TEXPROCIL NEWS CLIPPINGS
IBTEX TEXTILE INTELLIGENCE CENTRE
INFORMATION BUREAU TEXPROCIL
An ISO 9001:2015 CERTIFIED COMPANY
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. 141 of 2022 — July 18, 2022

NEWS CLIPPINGS

Currency Watch	
USD	79.89
EUR	80.57
GBP	94.94
JPY	0.58

INTERNATIONAL NEWS

No	Topics
1	IMF to slash global economic growth outlook 'substantially' at next review
2	China: Commodity futures extending the losing streak
3	Global market for sewing machines growing over five per cent: Study
4	USA: Cleveland: Don’t Give Up on Cotton
5	China's retail sales see 3.1% jump in June: NBS
6	Over 460,000 firms go out of business in China due to lockdowns: Expert
7	SA fashion retailers are looking for homegrown fabrics – reviving sectors crippled by Chinese imports
8	China-Europe freight train service in SCODA rises by 44.8% YoY in H1
9	Millennials – a defining generation for the fashion and other business
10	Seoul may not offer DFQF benefit to Bangla imports post LDC graduation
11	Egypt to increase cotton gins capacity, says official report

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

12	Home textiles shine as buyers shift orders to Bangladesh
13	Turkish ambassador for investment in apparel, textile joint ventures
14	Pakistan: Reimagining globalisation
15	Pakistan: ATPMA seeks competitive energy tariff to achieve 20pc export growth
16	Cotton outlook: that bad?
17	Pakistan: Trade deficit biggest economic challenge

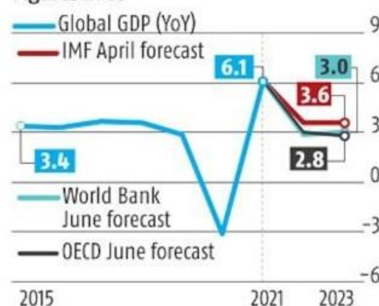
NATIONAL NEWS	
No	**Topics**
1	US President Joe Biden Welcomes UAE Inking Free Trade Agreement With India
2	CM Basavaraj Bommai mulling for new agri policy, to set up textile parks in all taluks
3	Digital lenders: Towards inclusion of MSMEs
4	Trade in rupee may not help apparel exports
5	View: For Globalisation 4.0, the world needs digital and distributed supply chains that are agile, resilient and affordable
6	CAIT to launch nationwide agitation demanding simplification of GST
7	Indian KVIC's Centre of Excellence for Khadi unveils knowledge portal
8	The Importance of eCommerce to the Fashion and Apparel Industry
9	Cotton price may dip to Rs 60,000 by December in Gujarat
10	‘You want anything textile, you come to India’

INTERNATIONAL NEWS

IMF to slash global economic growth outlook 'substantially' at next review

The International Monetary Fund will cut its global economic growth outlook “substantially” in its next update, as finance chiefs grapple with a shrinking list of options to address the worsening risks.

Surging food and energy prices, slowing capital flows to emerging markets, the ongoing pandemic and a slowdown in China make it “much more challenging” for policymakers, Ceyla Pazarbasioglu, the IMF’s director for strategy, policy and review, said at a Sunday panel in Bali, Indonesia. “It’s shock after shock after shock which are really hitting the global economy.” She spoke after the Group of 20 finance ministers and central bank governors ended their meeting on Saturday without reaching a communique, underlining the difficulty in coordinating a global response to surging inflation and recessionary fears.



EXPERT-VIEW

“IT'S SHOCK AFTER SHOCK AFTER SHOCK WHICH ARE REALLY HITTING THE GLOBAL ECONOMY” **Ceyla Pazarbasioglu,** Director for strategy, policy and review, IMF

“THE PATH TO A SOFT LANDING IS NARROWING. WE THINK IT IS STILL A FEASIBLE PATH BUT CERTAINLY NOT A VERY EASY ONE” **Hyun Song Shin,** Head of research, Bank for International Settlements

The IMF already downgraded its outlook for the global expansion this year to 3.6 per cent, from 4.4 per cent before the war in Ukraine, in its April report. In a review due this month, “we will downgrade our forecast substantially,”

Central bankers around the world are finding it tough to find the right response to price increases that are driven by supply issues. “The path to a soft landing is narrowing; we think it is still a feasible path but certainly not a very easy one,” said Hyun Song Shin, head of research at the Bank for International Settlements, at the same panel.

"Where central banks take monetary policy in a rapid and decisive manner and have a front-loaded response to inflation, that is more conducive to a soft landing."

Bank Indonesia, as the host nation for the G-20 meeting, has become an outlier in keeping its policy rate at a record low. Governor Perry Warjiyo has defended that view, saying that tightening too soon could risk plunging the country, fresh out of a pandemic-driven recession, into stagflation instead.

Meanwhile, central banks from the euro zone to Japan were about to reveal if they can resist the global urge for aggressive monetary tightening led by the US Federal Reserve.

Almost all economists reckon the European Central Bank on Thursday will limit its first interest-rate hike in more than a decade.

Source: business-standard.com– Jul 17, 2022

HOME

****

China: Commodity futures extending the losing streak

Commodity futures, represented by crude oil, have been extending the losing streak since mid-Jun. In the meantime, US dollar index has been rising, and even US treasury bond yield has rebounded continuously, reflecting notable features of risk-aversion.

It is not surprising that commodity futures decline due to its volatility, but still the recent month-long losing streak is unpredictable as it has lasted for such a long period with no solid rebound. Then, what's the cause behind it?

