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NEWS CLIPPINGS

Currency Watch	
USD	78.23
EUR	82.08
GBP	96.16
JPY	0.58

INTERNATIONAL NEWS

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INTERNATIONAL NEWS

Cotton Highlights from June WASDE Report

USDA has released its June 2022 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary for cotton:

The 2022/23 U.S. cotton supply and demand projections are unchanged from last month, with the exception of a 5-cent increase in the season-average upland farm price to 95 cents per pound.

A sharply higher percentage of U.S. upland area has been forward contracted for 2022/23 as of May 31, and futures prices for the post-harvest months remain strong. There are no changes to the 2021/22 U.S. balance sheet, and the projected farm price remains 92 cents.

The 2022/23 world cotton balance sheet includes slightly higher production and slightly lower consumption projections compared with the previous month, and ending stocks are virtually unchanged.

Production is 200,000 bales higher due to a 100,000-bale increase for Egypt along with smaller changes for West African producers. Global consumption is 450,000 bales lower, with the largest declines in Mexico, Bangladesh, and Vietnam.

Beginning stocks for 2022/23 are also lower this month as a 1.5-million-bale decline in 2021/22 global production more than offsets a 1.25-million-bale decline in projected consumption. A 1.0-million-bale drop in India's crop accounts for most of the production change, with lower yield expectations in Brazil accounting for the remainder.

Consumption is projected 500,000 bales lower in both China and India, with smaller declines for Mexico and Vietnam.

Source: cottongrower.com– Jun 10, 2022

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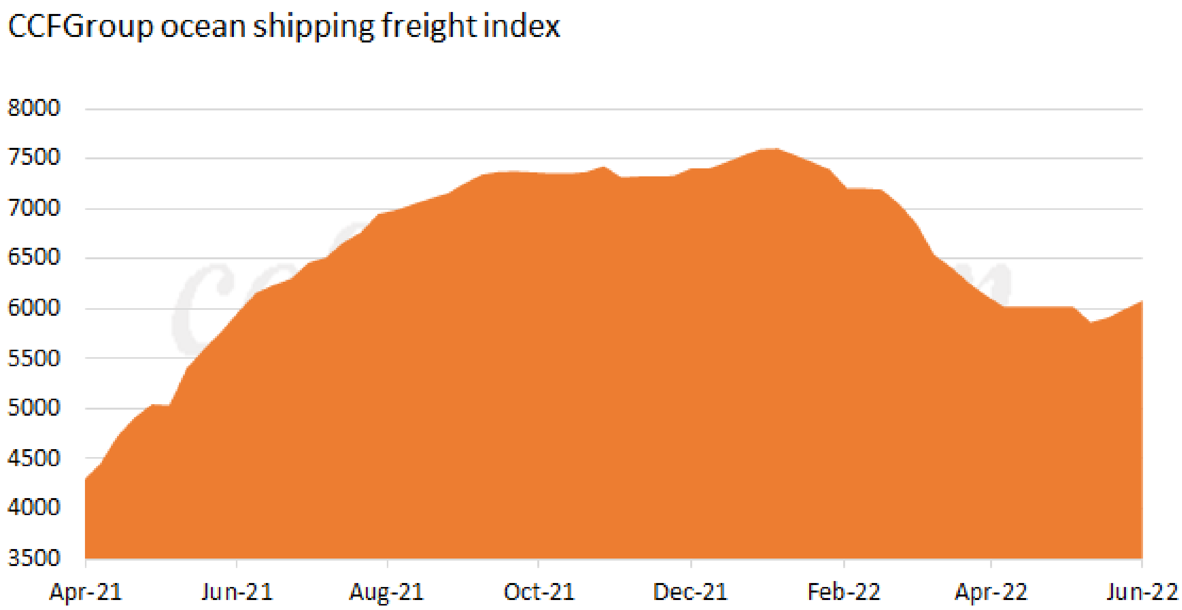
Container marine market welcomes the busiest period

After Shanghai gradually resumed work and production, the Shanghai Containerized Freight index has kept increasing recently.

Some cargos in Ningbo were transferred to Shanghai port after the lockdown in Shanghai cancelled. As a result, the delivery volume in Ningbo dropped, as well as the freight.

The freight of the Red Sea route remained firm and that of South America route moved up.

According to the latest data collected by CCFGroup, the freight offer from Ningbo port to Egypt/SOK was near US$10,000/40HQ, around US$9,500/40HQ in actual transactions, that to Pakistan/Karachi was at US$4,300/40HQ and that to Brazil (NAV) was at US$7,200-7,300/40HQ.



Europe and Mediterranean routes: The supply and demand relationship was largely stable. The freight rates fluctuated little recently.

North America route: There was an excess supply of space on this route, and the freight rate dropped slightly.

Shipping companies are planning to adjust up the freight in mid-Jun?

Some consolidators deployed more ships in terms of European route and America route, expecting shipment to be big after Shanghai's lockdown ended, while the shipment was worse than anticipated at first and may be big until mid-Jun.

It was learned that some consolidators are planning to raise price from mid-Jun and the increment may be at least 10% or above, not ruling out to revise up price by collection of additional charges at first. The pressure of increasing price was mainly from the following aspects: firstly, the shipment is estimated to gradually ascend after Shanghai's lockdown stopped. Secondly, insiders worried the strikes of workers at ports in the West Coast of America would impact the global shipping capability. In addition, the port congestion in Europe due to the Russia-Ukraine conflict, soaring oil price, the transportation slowdown of shipping companies in response to the new regulations on environmental protection and the ahead of schedule of peak season and so on were other factors.

The world's major shipping companies began to evaluate the increase in freight rates. According to industry insiders, as it is the first increase since a series of falls, the increase should not be small, and the time point for the increase is expected to be around mid-June.

Strikes appear in Germany and South Korea, what's the effect?

Local time on Jun 9, Verdi, Germany's largest service industry union, announced that there would be a strike at Germany's five largest ports. In support of the ongoing labor negotiations between the terminal union and the port operator.

In addition to Hamburg, Germany's largest container port and Europe's third-largest container port, the German ports of Emden, Bremen, Bremerhaven and Wilhelmshaven were also affected by strikes. There were already 150,000 containers waiting for shipment at German ports, and the strike would further exacerbate the situation.

The strike is expected to increase operational problems and cause more delays and shipping schedule changes, once again affecting all other European ports in Germany, the Netherlands, Belgium, France, the United Kingdom, Poland and so on.

In addition, **South Korea** also saw intensified strikes. 25,000 freight truck drivers requested that the government freight rate system be extended to guarantee basic wages to cope with rising fuel costs. The price of fuel and the cost of living have soared this year. Truck drivers have to pay more for diesel than ever before, but their freight has not risen, and their income was hit hard.

