring elements in the cotton itself, eliminating the need for additional foreign tracers such as spray or particles. Soil composition and other environmental factors give the cotton an inherent ‘fingerprint’ specific to each location. Oritain calls this the Origin Fingerprint.

Orta Anadolu and Pure Denim use Fibretrace, a blockchain-based solution that embeds luminescent pigments into fabric, which can be read and tracked at every stage of the supply chain. Using the technology, the mills can receive farm data and measure the carbon sequestration on the field.

Looking ahead, Artistic Milliners formed a partnership with Pakistani tech company Crop2X to collect a large scope of soil data and found that farmers have increased their yield by 10-15 percent.

Soorty’s Sekem initiative helps revitalize land and create a thriving agriculture program through biodynamic farming. The project is taking place in Egypt, with hopes of expanding to Pakistan. Candiani developed Blue Seed, a patented hybrid seed that produces an extra-long tailor-made fiber produced with less water. It aims to continue developing more seeds in the future.

The next #WhoMadeMyCotton report will focus on cotton merchants’ role in the denim supply chain and cover their projections for the future of cotton traceability.

Source: sourcingjournal.com– Jun 02, 2022

HOME

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Pakistan: Apparel exporters suffer as power crisis deepens

Garment manufacturers and exporters have urged the government to exempt small and medium enterprises (SMEs) from the daily power outages as energy shortage has greatly affected the exporting units.

In a statement, Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) North Zone Chairman Sheikh Luqman Amin urged the government to take quick action against load-shedding for the export industry.

Fuel unavailability, technical faults and lack of power plant maintenance were creating shortfall of thousands of megawatts across the country, particularly impacting the export hub of Sialkot, he pointed out.

Amin said that exporters would not be able to timely meet the shipments schedule due to the closure of one shift.

Source: tribune.com.pk– Jun 03, 2022

HOME

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Bangladesh: BTMA requests Bangladesh Bank to increase EDF limit

The Bangladesh Textile Mills Association (BTMA) has requested the Bangladesh Bank to increase the Export Development Fund (EDF) limit to $40 million.

If it is not possible to increase the limit, the association has asked to consider extending the repayment period, reads an application, signed by BTMA Mohammad Ali Khokon, sent to the central bank governor on Thursday.

The EDF is a landmark initiative to increase and facilitate exports. However, due to the impact of the Covid-19 situation, the prices of raw materials such as green tamarind, fibre and dye-chemicals in the international market are now more than three times higher. As a result, the current EDF limit of $25 million cannot meet the demand, the application said.

Also, the existing 270 days to repay the loan is not sufficient. After the export of cotton yarn, it takes more time to complete the ancillary activities including its price, the letter added.

The association also said the EDF limit of most of the mills has already been exhausted or overdue. The normal operation of spinning mills will be hampered if the EDF limit is not increased to $40 million and the loan repayment deadline is not set at 360 days and extended to December 2023.

Source: tbsnews.net– Jun 02, 2022

HOME

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Pakistan and Turkey Ink Agreements and MoUs for Enhanced Cooperation

Pakistan and Turkey have signed various bilateral agreements and Memoranda of Understanding (MoUs) for enhanced cooperation in diverse areas of mutual interest, including trade, economy, communication, environment, and housing.

Prime Minister Shehbaz Sharif and Turkish President Recep Tayyip Erdogan, attended their signings.

Minister for Foreign Affairs Bilawal Bhutto Zardari, the Minister for Commerce and Investment Syed Naveed Qamar, and the Turkish Ministers for Trade and Transport signed the documents on behalf of their governments.

These agreements and MoUs include:

- An MoU between the Turkish Presidency of Strategy and Budget and Pakistan's Public-Private Partnership Authority.
- A framework for a Knowledge Sharing Program between the Governments of Turkey and Pakistan.
- An MoU on Highway Engineering between the Turkish Ministry of Transport and Infrastructure and Pakistan's Ministry of Communications.
- A Joint Ministerial Statement on Developing Bilateral Trade and Economic Relations between Turkey and Pakistan.
- Technical Cooperation Protocol between the Turkish Ministry of Treasury and Finance and Pakistan's Ministry of Finance.
- Cooperation Protocol on Debt Management between the Turkish Ministry of Treasury and Finance and Pakistan's Ministry of Economic Affairs.
- An MoU between the Turkish Ministry of Environment, Urbanization and Climate Change and the Naya Pakistan Housing and Development Authority (NAPHDA) in cooperation in the field of housing.