The super strong interest rate hike expectation, followed by concerns about economic downturn, appears to be driving force to decline in commodity futures.

1. Largest interest rate hike in 28 years

On Jun 10, US released economic data for May, that the CPI surged 8.6% from a year ago, beating the forecast of 8.2% and exceeding Apr's 8.2%, indicating the inflation remains elevated. As a result, US stocks tumbled that night.

Due to the higher-than-expected inflation. Market expectation for Fed's Jun interest rate hiked was adjusted from 50 basis points to 75 basis points. On Jun 15, Fed announced to raise interest rate by 75 basis points. Though Fed governor Powell said interest rate hike of 75 basis points would not be a normal state to quell the panic, the hike had dealt a severe blow to stocks market as well as commodity futures.

On the day after the hike, besides that refined oil product to crude oil price spread reached a plateau, energy, chemicals, metals, precious metals, agricultural products all got impacted.

The higher-than-expected CPI in May leads to the burst of illusion, and it is realized that only by taking tough measures can the rising inflation be stemmed.

That is to say, now that the supply issue can not be resolved, the interest rate should be raised to curb the demand. To put it bluntly, the high

inflation can only be reined in by economic recession. For Fed, it is a choice between recession and inflation.

2. Knock-on effect

With the easing policy tendency receding, the weakest link would be the first to get impacted. After US, as the strongest economy, began bigger-than-expected interest rate hike, the impact would be more manifested by its knock-on effect.

Consequently, investors were short selling in stocks, bond and exchange rate markets in Japan and Europe, and Japan government bond futures collapsed. US dollar to Japanese yen exchange rate rose to break 135 and reach 139. The difference between the yield on the 10-year benchmark Germany government bond and its Italian equivalent widened to 2.4 percentage points. Italian Prime Minister Mario Draghi said on Jul 12 that he would resign, which also raised concerns about crisis in Europe.

The strengthening of US dollar came as a result of interest rate hiked, and also the worse situation in Europe and Japan. Since of outbreak of Russia-Ukraine conflict, Europe has been mired in energy crisis, with inflation soaring. On Jul 11, Russia announced to shut Nord Stream 1 natural gas pipeline for 10 days. The market concerned that the pipeline may not reopen and the panic exacerbated. Afterwards, euro fell to parity with US dollar.

US announced on Jul 13 that its Jun CPI beat expectation to 9.1%, and the market expected Fed to raise interest rate by 100 basis points in Jul, which triggered another round of market slump.

3. Risk of recession

The expectation of recession trade does come out of nowhere, but is looming. Even for US, the strongest economy, its economic data are slipping heavily. After inflation adjustment, US May consumer spending was down by 0.4% on month, the first drop in 2022. May after-tax income dropped by 0.1%, indicating income growth lagged behind price rise. Apr US personal savings rate declined to new low in more than a decade, indicating savings are being consumed.

Besides from US, global economy is at risk. It can be seen that US and European economic data are weakening, while other countries could be in a more dire situation.

However, this round of market slump may still be sentiment-driven and short-lived. Supply shortage may not be relieved in the short term, and energy remains strong. On supply side, rise of US crude production is slow, OPEC's spare capacity is limited, Russian production is unlikely to return, and Iranian nuclear sanction is stepped up, thus, there's no concrete solution yet. As for demand, there's uncertainty when it will shrink and how much it would decline. Therefore, the market may keep fluctuating, and the inflation and fluctuation would pose continuous challenge to the market.

Source: ccfgroup.com– Jul 18, 2022

HOME

****

Global market for sewing machines growing over five per cent: Study

The global sewing machine market is growing at five per cent, reveals as study by Research and Markets.com. The study states the market is expected to reach $5.9 billion by 2028, rising at a market growth of 5.7% CAGR during the forecast period.

Based on type, the market is segmented into: electric, computerized and manual. The electric segment acquired the largest revenue share in the sewing machine market in 2021. Based on application, the market is segmented into: industrial, commercial and residential. The residential segment registered a significant revenue share in the sewing machine market in 2021.

The study finds, the apparel segment acquired the largest revenue share in the sewing machine market in 2021.

Based on regions, the market is segmented into North America, Europe, Asia Pacific, and Latin America, Middle East & Africa. Asia Pacific acquired the largest revenue share in 2021. China and Japan, contribute significantly to market revenue.

The growing textile sector in developing countries such as Bangladesh, Vietnam is also leading to high demand for sewing machines in the region. One of the most important driving forces for the region's growth is the increasing number of international corporations investing across the region. The availability of low-cost labor and materials throughout the region has helped the region's market income.

Source: fashionatingworld.com– Jul 15, 2022

HOME

****

USA: Cleveland: Don't Give Up on Cotton

Most all cotton fundamental signals weigh in on the side of higher prices, but not all. In fact, compared to last season, the weaker fundamentals have shifted to the demand side of the price equation and the stronger variables affecting price come from the supply side of the equation.

Too, despite all the drama associated with the "record sell-off" coming just a month after historic high prices, December 2022 prices are 100 points higher than the December 2021 contract was a year ago at this time. That is, just to say, don't give up on cotton. Yet, its nose has been bloodied and its face all but battered in, but up from the mat she has risen to stand tall and prepared to throw a few punches of her own now.

However, remember this market is blood stained, and straight up is not the path of least resistance. Nevertheless, we have called this a strong market, and a strong market it is. Despite all the drama, cotton prices are 100 points above the price a year ago. While 87 cents held last year, the weakening demand allowed this years' prices to slip to 81 cents. We have written of the market holding one since the low 90s, and now it is finally time.