So far, the impact seemed to be limited, with all 12 South Korean ports operating as usual as of 10:00 local time on Wednesday (8th). HMM, South Korea's largest shipping company, said there were no major disruptions for the time being.

Members of the U.S. Congress are preparing to strengthen regulation of international shipping companies

Members of Congress are preparing to tighten regulation of international shipping companies, with the White House and importers and exporters of U.S. arguing that high freight costs are hampering business, pushing up costs and fueling inflation, according to media reports on last Saturday. Democratic leaders in the House of Representatives said they plan to adopt a measure already passed by the Senate next week to strengthen regulatory restrictions on shipping operations and limit the ability of shipping companies to impose special fees.

The bill, known as the Ocean Shipping Reform Act, was passed by an oral vote in the Senate in March. The bill passed by Congress has been the largest reform of shipping rules since 1998. The World Shipping Council said it would not comment on the bill until Congress passed it. Stay tuned!

Container marine market welcomes the busiest period? Are you ready?

As the peak season on container marine market comes ahead of schedule, will tight containers appear again? According to recent public data from major ship operators, carriers were trying to add millions of new containers to solve the problem of serious capacity crunch, but as shipping market enters the busiest period, these containers have showed signs of being stuck in the port again.

Lee Bridgett, an analyst at IHS MARKIT, believed that demand for containers has far exceeded capacity as supply chains continue to deteriorate, ongoing congestion at other ports around the world and low return rates for containers returning to Asia.

It was estimated that about 12% of the world's container ships stay outside crowded ports for several weeks longer than normal, while inland distribution, especially in the United States, was still hampered by a lack of trains, truck drivers and limited storage space. In Los Angeles, for example, 40% of containers have to be transported by rail, but only about half were loaded every day.

However, there were some good news: After a frenzied jam last year, the number of ships waiting to be unloaded outside the ports of Los Angeles and long Beach has declined sharply. The reduction in containers on the west coast was related to the transfer of carriers to ports in the eastern United States.

Some shipping companies increased shipping capacity between Asia and the east coast of the United States by 25% in early 2022 compared with the same period last year. Shippers were increasingly moving to the east coast of the United States to avoid a backlog of ships in Los Angeles and long Beach ports.

Source: fashionatingworld.com– Jun 09, 2022

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US retailers call on administration to eliminate China tariffs

US' retail trade association National Retail Federation (NRF) has announced it is launching the second phase of a seven-figure advocacy campaign with broadcast, digital and out-of-home advertising, urging the Biden administration to repeal tariffs on goods from China to lower costs for businesses and consumers who are being severely impacted by inflation.

The ad campaign includes a 30-second television spot called 'Lower Inflation Now by Repealing Tariffs'.

"No one is closer to the consumer than the retail industry, and retailers are doing everything they can to keep prices down despite the economic pressures of high inflation," NRF president and CEO Matthew Shay said. "We began a grassroots effort months ago and are now expanding our efforts with an ad campaign because the urgency for action grows each day."

"We encourage the administration to work with our trading partners, particularly China, to roll back tariffs that contribute to the high cost of goods and services and provide much-needed relief for American consumers," Shay said. "Tariffs are among the many costs out of retailers' control that drive up prices paid by consumers. But unlike other costs, the administration can eliminate tariffs with the stroke of a pen."

NRF's new ad campaign builds on the organisation's advocacy efforts encouraging the administration to lower or eliminate tariffs that have cost US importers $136.5 billion since 2018 and cost the average American household more than $1,200 a year.

NRF is also urging Congress to address the nation's labour shortage and supply chain crisis as additional concrete solutions to lower inflation, NRF said in a media release.

"While change takes time, repealing and lowering tariffs will help relieve pressure on American consumers," Shay said. "We know this is only one of the solutions under consideration to rein in skyrocketing prices but we urge the administration to prioritize the repeal of tariffs."

NRF's Lower Inflation Now grassroots campaign began in April and has called on President Biden and Congress to make everyday necessities more affordable by repealing the China tariffs, easing the supply chain crisis by passing the Ocean Shipping Reform Act, addressing the labour shortage by enacting immigration reform and lowering the cost to process transactions by increasing competition in the payments system.

Source: fibre2fashion.com– Jun 11, 2022

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GDP rose by 0.6% in euro area, 0.7% in EU in Q1 2022 over Q4 2021

Seasonally-adjusted gross domestic product (GDP) increased by 0.6 per cent in the euro area and by 0.7 per cent in the European Union (EU) in the first quarter (Q1) of this year compared with the previous quarter, according to an estimate published by EU statistical office Eurostat. In Q4 2021, GDP had grown by 0.2 per cent in the euro area and by 0.5 per cent in the EU.

Compared with the same quarter of the previous year, seasonally-adjusted GDP increased by 5.4 per cent in the euro area and by 5.6 per cent in the EU in Q1 2022.

During Q1 2022, GDP in the United States decreased by 0.4 per cent compared with the previous quarter and by 3.5 per cent compared with the same quarter of the previous year.

Ireland (plus 10.8 per cent) recorded the highest increase of GDP compared to the previous quarter, followed by Romania (plus 5.2 per cent) and Latvia (plus 3.6 per cent). Decreases were observed in Sweden (minus 0.8 per cent), France (minus 0.2 per cent) and Denmark (minus 0.1 per cent).

Based on seasonally-adjusted figures, GDP volumes in the euro area and EU were 0.8 per cent and 1.5 per cent respectively above the level recorded in Q4 2019, before the COVID-19 outbreak.

For the United States, GDP was 2.8 per cent higher than the level in Q4 2019.

Source: fibre2fashion.com– Jun 11, 2022

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China's May CPI up by 2.1%, producer price index up by 6.4%

China's consumer price index (CPI)—a primary gauge of inflation—rose by 2.1 per cent year on year (YoY) in May this year, according to the National Bureau of Statistics (NBS), which said the producer price index (PPI), which measures costs for goods at the factory gate, went up by 6.4 per cent YoY in the month. Non-food prices rose by 2.1 per cent YoY compared to the 2.2-per cent rise in April.

On a monthly basis, the CPI edged down 0.2 per cent thanks to effective COVID-19 control and a sufficient supply of consumer goods, Dong Lijuan, a senior NBS statistician was quoted as saying by official Chinese media.

The prices of gasoline, diesel, and liquified petroleum gas went up by 27.6 per cent, 30.1 per cent and 26.9 per cent YoY respectively.