Source: propakistani.pk– Jun 02, 2022

HOME

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NATIONAL NEWS

India's merchandise export rises 15.46% to USD 37.3 billion in May, 2022 as compared to USD 32.30 billion in May 2021, recording highest ever exports in May 2022

India has achieved monthly value of merchandise export in May 2022 amounting USD 37.29 billion, an increase of 15.46% over USD 32.30 billion in May 2021. India's merchandise export in April -May 2022-23 was USD 77.08 billion with an increase of 22.26% over USD 63.05 billion in April -May 2021-22.

Value of non-petroleum exports in May 2022 was 29.18 USD billion, registering a positive growth of 8.13% over non-petroleum exports of USD 26.99 billion in May 2021. The cumulative value of non-petroleum exports in April -May 2022-23 was USD 61.09 billion, an increase of 12.9% over USD 54.11 billion in April -May 2021-22.

Value of non-petroleum and non-gems and jewellery exports in May 2022 was USD 26.08 billion, registering a positive growth of 8.57% over non-petroleum and non-gems and jewellery exports of USD 24.02 billion in May 2021. The cumulative value of non-petroleum and non-gems and jewellery exports in April -May 2022-23 was USD 54.52 billion, an increase of 14.15% over cumulative value of non-petroleum and non-gems and jewellery exports of USD 47.76 billion in April -May 2021-22.

Petroleum products (52.71%), Electronic goods (41.46%) and RMG of all Textiles (22.94%) led the way in high increase in exports during May 2022.

India's merchandise import in May 2022 was USD 60.62 billion, an increase of 56.14% over USD 38.83 billion in May 2021. India's merchandise imports in April -May 2022-23 was USD 120.81 billion with an increase of 42.35% over USD 84.87 billion in April -May 2021-22.

Value of non-petroleum imports was USD 42.48 billion in May 2022 with a positive growth of 44.7% over non-petroleum imports of USD 29.36 billion in May 2021. The cumulative value of non-petroleum imports in April -May 2022-23 was USD 82.55 billion, showing an increase of 27.72% compared to non-oil imports of USD 64.63 billion in April -May 2021-22.

Value of non-oil, non-GJ (gold, silver & Precious metals) imports was USD 33.61 billion in May 2022 with a positive growth of 27.2% over non-oil and non-GJ imports of USD 26.42 billion in May 2021. Non-oil, non-GJ (Gold, Silver & Precious Metals) imports in April -May 2022-23 was USD 69.25 billion, recording a positive growth of 30.71%, as compared to non-oil and non-GJ imports of USD 52.97 billion in April -May 2021-22.

The trade deficit in May 2022 was USD 23.33 billion, while it was 43.73 billion USD during April -May 2022-23.

Click here for more details

Source: pib.gov.in– Jun 02, 2022

HOME

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Interest Equalisation Scheme eased to benefit Indian exporters

Indian government has relaxed a provision to give benefits to more exporters under the Interest Equalisation Scheme (IES) on pre- and post-shipment rupee export credit facility. RBI has issued a circular in this regard and directed commercial banks to provide the benefits as per amended provisions which will open the facility to more exporters.

As per a circular issued by the RBI, IES facility will also be available to such beneficiaries for segments other than for which they have availed the benefits under PLI scheme.

Earlier, IES facility was not available for beneficiaries who were availing the benefits under any PLI scheme. RBI said that banks should obtain a self-declaration under the IES from the exporters. The revised provisions will be deemed effective from October 1, 2021 while other provisions will be unchanged.

Indian textile exporters will get some relief from the revised provisions. Industry sources told Fibre2Fashion, “Fewer export orders and higher cost of production due to costlier cotton are putting odds for the exporters. More exporters will be able to get interest rebate which can provide some financial cushion.”

Source: fibre2fashion.com– Jun 03, 2022

HOME

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Bilateral trade between India and Korea grew 40% to $23.7 billion in 2021

The bilateral trade between India and Korea grew 40 per cent to USD 23.7 billion in 2021, according to Korea Trade-Investment Promotion Agency (KOTRA). In 2020, the value of bilateral trade between the two countries was at USD 16.9 billion.

KOTRA is the economic division of the Embassy of the Republic of Korea in India.

According to KOTRA, the information on trade was disclosed by the Ambassador of the Republic of Korea to India Chang Jae-bok while inaugurating the 4th edition of Korea Fair in India (KFI) 2022 in New Delhi on Wednesday.