There will be a few more bearish trading days, especially as one focuses solely on demand. But the supply demand interaction, as reflected by carryover stocks, call for yet higher prices. Many see December topping out at 102-103 cents. I will continue to keep the 110-cent level hat on. I am not sure it fits me, but I will continue to wear it. Knock it off if you can.

We know that bullish markets find their roots from the demand side of the equation. But we also know that the current U.S. economy suffers from rampant inflation and slowing demand, with stagflation likely on the horizon and bookended by concerns regarding just how deep the ongoing/upcoming recession is.

Usually, we don't generally know if we have suffered through an economic recession until it is almost over, but this economy is touching all the necessary bases to date to call for a recession. That gobbledygook economic stuff – stuff I love – is said just to suggest the December 2022 contract is looking for price guidance from U.S. and world production.

In its July supply demand report, USDA lowered its estimate of the 2022 production one million bales, down to 1.5 million from 16.5 million. USDA also lowered U.S. ending stocks for 2022-23 to 2.4 million bales, down 500,000 – a significant reduction and a stock level that is considered very market bullish. Likely, the August report will reflect a crop that is closer to 14.5 million bales, and USDA is expected to lower carryover down to 1.9 to 2.2 million bales – all but the absolute lowest stocks can go (there are always stocks in transit, stocks in domestic warehouses, and unsold U.S. stocks in foreign warehouses, i.e., stocks can never go to zero). Thus, the market can continue to expect upward price pressure from ever-declining stocks. While USDA increased world ending stocks, the increase was associated with declining consumption in four of the world's largest consuming countries: China, India, Bangladesh, and Vietnam. World consumption was decreased to 119.9 million bales, down from the prior estimate of 121.5 million. World carryover was increased from 82.8 million bales, up to 84.3 million.

World production was reduced nearly 1.3 million bales. Additional production declines could come in China, Brazil, India, Pakistan, and Brazil. Thus, it is noteworthy that the crop in the world's leading producing countries is somewhat behind the eight ball. Granted, it is still early, and the crop is fruiting well. But it is July, and it is supposed to fruit well in July.

There will be a few headaches along the way. The Fed will continue with interest rate hikes, and that will reflect a higher value for the dollar vis-a-vis other currencies. Thus, cotton for export will become even more expensive to foreign buyers. Yet, exports will be just as big "as the U.S. crop is." We will sell all that is produced and likely another 1.0 to 1.5 million bales. U.S. carryover stocks are going to be low for another two years.

The basis remained strong throughout the sell-off, reflecting that the price disaster was related to the futures market (speculators and funds riding the trend), not the cash market. December and Red December will get their rally. The market will give you another chance above the dollar mark.

Source: cottongrower.com– Jul 17, 2022

HOME

****

China's retail sales see 3.1% jump in June: NBS

China's retail sales of consumer goods, which is a major indicator of the country's consumption strength, shot up to 3.1 per cent year-on-year in June, according to recent data from China's National Bureau of Statistics (NBS). The recent growth seen in China's consumer goods retail sales has reversed declines that were noted in April and May.

Last month, the country's retail sales rose by 0.53 per cent on a month-on-month basis to 3.87 trillion yuan (which is about $573 billion), as per the NBS. During the second quarter of 2022, retail sales fell by 4.6 per cent year-on-year, which led the first-half figure to dip by 0.7 per cent as compared to the January-June period last year.

Meanwhile, the country's online retail sales saw a growth of 3.1 per cent year-on-year in the first half.

The NBS data also revealed that China's gross domestic product (GDP) increased by 2.5 per cent year-on-year in the first half of 2022. China's GDP rose by 0.4 per cent in the second quarter.

Source: fibre2fashion.com– Jul 17, 2022

HOME

****

Over 460,000 firms go out of business in China due to lockdowns: Expert

Under China's zero-Covid policy, there has been a wave of bankruptcies in many places. Zheng Yuhuang, a professor at Tsinghua University, revealed in a video that in the first half of this year, 460,000 companies in China went bankrupt. Over 3 million private businesses were shut down. Zheng Yuhuang added that in April, the liquidation of enterprises across the country soared by more than 23% year on year.

Peng Dingding, a freelance writer living in Beijing, told NTD that he was not surprised by such data. He has friends who run a garment factory and a food company in Hebei; both are facing bankruptcy. His friend in Beijing, who opened a restaurant, owed 20 million yuan (nearly 3 million dollars) within two years.

It is worth noting that this data is more than the number of companies during the first outbreak in Wuhan. In February 2020, 66 cities across China announced they would implement a lockdown. According to China's official data released on July 15, the country's economic growth rate in the second quarter only reached 0.4%, well below expectations. The growth rate of 0.4% is the slowest in over two years, since the first quarter of 2020 when the coronavirus outbreak started in Wuhan. Experts warn that the slowdown economy still persists for the year despite lockdown easing.

Due to strict lockdowns, businesses in China take a hard hit. Especially in the property market, multiple real estate firms are facing a debt crisis, as many fail to pay due debts. According to Caixin Global, about 200 major Chinese property developers had to pay 26 billion dollars of debts in June and July. Among them, 67% come from private developers, and oversea debts account for 56%.

Bloomberg reported from China Real Estate Information Corporation that homebuyers have refused to pay mortgages on at least 100 projects in more than 50 cities as of July 13. Analysts from Jefferies Financial Group Incorporated said there was an increase of 58 projects on July 12 and 28 on July 11.