The PPI figure moderated from the 8 per cent YoY increase registered in April. On a monthly basis, PPI gained 0.1 per cent in May compared with the 0.6 per cent increase in April.

Among 40 industrial sectors surveyed, 37 saw price growth in May, the same as that in April, NBS data showed.

The PPI of the gas production and supply industry went up 22 per cent YoY in May, expanding by 1.3 percentage points from April.

Source: fibre2fashion.com– Jun 11, 2022

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US' Target Corporation to focus on inventory optimisation in 2022

Target Corporation has announced its updated plan focused on inventory optimisation for 2022. It is a set of actions to right-size its inventory for the balance of the year and create additional flexibility to focus on serving guests in a rapidly changing environment. These actions are intended to build on the firm's record of growth and market-share gains.

The company is planning several actions in the second quarter, including additional markdowns, removing excess inventory and canceling orders. The action plan also includes the addition of incremental holding capacity near US ports to add flexibility and speed in the portions of the supply chain most affected by external volatility; pricing actions to address the impact of unusually high transportation and fuel costs; and working with suppliers to shorten distances and lead times in the supply chain.

Additionally, the company is further accelerating work that's already in flight, including rapid revisions to sales forecasts, promotional plans and cost expectations by category.

Specifically, the company is planning for continued strength in frequency categories like household essentials and beauty, and is planning more conservatively in discretionary categories like home, where trends have changed rapidly since the beginning of the year.

The company is also pursuing aggressive options to control costs, including ongoing work with vendors to help offset inflationary pressures, driving continued operating efficiencies, and reducing costs while preserving a strong guest experience.

Finally, the company continues to build additional capacity in the company's upstream supply chain to support its future growth by adding five distribution centres over the next two fiscal years, the company said in a press release.

"Target's business continues to generate healthy increases in traffic and sales, despite sustained volatility in the macro environment, including shifting consumer buying patterns and rapidly changing operating conditions.

Since we reported our first quarter results, we have continued to monitor external conditions and have determined the necessary actions to remain nimble in the current environment.

The additional steps we are announcing today will ensure that we deliver for our guests while driving further growth. While these decisions will result in additional costs in the second quarter, we're confident this rapid response will pay off for our business and our shareholders over time, resulting in improved profitability in the second half of the year and beyond," said Brian Cornell, chairman and chief executive officer of Target Corporation.

In light of the decisions, and based on the company's current expectations for the economy and consumer environment, Target now expects its second-quarter operating margin rate will be in a range around 2 per cent.

For the back half of the year, Target now expects an operating margin rate in a range around 6 per cent, a rate that would exceed the company's average Fall season performance in the years leading up to the pandemic. The company continues to expect full-year revenue growth in the low- to mid-single digit range, and expects to maintain or gain market share in 2022.

Source: fibre2fashion.com– Jun 10, 2022

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Vietnam sees 23.5% YoY surge in textile-garment export in Jan-May 2022

Vietnam witnessed a year-on-year (YoY) surge of 23.5 per cent in export of textile and garment to earn $18.7 billion between January and May this year amid continuing market uncertainties and rising input costs. Vietnam National Textile and Garment Group (Vinatex) saw a 50-per cent surge in revenue. Most companies have orders to fulfill by the end of September.

Many are negotiating to gain more for the rest of the year.

Nam Dinh Textile Garment JSC (Natexco) generated over 1.02 trillion VND in revenue by May end—up by 23 per cent YoY, according to trade union president Doan Van Dung.

Natexco suffered severe labour shortage throughout February and March as there were times when up to half of its workers had to take sick leave due to COVID-19 infection.

Viet Thang Corporation has been struggling to keep production going during the first quarter of the year, given that the Russia-Ukraine crisis has caused supply chain disruptions and a spike in input and fuel prices and logistics costs, said company deputy director general Dau Phi Quyet.

Those expenditures have climbed three- to four-fold, and therefore, all units were having hard time figuring out possible ways to get out of the situation, Quyet said.

Though the company has managed to find stable supplies of inputs, it is having a shortage of imported replacements for equipment components to deal with. It earlier took six to eight weeks to receive deliveries of the replacements, which normally come from Europe. Now the shipments may take up to 12 weeks to arrive. To cut logistics costs, the corporation is prioritising major orders instead of minor ones.

Similar challenges could potentially put the brake on Vinatex's growth over the remaining months this year, a report by a Vietnamese news agency said.

Vinatex chief executive officer Cao Huu Hieu said record inflation in decades are ravaging major economies, triggering rising inventories and declining purchasing power, and this may have substantial effects on the company's performance.

To weather the crisis, Hieu has advised domestic manufacturers to prepare themselves with more flexible plans in order to promptly address any market changes.

Source: fibre2fashion.com– Jun 13, 2022

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Israel's home textile imports to grow as reforms take effect

The reforms undertaken by the Government of Israel have come into effect from June 1, 2022. This is likely to increase the country's imports of home textile products such as tablecloths, carpets and beddings.

Under the reforms, the government has abolished import tariff on these products and has also dropped compliance of local standards.

As per the reform, first announced on May 18 this year, the designated home textile products can now enter Israel if they meet international standards, and there will not be any need for them to meet local standards as well. Further, inspections would not be carried out if importers declare that the products meet international standards.

During May 2021 to April 2022, Israel imported home textile products worth $452.703 million. Of this, bed imports were valued at $117.262 million (25.90 per cent), made-ups $95.699 million (21.14 per cent), floor $73.513 million (16.24 per cent), bathroom & kitchen $48 million (10.60 per cent), sacks & bags $44.087 million (9.74 per cent), window $25.642 million (5.66 per cent), and camping $23.809 million (5.26 per cent), according to data from Fibre2Fashion's market insight tool TexPro.

Further analysis of the data from TexPro for the last six quarters revealed volatility in Israel's home textile imports. The import increased to $121.577 million in first quarter of this year from $115.435 million in last quarter.

Israel's home textile imports stood at $138.528 million in July-September 2021, $123.606 million in April-June 2021, $120.245 million in January-March 2021 and $98.158 million in October-December 2020.

Source: fibre2fashion.com– Jun 13, 2022

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Heavy global price of Russia's war against Ukraine: OECD

The latest economic outlook released by the Organisation for Economic Cooperation and Development (OECD) projects global growth to decelerate sharply to around 3 per cent this year and 2.8 per cent in 2023, well below the recovery projected in the outlook released last December. The economic and social impact of the Russia-Ukraine war is the strongest in Europe.

High inflation is eroding household incomes and spending, hitting vulnerable households particularly hard. The risk of a serious food crisis remains acute for the world's poorest economies because of the high risk of supply shortages and elevated costs, the report says.