"Korea and India have a strong economic partnership and that is rapidly expanding. Bilateral trade between the two countries reached USD 23.7 billion in 2021. This was the highest-ever trade volume between the two countries, a 40 per cent increase over USD 16.9 billion (in 2020)," KOTRA said in a statement on Thursday quoting the ambassador.

As per KOTRA, Korea made record imports of USD 8.06 billion from India in 2021. During the year, all major imported items from India including iron ore (215.5 per cent) and aluminum (143.6 per cent) imports have shown a significant increase.

Source: economictimes.com– June 02, 2022

HOME

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MCX India cuts open position limits on cotton contracts; prices down

Commodity future market Multi Commodity Exchange (MCX) has drastically slashed open position limits on cotton contracts to contain cotton prices and its speculative trading. After the step, cotton prices fell by around ₹4,000-5,000 per candy of 356 kg in spot market. MCX cotton contracts dropped around 2-3 per cent after tightening of the provisions.

MCX informed its members and traders that revised position limits will be effective from June 9, 2022. Traders' overall open position limit has been cut from 3.80 lakh bales of 170 kg to 80,000 bales, out of which near month position will not exceed 20,000 bales.

Currently near month position is fixed at 95,000 bales. Members' overall open position limit has been reduced from 38 lakh bales to 8 lakh bales, while the near month position has been cut from 9.50 lakh bales to 2 lakh bales. As per the MCX circular, near month positions should not exceed one-fourth of overall positions.

Cotton prices dropped by ₹4,000-5,000 per candy in the north Indian market after the step taken by MCX. Cotton traded at around ₹95,000-96,000 per candy of 356 kg.

According to the traders, cotton prices have reduced in the last couple of days as demand from spinning mills reduced. MCX June cotton contract was at ₹44,100 per bale after a decline of 2.58 per cent. July contract also reduced by 2.48 per cent to ₹43,650 per bale.

Industry sources said that it was a long pending demand to contain speculative trading which was fuelling spot cotton prices. Sanjay Jain, former chairman of Confederation of Textile Industries (CITI) told Fibre2Fashion, "It is a good step to control cotton price rise. But there will not be much impact on cotton prices as open interest positions are very low on either side."

Source: fibre2fashion.com– Jun 02, 2022

HOME

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Garment industry will make all efforts to achieve $20 bn exports target: AEPC

The apparel industry would like to reiterate its request for immediate measures to control the cotton yarn prices which has increased to an extent of 125 per cent in the past 18 months, he said.

"We request the government to intermittently impose a ban on cotton exports for a few months to ensure availability to the industry as an immediate measure," he added.

He also said that the formation of a Textile Advisory Group by the government will act as an active interface between different stakeholders in the textiles value chain, besides alarming and mitigating the crisis like raw material storage, increasing productivity and containing inflation.

"This is another stepping stone towards helping the industry, we are sure this step will be instrumental in bridging the gap between production and consumption of cotton and ensure raw material security in the long run," Goenka said.

Appreciating the government's move to mitigate the crisis through Textiles Advisory Group, AEPC Chairman said the body will look at the issues linked to productivity be it good quality seeds, introducing the new varieties, crop insurance to farmers and use of technology in farm optimisation and produce management, water availability, arability for the crop.

Source: economictimes.com– Jun 02, 2022

HOME

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New garment companies turn to India as lockdowns hit China output

The extended Covid lockdowns in China have restricted supplies, forcing buyers to look for other options to diversify risks.

"Sotoreves SL, a Spanish garment company, wants 1 lakh pieces of tie and dye and printed shirts. Negotiations have started with them," said Lalit Thukral, president of Noida Apparel Export Cluster.

Another buyer from South Africa, Lizzard Pty, which has 180 stores, wants to buy women's clothing, he said, while a buyer from Greece wants men's garments.

The Noida Apparel Export Cluster has 3,000 units with an annual turnover of ₹35,000 crore and employs around 9,00,000 people.

China eased Covid restrictions in Shanghai after two months of lockdown on Tuesday, but the country's "zero Covid" policy continues and nearly 650,000 will remain confined to their homes.

"The buyers still see uncertainty in China," Thukral said.

The entry of new buyers at Noida export cluster has also raised hopes for the Tirupur garment manufacturers.

"We are the largest manufacturer of knitwear apparel in India. If they come to Noida, they will also come to us," said Raja Shanmugam, president, Tirupur Exporters Association (TEA).

"The only concern is the rising cotton prices, which may impact delivery of goods within the stipulated time frame."

India recorded its highest-ever textiles and apparel exports in FY22 at $44.4 billion, a rise of 41% compared to FY21.