Source: thebl.com– Jul 16, 2022

HOME

****

SA fashion retailers are looking for homegrown fabrics – reviving sectors crippled by Chinese imports

South Africa's major fashion retailers want to source fabrics locally after relying on cheaper imports from China which crippled the country's once-thriving farmers and producers.

Cotton fabric has a rich history in South Africa. Farmers, producers, designers, and retailers all benefited from a thriving local textile industry, but that all changed in the late 1990s when South Africa opened to trade with China.

Retailers started importing fabric and clothing directly from China at a cheaper cost, greatly reducing the demand for local production. As a result, the manufacturing industry's capacity dropped sharply.

Where South Africa had around 20 cotton spinning plants in the early 2000s, within a decade, this number had dwindled to just four. From the height of production in the early 1990s, when South Africa was producing almost 80,000 tons of cotton lint, by 2012, this output had decreased by more than 90%.

Now, locally grown fabrics are back in demand, with South Africa's major clothing retailers buying into the sustainable farm-to-fashion strategy. Foschini, Mr Price, and Truworths are just some of these retailers that have committed to local procurement, which could reinvigorate South Africa's farmers and manufacturers.

"It really just started with a question around could our products have South African cotton in it. We understood what that could do from a socioeconomic perspective, from a business risk perspective, from a sustainability [perspective], in terms of environmental elements," said Natasja Ambrosio, the head of sustainable value chain for cotton at the Mr Price Group, during the Africa Textile Talks panel discussion at the end of June.

The panel's discussion, hosted by sustainable fashion magazine, Twyg, centred around farm-to-fashion strategies, highlighting the importance of locally produced clothing, and reigniting the farm-to-fibre philosophy to create a whole-system approach to sustainable fashion.

Ambrosio, who said that Mr Price's push towards procuring locally farmed cotton started in 2013, was taken to task for the fundamental role retailers – like Mr Price – played in crippling South Africa's cotton industry by importing from China.

"We talk about farm-to-fashion. There was farm-to-fashion. South Africa had a very vibrant cotton industry from farm to the shelves," said Bruce Robertson, the CEO of Uganda-based Gulu Agricultural Development Company, specialising in organic cotton, who was heavily involved in South Africa's cotton sector from the 1990s up until 2008.

"Only one spinning mill remains, and that's on its last legs. Why is that? In my view, it's because the retailers have too much power in the structure, and they basically wiped out the cotton industry by importing. For example, Mr Price, if you look at their history and where their clothing came from during their ascendency, it came from China. All credit to them, because that was good for their bottom line, but the imports from China, from about 2002 to 2010, killed the South African cotton industry and cost it hundreds of thousands of jobs."

"I feel a little bit miffed when I hear about our interest in farmers and cotton and development and impact and all of that... because it's the retailers that wiped it out in the first place."

In response to Robertson's criticism, Ambrosio noted that as part of the strategy to uplift rural farming communities, Mr Price has started to provide input finance for small-scale cotton growers and to commit to buying the product on the condition that it fits within the specific grade.

"Around about 2017, a number of retailers got together, and I was fortunate to be part of that group, where we sat around a table and said something's got to change. I think retail stood and recognised, to the industry, to government, and to everyone, the fact that we were part of the problem," said Ambrosio.

"So, the problem that Bruce described, in terms of the history of imports and global value chains, it is what global value chains became. Retailers sourced from all over the world, from various different countries, and it had a significant impact on local production. Now, we sit on a weekly basis, discussing how we can contribute [and] significant commitments have been made to localisation.

Ambrosio added that the majority of its procurement had shifted to Africa in recent years, with up to 75% of some of Mr Price's businesses relying solely on local production.

"Yes, retail has to stand in its shoes and acknowledge that it was part of the decisions that we made in the past that impacted the industry significantly," said Ambrosio.

"Now, the good thing is that we're standing together, and there are discussions with everyone from spinning to textile mills to [the] footwear industry to furniture [and] we're involved in almost every master plan that relates to our product to try and shift that production back to South Africa."

Source: businessinsider.co.za– Jul 16, 2022

HOME

****

China-Europe freight train service in SCODA rises by 44.8% YoY in H1

In the first half of this year, the China-Shanghai Cooperation Organisation Local Economic and Trade Cooperation Demonstration Area (SCODA) in the eastern coastal city of Qingdao witnessed a much busier freight train service to Europe. The demonstration area handled 430 outbound and inbound China-Europe freight trains in the period, up by 44.8 per cent year on year.

Jiaozhou customs statistics in Qingdao show the inbound trains carried 17,000 containers of goods while the outbound trains sent 18,000 containers of goods in the six months, according to official Chinese media.

The freight trains just pass through one-stop customs declaration and inspection at the Jiaozhou customs check post and leave the Chinese border ports of Horgos and Alataw without stopping for further customs procedures.

The demonstration area operates 16 international freight train routes, reaching 49 cities in 20 countries, including Shanghai Cooperation Organisation member nations and a few that are part of the Belt and Road initiative.

Source: fibre2fashion.com– Jul 17, 2022

HOME

****

Millennials – a defining generation for the fashion and other business

From times immemorial, generations remodel the world in its own reflection, ranging from kitchen to keyboards to knowledge. For instance, in post-world war times, the “Greatest Generation” and the “Baby Boomers”, triggered a revolutionary change in how the Americans planned for their family budget. In recent time, research led by Michigan State University underscored how Millennials, now the world’s largest generational demographic, is transforming the customer experience along with the supply chain.