Further increases in food and energy prices and persisting supply-chain bottlenecks are key factors causing consumer price inflation to peak at higher levels and remaining high for longer than previously projected.

In some advanced economies, inflation is now expected to reach levels not seen since the 1970s. Cost pressures should start to ease with the impact of rising interest rates beginning to be felt till 2023. However, core inflation is still projected to remain at or above central bank target ranges in many major economies, it says.

"Countries worldwide are being hit by higher commodity prices, which add to inflationary pressures and curb real incomes and spending, dampening the recovery," OECD secretary general Mathias Cormann said during the presentation of the outlook.

"This slowdown is directly attributable to Russia's unprovoked and unjustifiable war of aggression, which is causing lower real incomes, lower growth and fewer job opportunities worldwide," he said.

Uncertainty around the outlook is high, marked by prominent downside risks. Many low-income and emerging-market economies will be challenged even more by rising food and energy prices, slower demand growth in their export markets, and the potential for capital outflows as interest rates rise in the advanced countries, the report says.

Furthermore, the pandemic is not over; more aggressive or contagious variants may emerge, and zero-COVID policies in China may continue to disrupt supply chains.

Source: fibre2fashion.com– Jun 10, 2022

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China to increase duty benefits to Bangladesh

China plans to increase duty benefits to Bangladesh, allowing free access to one percentage point more Bangladeshi products to its market in order to reduce the trade imbalance between the two countries.

As per a Daily Star report, around 97 per cent of goods produced in Bangladesh were granted duty-free access in July 2020. The package covers nearly 9,000 Bangladeshi goods.

The proposed 98 per cent will cover more than 9,000 locally produced goods. However, the duty benefit will cease to exist once Bangladesh makes the status graduation from a least developed country to a developing one in 2026. However, it could be retained through a trade deal.

The tariff free quota will be expanded by 1 percentage point as soon as possible, said Li Jiming, Chinese ambassador to Bangladesh.

Source: fashionatingworld.com– Jun 11, 2022

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Japan's discarded kimonos redesigned as casual wear to suit contemporary fashion

Vintage kimonos, often regarded as family heirlooms and passed down through generations, are piling up in Japan's second-hand markets as the garments fall out of fashion and the country's population shrinks. Traditionally the long, loose attire is wrapped around the body in a series of precise folds, lifts and adjustments in a dressing process that could take 25 minutes or longer.

Now designers are repurposing high-quality fabric from cast off kimonos to make contemporary outfits more suited to today's sensibilities and fashion. The transformation is as much an art as science.

"People used to wear kimonos every day and now they don't because it's uncomfortable" says Duni Park, whose Tokyo-based Gallery Shili, transforms garments from Japan and her native South Korea into jumpsuits, shirts and scarves. "If things are to be continued to be used they must evolve with lifestyles."

Park, who has been selling her clothing online and in pop-up shops in department stores such as Takashimaya for the past few years, is part of a circular economy movement that aims to extend the life of products. Its a trend that even some major retailers support as they use worn garment resales both to limit their climate impact and appeal to younger buyers.

Between 50% and 60% of the 140,000 metric tons of textiles gathered through collection services at H&M Group brands such as H&M, & Other Stories and Weekday have been directed to re-use and re-wear purposes. The Swedish fashion giant is also a majority shareholder in the second-hand online clothing retailer Sellpy.

US outdoor clothing retailer Patagonia Inc. allows customers to buy or trade in used clothing and gear through its Worn Wear website and encourages repairs through its shops.

Fabric quality is a key factor in the ability to reuse or repurpose clothing and many of the garments that are produced in the "fast fashion kind of retail" have a much shorter life trajectory, according to Bryony Collins, an editor at BloombergNEF.

Historically, kimonos were made from materials including silk, cotton or wool, although newer versions also come in synthetics.

Kimonos used to have a lifecycle that benefited entire families and communities and lasted decades or longer. After the garments were too worn out to be used as clothing, they could be used as cushion covers and then rags or baby diapers before finally being burned and spread over fields as fertilizer, according to Eisaku Hida, founder of Kimonoya Japan, an online marketplace.

Lifestyle – Fashion

“Kimonos are extremely eco-friendly,” said Hida, who often buys his second-hand supplies at auctions. “There’s no waste.”

On a recent Sunday, Park from Gallery Shili wound through the stalls at Tokyo’s Oedo Antique Market. Held once every two weeks at an outdoor plaza next to a Shake Shack and across the street from a Bic Camera, the event is a quiet celebration of gently worn materials and objects, some of which have been in use for centuries.

Park was on the hunt for second-hand materials for her collection. Kimonos, she points out, are typically made from a single bolt of Japanese tanmono fabric, a narrow-loomed cloth about 40 centimeters wide and 12 to 15 meters long — meaning they’re perfectly designed to be reused.

“It takes minimum alterations to the tanmono to make a kimono,” says Park. “And when you break apart a kimono it goes right back into the original tanmono fabric.”

The worn fabrics Park uses for her clothing line also offer something that brands using virgin materials lack: stories and a connection to the past. Occasionally Park discovers fabric depicting shunga — a type of Japanese erotic art — which men used to line the interior of their kimonos or wore beneath them. The scenes weren’t supposed to be shown in public and some wearers believed the fabric increased their virility. “It was very hidden and nobody talked about it but everyone knew about it,” says Park. It is details like that that make her designs more intriguing. Although global consumers are increasingly considering the sustainability of clothing when they make purchases, decisions are also deeply influenced by emotional connections.

"So much to do with clothing and fashion is to do with branding and marketing," said BNEF's Collins. "But ultimately how you inspire people to wear clothes is to make them feel good in them."

Source: hindustantimes.com– Jun 13, 2022

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Bangladesh finance minister presents FY23 budget, focusses on recovery

Bangladesh finance minister AHM Mustafa Kamal yesterday proposed a taka 6,78,064-crore budget—focussed on economic recovery—for fiscal 2023-23 (FY23) in the parliament. He set up a gross domestic product (GDP) growth target of 7.5 per cent in the next fiscal while containing inflation at 5.6 per cent. He also placed the supplementary budget for FY22.

"Certainly, we shall be able to transform Bangladesh into a hunger- and poverty-free society by achieving SDG [UN Sustainable Development Goal] in 2030, a higher middle-income country by 2031, a knowledge-based, happy and prosperous developed country by 2041 and a secured delta by 2100," said Kamal said in his budget speech.

At least three important issues have been carefully considered in preparing the budget structure: the potential economic risks posed by the Russian-Ukraine conflict; the impact of the COVID-19 pandemic; and inflation due to the rise in global prices of all major imported commodities and disruptions in the global supply chain, he informed.