The USA was the top export destination for the country's textiles and apparel shipments accounting for 27% share, followed by the European Union (18%), Bangladesh (12%) and UAE (6%).

Export of ready-made garments stood at $16 billion showing a growth of 31% over FY21.

However, the high cotton prices are dampening the export opportunity that has opened up for Indian manufacturers.

Narendra Goenka, chairman, Apparel Export Promotion Council said, "China plus one strategy would have worked much better had the cotton and yarn prices would have been less."

Source: economictimes.com– Jun 02, 2022

HOME

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India's May production, new orders rise at rates close to Apr figures

Manufacturing sector growth in India steadied in May, with new orders and production increasing at rates similar to those registered in April, according to S&P Global. Companies were able to secure new work despite lifting selling prices at the fastest rate in over eight-and-a-half years as additional cost burdens continued to be transferred to clients.

Total sales were boosted by a substantial upturn in international orders, the strongest in over 11 years. At 54.6 in May, little-changed from 54.7 in April, the seasonally adjusted S&P Global India Manufacturing purchasing managers' index (PMI) pointed 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, the company said in a press release.

Demand showed signs of resilience in May, improving further in spite of another 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.

Amid reports of new business gains, sustained improvements in demand and looser COVID-19 restrictions, manufacturers continued to scale up production in May.

The rate of growth was marked, above trend and broadly in line with that recorded in April. Indian manufacturers signalled a further increase in output prices halfway through the first quarter of fiscal 2022-23.

Input costs rose for the 22nd successive month in May, with companies reporting higher prices for textile, electronic components, energy, freight, foodstuff, metals and.

Firms signalled an upturn in pre-production inventories. The accumulation was the eleventh in as many months and marked overall.

In contrast, holdings of finished products decreased further in May. The latest fall was only marginal, however, and the slowest in the current 58-month sequence of depletion.

Manufacturing sector jobs rose further in May, owing to ongoing improvements in sales. Although only slight, the rate of employment growth picked up to the strongest since January 2020.

Capacity pressures among goods producers remained only mild in May, as signalled by a marginal increase in outstanding business volumes. The rate of accumulation was broadly similar to those seen in the current five-month period of expansion.

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

Source: fibre2fashion.com– Jun 03, 2022

HOME

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New Guidelines for Central Sector Scheme "Promotion of MSMEs in North Eastern Region and Sikkim" for enhancing productivity and competitiveness

The Central Government has approved New Guidelines of Central Sector Scheme "Promotion of MSMEs in North Eastern Region and Sikkim". The scheme will be implemented during 15th Finance Commission Cycle (2021-22 to 2025-26). The Scheme is envisaged to provide financial support for enhancing the productivity and competitiveness as well as capacity building of Micro, Small and Medium Enterprises (MSMEs) in the NER and Sikkim. The scheme has following components;

1. Setting up of new and modernization of existing Mini Technology Centres:

The Scheme envisages financial assistance to State Governments for setting up new and modernization of existing Mini Technology Centres. Projects for creation of common facilities to supplement manufacturing, testing, packaging, R&D, product and process innovations and training for natural resources such as fruits, spices, agriculture, forestry, sericulture and bamboo etc. available in NER and Sikkim would be given priority.

The financial assistance of Central Government will be 90%. The projects with total project cost more than Rs. 15.00 crore, will also be considered but maximum assistance shall be limited to Rs. 13.50 crore.

2. Development of new and existing Industrial Estates:

Central Government financial assistance will be provided for development of new and existing Industrial Estates, Flatted Factory Complexes. The financial assistance of Government will be 90%.

The maximum project cost for calculation of assistance shall be Rs.15.00 Crore for development of new industrial estate whereas Rs.10.00 crore for development of existing Industrial Estate.

The projects with total project cost more than Rs.10.00/15.00 crore, will also be considered but maximum assistance shall be limited to Rs. 9.00/13.50 crore as the case may be.

3. Development of Tourism Sector:

The projects for creation of common services such as kitchen, bakery, laundry & dry cleaning, refrigeration and cold storage, IT infra, potable water, display centre for local products, centre for cultural activities etc. in a cluster of home stays may be considered under the scheme.

There has to be linkages of projects with local MSEs. The financial assistance of Central Government will be 90% for projects with maximum assistance limited to Rs. 4.50 crore.

The new guidelines of the scheme are available on the website of the office – www.dcmsme.gov.in

Source: pib.gov.in– June 02, 2022

HOME

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