To reiterate, millennials, born between the 1980s and early 2000s, between the ages of 22 and 37, accounted for about 2 billion, with over 80 per cent living in emerging regions like South-Asia, South America, East Asia, and others. For brands and retailers, this means a huge market segment that they need to understand to stay strong in business. Millennial is a better-profiled generation backed by a few facts like, they grew up in the digital lifestyle which enabled them as intelligent consumers. Additionally, they expect companies are aware of their individual preference. Moreover, they want companies to customize product experiences.

For millennials, service chain is important than the product chain as their consuming habit is towards shrinking the product lifecycle. This means they demand a more regular product/service replacement. In a nutshell, millennials want speed and convenience more than price and availability. Also, they want to be involved in the co-creation of the product/service. They are more leaned towards something unique, which has the potential to disrupt the conventional entire supply chain and create an “experiential supply chain”.

Millennial generation carries different perspectives, they generally view themselves as logical consumers who evaluate price and product rather than only focusing on brand’s names. Regarding the source of how the millennials choose a brand, it is often influenced by peer recommendation which mostly exchanged using social media platforms. Such purchasing practice can be considered as a way of self-expression or portrayal, for instance, some millennials may apply a particular brand’s tagline/visual in personal cover photo on social media.

For the last decade, luxury brands have had to re-examine their approach in line with this growing millennial market, who have less desire for flashy designer logos. Provided this, millennials have been giving classic luxury brands a hard time. Evidently, Gucci's sales dropped, while Prada's showed a decrease. Consequently, many brands have removed their brand logos to adapt to the millennial's fashion preference, adapting to the movement towards logo-less but high-quality fashion items.

To better adapt with the ever-changing millennial segments, brands as well as supply chain companies are being forced to streamline products, supply chain and logistics processes so that products are meeting the consumer demand, can be delivered in the quickest and most convenient way to the consumers. In such fast-paced scenario, companies must study the traits of the millennials so that they can better meet the need of this dominating segment. A few of the important traits that need to be given utter importance are:

Tech Savvy: Millennials are the first generation to witness and grow up with internet. As a result, they possess an inherent appreciation for new technologies such as smartphones, apps, cloud, internet of things, automation, augmented, virtual reality and so on. So, companies need to emphasize on the smart blend of exciting new tools both in product development and supply chain management. In doing so, companies must be prepared to invest in and make available to such employees the latest devices and technologies.

Data analytics: Millennials use data as a mean to ease the decision-making process. They are fond of verifying a product and track the delivery process through data analytics. So, companies with embedded data analytical tools for the consumers are winning the game as consumer found it convenience for them. Thus, data analytical tools are effective to help companies inform their consumer approach to better engage their audiences.

Social responsibility: Millennials are demanding that companies source their input materials in the most ethically responsible way. Additionally, through various movements/platforms, they are putting procurement operations under greater scrutiny to purchase materials and services. They are raising their voices against entities those are engaged in unethical trade, child labor, or environmentally unsound practices. Millennials really want to contribute to the positive impact they believe business has on the society.

The “Networking” generation

According to the Nielsen, 97% of all Millennials have smartphone in their pockets. Another study found that a majority of Millennials spend most of their online time using their phones. Millennials’ integration with mobile phones and advanced networking skills makes them a good fit to develop public relations across continents and cultures. This ultimately help them to be updated about the latest trends be in fashion or others. Also, millennials’ 24/7 connectivity demands companies to speed up efficiencies along the product and supply chain.

It is quite clear that millennials are changing the way we work, and companies must make it a priority to include millennial-friendly initiatives to be competitive in the market. Surely, tech-based solutions are the next thing attracting the millennials and subsequent generations. Thus, companies in the domains of product development and supply chain must not miss the train of technology in their respective operations.

Source: textiletoday.com.bd– Jul 17, 2022

HOME

****

Seoul may not offer DFQF benefit to Bangla imports post LDC graduation

South Korea is unlikely to unilaterally offer duty-free and quota-free (DFQF) market access to products from Bangladesh after the latter graduates from the least developed country (LDC) status in 2026 as other countries with free or preferential trade agreements with South Korea may object. The Bangladesh embassy in Seoul has been informally informed about the decision.

In March last year, the Bangladesh mission requested the Korean trade, industries and energy ministry to form a joint feasibility study team on implementation of the Free Trade Agreement (FTA), but the ministry is yet to inform the mission regarding the issue.

The embassy of Bangladesh anticipates an adverse impact on the country's exports to South Korea as most Asian nations already have regional and bilateral agreements with the latter, according to Bangla media reports.

If the DFQF facility is discontinued, it will discourage South Koreans from investing in Bangladesh, it said.

South Korea now offers duty-free market access to Bangladesh in 95 per cent of tariff lines. Bilateral trade between both sides has crossed $2 billion.

Source: fibre2fashion.com– Jul 17, 2022

HOME

****

Egypt to increase cotton gins capacity, says official report

Egypt aims to increase cotton gins capacity to 4.4 million kantars annually up from 1.5 million kantars, according to a government report issued on Saturday.

A kantar is the official Egyptian weight unit for measuring cotton. It corresponds to the US hundredweight, and is roughly equal to 99.05 pounds, or 45.02 kg. It is equal to either 157 kg of seed cotton or 50 kg of lint cotton.

The Egyptian government is trying to breath a new life into the country's textile industry, which contributes almost 3 percent to the gross domestic product, employs one-third of the industrial labor and generates exports worth $2.6 billion annually.

According to reports, the country's cotton production rose by 30 percent during 2021.