The major challenges for the next fiscal are containing inflation and enhancing domestic investment; financing additional subsidy required for the increased price of gas, power and fertiliser in international markets; utilising funds available through foreign assistance and ensuring timely completion of high priority projects of ministries and divisions; ensuring timely completion of projects in education and health sectors; increasing collection of local value-added tax and raising the number of individual tax-payers; and maintaining stability in the exchange rate of taka and keeping foreign exchange reserves at a comfortable level, he was quoted as saying by domestic media reports.

Out of the total budget size of taka 6,78,064 crore, the total revenue earnings for FY23 have been estimated at taka 4,33,000 crore. Of this, the National Board of Revenue will collect taka 3,70,000 crore and another taka 63,000 crore will be collected from other sources.

Bangladesh will have to utilise the period between 2022 and 2026 with farsightedness to prepare for its graduation from the least developed country (LDC) status, he added.

Source: fibre2fashion.com– Jun 10, 2022

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Pakistan: Economic Survey 2021-22: textile sector's growth slows to 3.2%

The textile sector, which has the highest weight in the Large Scale Manufacturing, grew by 3.2% during July-March in fiscal year 2021-22 as compared to 8% in the same period last year, showing a significant slowdown in growth, according to the Economic Survey 2021-22 unveiled on Thursday.

Textile sector's weight has been reduced from 20.9 to 18.16% in QIM 2015-16 but it is still the highest among all sectors of LSM.

Major growth originated from woolen segment production with the highest surge of 38.9% in blankets, 27.9% growth in woolen and carpet yarn, and 19.1% in woolen worsted cloth. Production of yarn and cloth showed marginal growth of 0.7% and 0.3%, respectively.

“Congruent production units, invariant capacity and elevated cotton prices owing to demand and supply gap disruptions have moderated the growth momentum of the cotton sector,” stated the Economic Survey 2021-22 document, unveiled by Finance Minister Miftah Ismail.

Key highlights of the Pakistan Economic Survey 2021-22

“Depreciation of rupee restrained the production of jute, as most of the raw material is imported from Bangladesh.

However, surge in imports of textile machinery, rising demand for concessionary financing from textile firms and high exports of this sector showing a sizable improvement in the textile sector,” it added.

Wearing apparel has been separated from the textile sector with 6.08 weight in the LSM. It showed a significant growth of 34% against the contraction of 35.6%.

The sector has gained traction locally as well as in the international market as garments production grew at 34% during the period. The export of garments also escalated with 33.9% growth in terms of quantity.

Textile is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and finishing, made-ups and garments.

This sector contributes nearly one-fourth of industrial value-added and provides employment to about 40% of the industrial labour force. Barring seasonal and cyclical fluctuations, textiles products have maintained an average share of about 61.24% in national exports.

Meanwhile, the export of knitwear showed a contraction of 4.8% in quantity terms, while it increased by 34.1% in terms of value during the period under review.

The ready-made garment industry has emerged as one of the important small-scale industries in Pakistan and is a good source of providing employment opportunities to many people at a very low capital investment.

Owing to huge potential and demand, its exports show a massive growth of 33.9% in quantity and 26.2% in value from 27.8 million dozen to 37.3 million dozen worth $2.8 billion as compared to $2.27 billion for the same period last year.

Exports in the towel sector stood at $819.6 million against $692.1 million, showing an increase of 18.4% in terms of value and 5.1% in terms of quantity.

Meanwhile, Pakistan exported synthetic textile fabrics worth $343.59 million as compared to $269.20 million the same period last year - showing an increase of 27.6%. In quantitative terms, the exports of synthetic textile decreased by 33.6%.

Source: brecorder.com– Jun 10, 2022

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NATIONAL NEWS

Need to put in place standards as required by technical textiles industry: Singh

Technical textiles is a fast-growing sector in the country and to further promote this, there is a need to put in place standards required by the industry, Textiles Secretary UP Singh said here on Friday. He also said that going forward, the government would have to consider issuing quality control orders for the sector in consultation with the domestic industry.

"I do not think we have issued any kind of quality control orders as far as technical textiles are concerned. But going forward, we will need to do that also," he said at a conclave on standards for technical textiles.

Standards or quality norms help the industry tap global markets and get good prices for their products.

Speaking at the event, Rajeev Sharma, Deputy Director General (Standardisation), Bureau of Indian Standards, said technical textiles accounts for about 19 per cent of India's total textiles and apparel industry.

India's share in the global trade of technical textiles (USD 250 billion) stood at about 6 per cent. The level of penetration of the sector in India is about 5-10 per cent against 60-760 per cent in the developed world.

"But, consumption of these products is increasing in India due to its versatility and durability," Sharma said.

These are used in various industries, including agriculture, highway construction, sports, health and making safety protection clothing.

Lt Gen Rajeev Chaudhry, Director General, Border Roads Organisation, said that they are using technical textiles in the construction of roads.

Source: economictimes.indiatimes.com– Jun 10, 2022

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Organic cotton prices in India show upward trend since June 2021

The prices of organic cotton, both extra-long staple (ELS) and long staple, have shown an upward trend since June 2021. The price of ELS organic cotton (34.5 mm) has surged by 34 per cent since June 2021, while that of long staple organic cotton (28.5 mm to 34.4 mm) has jumped 108 per cent. India produces nearly 50 per cent of the world's organic cotton.

The price of ELS organic cotton increased by 2.29 per cent to ₹338.96 per kg in this month from the average price of ₹331.37 of March-May 2022, according to Fibre2Fashion's market insight tool TexPro.

The average price was ₹330.19 in December 2021-February 2022, ₹297.07 in September-November 2021 and ₹252.87 per kg in June-August 2021 when the prices increased 22.52 per cent from average price during the preceding three months.

Long staple organic cotton recorded average price at ₹330.57 per kg in this month which was 6.42 per cent higher than average prices of ₹310.63 in March-May 2022. The prices had registered steep rise from September 2021 to May 2022.

March-May 2022 recovered 24.58 per cent from average price during the previous three months. The average price of long staple organic cotton was ₹249.34 per kg in December 2021-February 2022 with increase of 35.80 per cent from ₹183.61 in September-November 2021 when it surged 15.84 per cent from previous three months. The price was ₹158.50 per kg in June-August 2021, as per TexPro.

In 2020-21 season, India's organic cotton production stood at 8.10 lakh MT.