Egypt increased the cultivated area this year to 236,000 feddans (one feddan equals 1.038 acres or 0.42 hectare) compared to 182,000 feddans last year.

In its annual report on Egypt's cotton on March 31, 2021, the US Department of Agriculture said that "cotton area harvested in Egypt was forecast to increase seven percent to 70,000 hectares (ha), from 65,000 ha in MY 2020/21." It added that Egypt's production is estimated to increase to 250,000 bales this year compared to 215,000 bales in the previous year.

Source: arabnews.com– Jul 16, 2022

HOME

****

Home textiles shine as buyers shift orders to Bangladesh

Bangladesh's earnings from home textile exports maintained a robust growth in the past two financial years and the earnings posted the second highest amount in the just concluded financial year of 2021-22 as global buyers shifted their orders to Bangladesh from other manufacturing countries, including Pakistan.

Exporters said that Bangladeshi manufacturers gained the confidence of global buyers through keeping the production uninterrupted during the Covid outbreak in 2020.

Though Pakistan was the leader of home textiles on the global market, the country lost some of its buyers during the global outbreak of pandemic due to the factory closure, they said.

Exporters said that buyers also shifted orders for home textiles from China and Turkey as factories remained closed in the countries due to the pandemic.

In the just concluded fiscal, the home textile sector remained as the second highest export earning sector after the readymade garment sector.

Export Promotion Bureau data showed that export earnings from home textiles in FY22 grew by 43.28 per cent to $1.62 billion from $1.13 billion in FY21.

Readymade garment export in FY22 grew by 35.47 per cent to $42.61 billion from $31.45 billion in FY21.

In the financial year 2020-21, home textiles export posted the highest 49.17 per cent growth and $1 billion dollar for the first time.

'Shifting orders from Pakistan in the Covid outbreak was the prime reason for increasing Bangladesh's export,' Md Harun-Ar-Rashid, president of the Bangladesh Home Textile Manufacturers and Exporters Association, told New Age on Saturday.

He said that exporters of Bangladesh gained the confidence of global buyers through keeping production uninterrupted amid the pandemic, he said.

Harun said that Pakistan had been losing an increased number of global orders due to the electricity crisis and political instability.

Not only Pakistan, China and Turkey also lost many orders as buyers shifted those to other sourcing countries, including Bangladesh, due to the factory closure amid the pandemic, he said.

Harun said that there was a huge opportunity for Bangladesh to gain more share of home textiles on the global market, but it would not be possible to manage the orders without establishing a strong backward linkage industry.

EPB data showed that earnings from home textiles had started declining after FY18. Export earnings from the sector in FY19 declined by 3.07 per cent to $851.72 from $878.69 million in FY18.

Earnings from home textiles in FY20 declined by 10.90 per cent to $758.91 million, the data showed.

M Shahadat Hossain, chairman of the Bangladesh Terry Towel and Linen Manufacturers and Exporters Association, said that Pakistan, China, Turkey and Bangladesh were the leaders of global home textile market.

Among the home textile making countries, Bangladesh still remains as an attractive sourcing destination for the global buyers as the other countries are facing energy crisis and political instability, he said.

Shahadat identified harassment of customs officials as one of the major barriers to maintaining export growth of home textiles.

Source: newagebd.net– Jul 16, 2022

HOME

****

Turkish ambassador for investment in apparel, textile joint ventures

Turkish Ambassador to Bangladesh Mustafa Osman Turan has called for investment in joint ventures in the apparel and textile industries in Bangladesh and his country.

The envoy paid a courtesy call on Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Faruque Hassan in Dhaka Sunday.

They discussed various issues, including potential areas for enhancing trade and investment between Bangladesh and Turkiye.

Faruque said there are many opportunities for Bangladesh and Turkiye to complement each other on issues related to mutual interests, particularly in boosting the apparel and textile businesses.

Turan and Faruque also expressed interest in facilitating sharing of knowledge and expertise in the apparel and textile industries through collaboration between the BGMEA University of Fashion and Technology and leading Turkish fashion institutes.

Interactions between designers and technical experts through the exchange of faculties and students will help develop knowledge and skills and benefit both countries, they said.

BGMEA First Vice-President Syed Nazrul Islam, Vice-President Miran Ali; directors Asif Ashraf, Barrister Vidiya Amrit Khan, Chair of BGMEA Standing Committee on Foreign Mission Cell Shams Mahmud and Chair of BGMEA Standing Committee on ILO issue ANM Saifuddin were also present at the meeting.

Source: tbsnews.net– Jul 17, 2022

HOME

****

Pakistan: Reimagining globalisation

In recent years the world has been rocked by unforeseen and unimaginable global catastrophes. The coronavirus pandemic caused disruptions to global economies as countries closed their borders. Markets became volatile and saw historic crashes, while commodity prices shot up owing to shortages in supply.

The global economy became accustomed to a new normal where Covid-19 vaccines represented health passports that dictated movement and activities across borders. Then, the sudden resumption of activity in travel, trade, business, and consumerism brought forward newer challenges. Increase in demand for consumer goods created extreme shortages in supply. New constraints and volatilities emerged in the global supply chain industry as demands to meet shortages outweighed capacity, giving rise to severe port congestion, quadrupling of freight charges, and heightened costs for warehousing and logistics.

There was hope that the supply chain crises would subside by 2022. But with the current Russia-Ukraine war and the re-imposition of restrictions over the resurgence of Covid-19 cases in China, the challenges to global supply chain networks seem to only have been exacerbated further.

Supply chain is part of the very fabric of globalisation, a phenomenon that has shaped the global economy over the past several decades. According to the International Monetary Fund, transoceanic routes carry over 80% of the world's traded goods. In the months following March 2020, the freight charges from ocean liners have increased by more than 300%. And as the crunch in the industry deepens, the tenets that have defined globalisation slowly seem to be tethering away.

Globalisation controversies

Anti-globalisation movements date as far back as 1999 when protests took place outside the Word Trade Organization conference in Seattle. Populist sentiments against open borders increased into the new millennium as businesses struggled to stay afloat in the aftermath of the 2008 financial crisis.

Some people believed globalisation was on the brink of extinction even back then – then came Brexit and Trump. In 2016, the United States launched a trade war against China, leading to one of the highest effective tariff rates the country had seen since the 1930s. In recent years, China also increased restrictions on the flow of cross-border goods, focusing instead on meeting a growing domestic demand.

Despite all this, supply chains continued to thrive, and global trade remained firmly reliant on the framework that has interconnected the global economy since the fall of the Berlin Wall in 1989. It was impossible for it to have been any other way. Globalisation may have made economies interdependent but this interdependency is characterised by geopolitical stability, exchange and transfer of technology, and for economies to make trade decisions based on where they have a comparative advantage. Global marketplaces emerged, defined by highly sophisticated global value chains. In short, efficiency was the key.

No one wants to give up on the comforts of globalisation, the trillions of dollars of opportunities that it has afforded over the years, and the addiction it has created amongst consumers to buy at exorbitantly low prices. Nor do globalization advocates want to ignore the benefits of the systems benefits on the 1 billion people who've risen out of poverty because of the new jobs that were created by foreign direct investment and rapid industrialisation. But efficiency also has its costs. Risks of sudden capital flights have the power to destabilize financial markets, and blue-collar workers in rich countries lose out when production is offshored.

More recently, however, disruptions to the global economy brought about by the pandemic have prompted a serious reflection and reimagining of the current world order as new bottlenecks in supply chain have emerged. Businessmen, policymakers, institutions and consumers all saw firsthand how globalisation failed during a global health crisis. Globalisation, in essence, was the reason why Covid-19, which started in a small Chinese province of Wuhan, spiraled into a never-before seen before global pandemic. The Russia-Ukraine war has served to justify these claims once again since sanctions on Russia have disrupted markets even further. Food and commodity prices have surged, and energy markets are becoming more and more volatile. Europe, having been dependent on Russia for its energy needs for years, is desperately trying to build up its gas reserves.

Globalisation’s changing tide

There is fear in giving up on existing frameworks completely but businesses also need protection. The narrative is changing from efficiency to security, and from a need to offshore to reap the benefits of cheap labour and production costs to a need to reshore and reap the benefits of safety in the event of another global crisis. Globalisation seems to be slipping in popularity while regionalisation is promoted to build new trading blocs that will yield minimal global impact in the event of a crisis.

It must be noted that evidence of countries reshoring production is very little. According to The Economist, domestic manufacturing in America remains not only firmly reliant, but has also shown a significant increase on imports of raw materials. Manufacturing shares as percentage of GDP in the rich OECD countries remains at a historic low of just 13%. But the fact that companies in the West are bearing additional costs to build up on reserve inventories in case of another supply chain crisis shows that the fear is palpable. Countries are diversifying their sourcing bases, to be able to meet demand in the event of a crisis when aggregate supply falls.

Therefore, reimagining globalisation is all about accruing the benefits of globalisation with partners, businesses, and people who you can rely on; with whom you share a strategic geographical and political advantage.

Cause for fears

Freight forwarders currently hold all the power and freight rates are expected to remain at record highs in the months to follow -- this is after the EU Mobility Package, which went into effect on February 2022, which has reduced the average number of working times for drivers and jacked up costs.

Elsewhere in the West, an aging population means that drivers are in short supply, thus creating a gap in the market. To find younger applicants, the industry needs to further improve working conditions, reduce hours and adjust pay scales. Moreover, oil prices continue to remain high and given the highly fuel dependent nature of the supply chain industry, the burden is being translated into high transportation costs.

Diesel buyers in Europe are having to spend 41 percent more on fuel today compared to December 2021. In addition to this, Europe is also on its way to revise its draft of the Emissions Trading System, the world's largest carbon market to regulate emissions. The additional tariffs are expected to be in place starting 2023 on aviation industries, oil refineries, electricity generation, steel production and other highly polluting sectors.

Lastly, the bottlenecks in the supply of goods remain. The closing of the Suez Canal in August 2021 has increased traffic and several port closures in China due to Covid-19 are adding to the pressure. Intense backlogs and congestion persist at ports in both the East and the West Coast.

The fact remains that stakeholders had underscored their dependency on maritime container trade. The IMF reports that rising shipping costs play a key role in driving global inflation. When freight rates double, inflation increases by 0.7 percentage points. While fuel or commodity prices have a higher and a more direct impact on inflation, volatility in shipping costs is quantitatively similar.

Rising shipping costs are in effect translated into higher import costs. Evidence from 143 countries further suggests that since imported goods and raw materials form the basis of production in most sectors, the impact is reflected in producer prices every 2 months. These costs are gradually passed on to the consumer. Countries that have a consistent trade deficit thus feel the impact of surging inflationary pressures far more than others.

Robustness gives way to resilience

Risks to supply chain have always been an inherent part of the industry, according to McKinsey's Dan Swan, and disruptions will continue to happen with more frequency and potentially larger magnitudes; The current supply chain crisis has reduced global GDP by 1 per cent.