Source: fibre2fashion.com– Jun 11, 2022

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Home textile industry loses market share to China, Pakistan as high cotton prices pinch

The Home Textile industry is facing significant headwinds given the rise in input cost, logistical challenges, inflationary pressures, and a volatile global environment, which is putting untoward pressure on margin and demand. What is even more worrying is that China and Pakistan are chipping away at the market share of Indian cotton imports in the US, says a recent study.

A report by Motilal Oswal Financial Services Ltd says as per OTEXA data, India's market share in US cotton sheet imports fell to 50% in 4QFY22 from 60% in 4QFY21, whereas China and Pakistan gained about 5% market share each. In the Terry Towels segment, India's share has fallen by 300bp to 40% in 4QFY22 (v/s 43% in 4QFY21), while China/Pakistan's share remained constant at 20%/23%.

Trouble for the industry, the report says, stems from the fact that raw cotton prices in India increased YoY and are currently at par with international prices. As yarn and fabric prices are rising in tandem, companies are facing a huge challenge in terms of passing on higher prices internationally.

"What has exacerbated the matter is that depreciation in the US Dollar (USD): Pakistani Rupee (PKR) helped Pakistan gain market share in the US and Europe as buyers see better pricing for its products. USD: PKR depreciated by 21% as against a 6% depreciation in the USD: INR from Sep'21 to May'22. However, the expected signing of the FTA with the UK and Europe will bring Indian products on par with that of Pakistan," says the report.

Cotton prices have seen a sharp spike due to non-availability of cotton, but the report adds that these elevated price levels are unsustainable and expect it to normalize after another good cotton season. International/Indian cotton prices rose 54%/61% YoY to USD3.11/INR237 per kg in Mar'22. Further, International/Indian prices surged 10% each to USD3.42/INR260 per kg in Apr'22. Changes in India's import duty on cotton (reduced to nil in Apr'22 from 10%) may deliver some net benefit for the industry in general, the report added.

When it comes to outlook, companies involved in the sector say although there are significant headwinds in the near term, they remain positive on demand in the mid to long run, due to expansion in export opportunities on account of the Foreign Trade Agreements (FTA) signed by India with nations such as Australia and the UAE.

An FTA with the UK is expected to be finalized soon. Discussions on an FTA with Europe is set to begin by Jun'22. “Such FTAs, along with the government's steps to support the Indian Textile exports, reflects positively on the long-term outlook for the industry,” says the report.

Source: economictimes.com– Jun 13, 2022

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Sea freight rates down 15%; Container availability better

The availability of containers has improved, and ocean freight rates have fallen by up to 15%, exporters have said.Still, the volume growth in exports in the ongoing fiscal year may not be significant as the global inventory is high and key rates in world markets are rising, they added.

The Federation of Indian Export Organisations (FIEO) has pegged India's merchandise exports in the current fiscal year at $475 billion, 14% higher than the previous financial year but much less compared to growth seen in FY22 over FY21.

In FY22, India's merchandise exports rose by 43% over FY21 to $418 billion.

"In FY22, global markets created an inventory as commodity prices went up. Exports had gathered momentum after the second Covid-19 wave, but now due to inflationary pressure the volume growth of exports will be less," said Ajay Sahai, director-general of FIEO.

If the Russia-Ukraine conflict does not end soon, the dynamics might change, he said. "As things stand today, India's merchandise exports in FY23 may not cross $475 billion," Sahai added.

Since the Chinese economy is opening up after four months of Covid-19 led lockdowns, Indian exporters will face more competition from China in the global markets, he said.

"Container availability has improved, and the freight cost has gone down by 10%-15%. We have to see how long this situation continues," said Mahesh Desai, chairman, Engineering Exports India

"Once China becomes active, the container shortage may again emerge," said Ravi Sehgal, former chairman of the Engineering Export Promotion Council of India.

While international container prices have increased by up to 15% on average in May, in India they have declined, similar to the trend observed in China. There has been a month-on-month decline in the prices of 40-foot containers in Chennai, to $4,015 in May from $4,044 in April.

India recorded its highest-ever textiles and apparel exports at $44.4 billion in the financial year 2022, indicating an increase of 41% over FY21.

Export of ready-made garments was at $16 billion with a 36% share in FY22, up 31% against the previous year.

Source: economictimes.com– Jun 13, 2022

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African Union is India's 4th largest trading partner

Johannesburg: The African Union is India's fourth largest trading partner after the United States, China and the United Arab Emirates, propped up by diversification in Indian exports to the continent, a senior State Bank of India official has said at a seminar here. With a share of 8.52 per cent in global trade, India's total trade with Africa in 2019-20 was valued at $68.33 billion.

India has a negative trade balance with Africa, implying a dominance of imports over exports. In 2019-20, India's trade deficit with Africa was valued at $9.1 billion, which accounted for nearly 6 per cent of India's total trade deficit in the case of trade in goods, Syam Prasad, CEO of State Bank of India in South Africa said on Wednesday.

In terms of bilateral trade, the African Union is one of India's largest trading partners after the US, China, and the UAE, he explained. India's trade with Africa has been diversified from exporting mainly textile yarns to petroleum products, pharmaceutical products, chemicals and manufactured products, he asserted.

At the same time, India's import basket, though dominated by primary products and natural resources, is still diverse given the wide natural resource base in Africa, he said. Within the African Union, India's top trading partner is Nigeria (20.91 per cent). Ten countries account for nearly 60 per cent of India's total trade with Africa.

Of them, India enjoys a positive trade balance with Egypt and Mozambique, while having a deficit with the rest of the countries. Nearly 61 per cent of India's imports from the African Union comprise fuels, mainly crude from Nigeria, Angola and Algeria. This is followed by precious stones and glass (20 per cent) from Ghana, South Africa and Botswana. Other imports include vegetables, metals and minerals that originate from various African countries such as Benin, Sudan, Zambia, South Africa, Morocco and Cote d'Ivoire. There is more diversity in India's exports to Africa. About 20 per cent comprises fuels including non-crude petroleum oil to Mozambique, Togo, Tanzania, Kenya and South Africa; chemicals (18.5 per cent), including pharmaceutical products to Nigeria, Egypt and Kenya; and machines and electricals (12.59 per cent) to Nigeria, South Africa and Egypt, Prasad said.

Going forward, Prasad said SBI has been reinvesting its own capital into the continent for the past 25 years to expand its footprint in Africa. This has been bringing in dollars for investments in Africa through an indirect role in African trade by way of funding to South African banks through syndications by offering bilateral credit lines to multilateral institutions such as the Afri-Exim Africa Finance Corporation, and others, he said.

We offer bilateral lines in the form of trade loans to the other major banks present in African countries and also offer IFC-backed credit lines to the smaller banks and those present in smaller nations. The funding to these institutions indirectly reaches smaller corporates in the African nations, where direct reach would have been difficult, the banker added.

India's Consul General in Johannesburg Anju Ranjan said her consulate supported Indian businesses in South Africa on issues such as ensuring the safety of their investments, speeding up business visas and avoiding double taxation.

Despite the advent of the COVID-19 pandemic and the global slowdown in the past two years, trade between India and South Africa actually increased to where we have surpassed the target set by the leaders of the two countries by 111 per cent to $11.6 million, Ranjan said. The diplomat added that she was also very encouraged by the increase in application for new company visas.

Source: millenniumpost.in– Jun 13, 2022

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Iran tests new trade corridor to ship Russian goods to India

Iran's State-run shipping company said it started its first transfer of Russian goods to India, using a new trade corridor that transits the Islamic Republic, an Iranian port official said.

The Russian cargo consists of two 40-foot (12.192 meters) containers of wood laminate sheets, weighing 41 tons, that departed St Petersburg for the Caspian Sea port city of Astrakhan, the State-run Islamic Republic News Agency said on Saturday, citing Dariush Jamali, director of a joint-owned Iranian-Russian terminal in Astrakhan.

The report didn't say when the cargo, which it described as an initial "pilot" transfer to test the corridor, left or give any more details about the goods in the shipment.

From Astrakhan, the cargo will cross the length of the Caspian to the northern Iranian port of Anzali and will be transferred by road to the southern port of Bandar Abbas on the Persian Gulf. From there it will be loaded onto a ship and sent to the Indian port of Nhava Sheva, IRNA said.

Jamali said the transfer was being coordinated and managed by the State-run Islamic Republic of Iran Shipping Lines Group and its regional offices in Russia and India and is expected to take 25 days.

Since Russia was sanctioned over its war on Ukraine, Iranian officials have been keen to revive a stalled project to develop the so-called North-South Transit Corridor that uses Iran to link Russia to Asian export markets.

The plan involves eventually building a railroad line that can transfer goods arriving at Iranian Caspian Sea ports to the southeastern port of Chabahar.

Source: thehindubusinessline.com– Jun 09, 2022

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'Time is ripe for SMEs to focus on foreign markets via e-commerce and then quickly move to direct exports'

Trade, import and export for MSMEs: The Covid-19 pandemic impacted the SMEs that contribute significantly to the Indian economy as the backbone. Before the advent of online market platforms, SME exporters needed a significant investment of their time and money to participate and promote their business abroad. They needed participation in international trade fairs and exhibitions to connect with prospective buyers and generate inquiries (leads) from the importers and book orders. Then, they struggled to arrange logistics, receive payments, and handle sales returns and customer services. Now, e-commerce helps them accomplish this seamlessly.

The online opportunity

The pandemic led to consumers shifting to online shopping for contactless payments and deliveries, accelerating the usage of e-commerce worldwide. The internet penetration, the increasing number of connected devices, and the surge in the search by the 80 per cent of the population living outside India prompted the Indian SMEs to go online. Negative consumer reviews for made-in-China products too made a solid case of 'made-in-India' ethnic brands breakout by the SMEs to the Indian diaspora and other consumers abroad. Further, the US-China trade war also fueled the entry of Indian SMEs into international marketplaces due to their recognition and image for offering quality products meeting global standards at competitive prices. With the government's push for 'Make-in-India' products through 'Atmanirbhar Bharat,' the world has a keen interest in offerings from India.

The rise of e-commerce

The e-commerce platforms are an indirect route to exporting, enabling the SMEs to transcend boundaries and sell to customers worldwide who usually search for products they wish to buy. Small enterprises with no footprint in the host country markets find e-commerce easy to adopt and scale-up. They reduce dependence on traditional overseas buyers, whose buying practices are much less transparent due to their negotiation tactics. Online marketplaces make the SME export cycle seamless. The time is ripe to concentrate on exploring the foreign markets through e-commerce and then quickly move to direct exports.

Several Indian direct-to-consumer (D2C) brands explore their global reach with inbound marketing, lead generation, booking orders, invoicing, receiving payments, dispatching finished goods, and service support. They are witnessing significant demand in international markets across products and service categories. Certain products from India are competitive and still meet global standards, which works towards getting SMEs access to international marketplaces.

E-commerce has democratized international business opening the doors for SME exports without any restriction on location. SME's target market is no more only the domestic customers. E-commerce offers a robust platform for conducting business and entering into transactions at a national and international level. With the help of e-commerce, SMEs can reorganize, cut expenses, and even explore expansion opportunities for achieving higher growth and profits through optimal utilization of resources. They can access a broader market for promoting their products and services since e-commerce offers technological advancements and a broader customer base through the internet.

E-commerce affects the growth of SMEs as well as their internationalization. Although e-commerce fetches billions of dollars every year, it has many drawbacks that impact SMEs. While e-commerce sales are growing faster than physical ones, physical stores account for at least 90% of total retail sales in India. The main benefit of physical stores is the see, touch, and try aspect, which is not always possible in the case of online shopping.

E-commerce platforms: An evaluation

Prima facie, compared to e-commerce platforms, traditional SME exporters will have a stronger connection and relationship with their customers. However, e-commerce websites can attract more customers and transactions even though the operational costs and profits could be lower due to the commoditization of brands.

E-commerce is proving to be a boon. It brings the buyers and sellers together by acting as a mediator or facilitator between the two. Further, online retailers can take care of the payments and logistics. Even service-based SMEs have a level playing field with large service providers in telemedicine, consultation, psychotherapy, yoga, wellness, and others.

The benefits include wider reach, enhanced revenue, and reduced hassles. India is home to several well-established foreign-origin and Indian-origin e-commerce players, including Amazon, Flipkart, Myntra, Shopclues, etc. operating in the B2C markets apart from the likes of India Mart Alibaba, and several other trade portals in the B2B markets. With several small SMEs lacking knowledge about foreign customers, their culture, skills to promote their businesses abroad, and the staying power to bear losses due to the risks related to payments and logistics, e-commerce comes to their rescue. Even the SMEs who lack funds to set up their online store for such expansion can gain an initial experience in the international markets.

The way forward

It is a timely opportunity for the Indian government to pivot SME exports through e-commerce. Our e-commerce policy framework needs to provide a level-playing field to benefit the SMEs and put them on a new growth trajectory. To accelerate the e-commerce exports by Indian SMEs further, the government needs to support the SMEs with some significant policy changes to get more competitive in quality and prices. Availability of finance and logistics support is equally crucial for SMEs to adopt the D2C route. Usually, there arises a question about the best way for a small business to sell online in the international markets.

For SMEs aspiring for global expansion, joining some well-established e-commerce platforms can be the first easy step for testing the foreign waters before starting an independent D2C presence for deeper engagement in the chosen markets.

In short, SMEs need a 360-degree hand-holding by the government and online business facilitation. Educating SMEs on global value chains and quality compliance would further help them leverage the e-commerce platforms to grow their business. Besides this, SMEs without sound technological expertise need protection against cyber malpractices. States can set up Export Facilitation Cells (EFCs) to identify the products and markets and meet the export compliances by involving the District Industries Centers (DICs).

Source: financialexpress.com– Jun 12, 2022

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Skills training for MSMEs should change

and implementing a vocational skill development policy for micro, small and medium enterprises (MSMEs) is a challenging exercise, especially for emerging countries. While imparting of vocational skills should typically be demand-driven, MSMEs have neither the incentive nor the necessary fiscal/human capital or scale to train workers.

Therefore, any skill development policy for MSMEs should be supply-driven. However, supply-driven vocational skill development policies run into the issue of a mismatch between what the skilling/training agencies are supplying and what firms want (NCAER Skills Report 2018). On the demand side, too, MSME workers typically need to be multi-skilled.

One solution to overcome this mismatch is to provide cluster-based vocational training. Broadly, there are three approaches.

The home-grown initiative involves public-private partnerships (PPPs). The IL&FS had started a cluster-development initiative, working in PPP (public-private partnership) mode with governments on MSME manufacturing clusters. The Tripura Bamboo Mission (TBM) is working to develop a value chain in the bamboo industry in the State, starting from bamboo plantations (farmers) to producing bamboo handicrafts (self-help, producer groups, etc.) to actually help connect with the markets through both digital and off-line means. TBM provides the skilling and training needs throughout the value chain.

However, when NCAER interviewed private enterprises in 2016 in the bamboo industry, located in Agartala but outside the TBM, found that the interaction between MSMEs and local Industrial Training Institutes (ITIs) was rather limited.

The objective of the Model ITI programme, launched by the Centre in 2014, was to upgrade some of the government ITIs into model ones. The key idea was to improve industry-ITI interaction. The ITIs would be located in industrial clusters. An industry partner chairs the Institute Management Committee, providing inputs in course curriculum, upgrading of skills of teachers and providing internships, apprenticeships and employment, etc. In a mid-term evaluation of the scheme in 2018, differences were found in the levels of involvement of industry partners.

German model

Germany has one of the better vocational skilling models in the world. There are several German institutions working on both the supply and demand sides of skilling — training workers and upgrading business member organisations so that they can come together on the skilling aspect, along with other aspects. Elements of dual training systems had been introduced by the Ministry of Skill Development and Entrepreneurship in partnership with German International Cooperation in automobile, electronics, and construction clusters in India.

Under the aegis of the Indo-German Chamber of Commerce, dual vocational training programmes are being provided by German auto companies in Pune since 2015 with a vocational training partner in the city. The course enables trainees to focus on practical skills and applications, get shop floor experience in their respective training companies and join the working world immediately after graduation with great prospects for their future.

Despite the many initiatives, a field trip to Karnal in December 2021 revealed that the clusters had little interaction with the ITIs or any vocational training partner. Maybe larger companies hired apprentices but there was nothing more than that. The MSMEs continued to report lack of skilled workers as a major constraint. Yet, the cluster-based vocational skilling model has not been successfully scaled up. The policy question is: How to improve the interaction and, thereby, matching of skills between local industries and vocational training institutes?

The Draft MSMEs 2022 policy emphasises skill development at the district level and recommends assessment of the demand and supply of vocational skills. This should be done at the level of industrial clusters as well. The District Industries Centres (DICs) may map the clusters in their regions and understand their skilling needs. It is recommended that the DICs work with the industrial clusters, local vocational training partners, especially ITIs and State-level departments. The idea is to increase interactions between all stakeholders and address skilling gaps.

Interactions between industrial clusters and ITIs may include elements of the Model ITI scheme and other examples cited above. It is recommended that the DICs act as a bridge between local clusters and State-level departments in terms of transmitting skilling needs on a real-time basis.

Further, the ITIs may offer short-term courses for upskilling/re-skilling, especially during evenings/weekends. Public and private financing may help address these challenges.

The matching between industry needs and skilling providers has to improve if we want to address employability and employment issues in the backdrop of the Covid-19 pandemic.

Source: thehindubusinessline.com– Jun 10, 2022

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Upcycling and downcycling for a healthy planet

Upcycling is a form of recycling where unused items or materials are transformed into desirable, high-value products.

Upcycling reduces the strain on valuable resources such as fuel, forests and water supplies. It helps safeguard wildlife habitats, reduces air and water pollution, and ensures less hazardous waste production. The product has a longer lifespan.

Commonly upcycled materials include wood, leather garments, leather, fabrics, glass, carboard, tin and packaging. The textile and fashion industry, and furniture and home accessories businesses are suited for upcyling.

Downcycling is used to describe a recycled product that is not as structurally strong as the original product made from virgin materials. Plastic and cardboard are good examples. Downcycled materials can only be used to make a product that's different from the original. Downcycled plastic products can't be recycled again.

Plastic containers, for instance, are broken into plastic flakes. The flakes are pelletised, then extruded and spun into yarn or thread for carpets or garments. Pelletization is used in making outdoor furniture, large containers (like garbage bins) and flooring.

Source: thehindubusinessline.com– Jun 12, 2022

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Trident slips after bath linen production drops 34% YoY in May

Trident declined 2.79% to Rs 41.85 after the firm announced production update for May 2022.

In the home textile division, production of bath linen slumped 34.32% to 3,364 metric tonnes (MT) in May 2022 as against 5,122 MT posted in May 2021. Production of bed linen declined 6.25% to 2.85 million metres (MM) in May 2022 from 3.04 MM recorded in May 2021. Production of yarn slipped 10.86% to 9,191 MT in May 2022 over 10,311 MT reported in May 2021.

In paper & chemicals division, production of paper jumped 14.34% to 14,372 MT in May 2022 compared with 12,569 MT in May 2021. Production of chemicals fell 1.36% to 8,923 MT in May 2022 as against 9,046 MT in May 2021.

Trident is a vertically integrated textile (yarn, bath & bed linen) and paper (wheat straw-based) manufacturer and is one of the largest players in home textile space in India.

The company reported a 137.1% jump in consolidated net profit to Rs 181.25 crore on a 39% rise in revenue from operations to Rs 1,869.85 crore in Q4 FY22 over Q4 FY21.

Source: business-standard.com– Jun 13, 2022

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