Global supply chains therefore must be reengineered to afford sustainability and strength – the question is, how? Should railway systems and trucking be more regulated? How can the power of the oligarchies that control the shipping industry be curtailed? How can retailers and middlemen who have abused pitfalls to raise prices be held accountable? These are among the questions that need to be addressed to make the supply chain industry more resilient

But regulation also goes against the fundamental premise of the neoliberalist dream of globalisation. If the need for security morphs into a desire for regionalisation, protectionism and industrial subsidies will become the undercurrent allowing countries to meet domestic demand. In the short-term, broken supply chains and additional tariffs will further raise prices. In the long-term, however, replicating supply chains into regional networks will create inefficiencies that will increase operating and financial costs to over 2 per cent of the global GDP, according to The Economist.

Consequences for Pakistan

Pakistan has recently grappled with a severe financial and political crisis and up until a few weeks ago, the country was on the brink of bankruptcy. Inflation hit a two-year high at 13.8 percent, one of highest in Asia, and the central bank has had to hike its interest rates by 675 basis points in response.

Food prices have surged by 17.3 per cent while transportation costs have increased by 31 per cent. Electricity tariffs and gas prices have increased by almost 50 per cent while fuel prices are up by over 30 per cent to meet the conditions of the IMF. Moreover, the trade deficit has widened to an all-time high by 57.85 per cent year on year during the first 11 months of 2021-2022. The import bill has increased in the country by 44 per cent to over $ 72.18 billion, up from $50.02 billion in the same period last year.

Within the current framework in which Pakistan needs to significantly boost its exports, the looming changes in the global economy should be of major importance to the country. Pakistan should evaluate and define its own trade policy in response.

The export sectors need a buffer to cushion themselves against surging costs of production to remain competitive. Meanwhile, the textile industry offers a one-of-a-kind opportunity to capture newer markets and buyers. China is struggling once again to contain another outbreak of Covid-19, and India is facing rising cotton prices, which have made the country’s textile exports highly uncompetitive. Subsidies and relief measures should therefore be extended to not only make the industry more competitive but also to assuage the workers and employees who are already facing the impact of inflation causing lowered buying power and standards of living.

An employee who has his basic needs taken care of is one whose productivity is also higher.

Equally important is a need to identify new opportunities for trade within the region and establish links. Markets like China and India are witnessing the rise of emerging-market consumption within the rising middle class. According to a McKinsey report, it is projected that developing countries will account for almost two-thirds of global consumption of manufactured goods by 2025 and more than half of overall global consumption by 2030. It is projected that China will account for 12 cents of global consumption for every $1 and is soon expected to overtake the United States for having the greatest number of millionaires in the world.

China's share of exports also decreased to 9 percent of what it produced in 2017, compared 17 percent in 2007. This has been largely obscured because the country's output, exports, and imports have all shown an increase in absolute terms.

But what it indicates is that China is reorienting its value chains to meet its own burgeoning domestic demand. Elsewhere, India exported 35 percent of its total apparel output in 2002. This share decreased to 17 percent by 2017 as domestic consumers increased consumption.

These shifts present Pakistan with new potential opportunities that are fully in line with changing global paradigms. But it also presents a need for the country to build and establish the frayed relationships with some of its neighbours, especially India where nationalist sentiments and political mistrust have sabotaged relations for decades.

For Pakistan to be able to use the potential economic climate to its advantage, it will need to make use of careful strategic planning – taking incremental steps through cultural diplomacy to build new bilateral trade relationships.

Source: tribune.com.pk– Jul 17, 2022

HOME

****

Pakistan: ATPMA seeks competitive energy tariff to achieve 20pc export growth

All Pakistan Textile Mills Association (APTMA) on Saturday said it expects Pakistan's textile industry to achieve 20 percent growth in exports in the current financial year if government continued with the policy of regionally competitive energy tariffs.

APTMA Patron-in-Chief Dr Gohar Ejaz said, "Pakistan's textile industry is expecting notable increase during FY23 with a growth rate above 20 percent given that the government continues with the policy of 'Regionally Competitive Energy Tariffs' for exports."

Textiles posted a record increase of 25 percent in exports during the last fiscal year 2021-22, with an expansion plan of about Rs45 billion under the State Bank of Pakistan's Long Term Financing Facility (LTFF) and Temporary Economic Refinance Facility (TERF).

"Pakistan's textile industry plans to import 6 million bales of cotton this year from USA and Brazil," Ejaz said.

Textiles that makes over three-fifth of the country's total exports earned $17.62 billion in the eleven months of the last fiscal against $13.74 billion in the same month of last year, showing a growth of 28.26 percent, official data on textile export released so far showed.

In May 2022, year-on-year textile exports grew 56 percent to stand at $1.64 billion as compared to $1.05 billion in the same month a year ago, while month-on-month growth was down 5.6 percent.

The exports of this group stood at $1.73 billion in April 2022. In the textiles group, cotton yarn exports increased 24.2 percent during the period to $1.11 billion compared to $896 million in the same period last year, with May 2022 exports up 48 percent to $106.57 million over the same month last year.

Cotton cloth exports increased 30.34 percent to $2.24 billion, knitwear 36.4 percent to $4.65 billion, bedwear 21.68 percent to $3.0 billion, towels 21.66 percent to $1.02 billion, and readymade garments exports grew 30.68 percent to $3.54 billion in these eleven months. Raw cotton exports went up by 10 times to $6.58 million.

Curtailing Pakistan's trade deficit was one of the biggest economic challenge in fiscal year 2022-23 for the government.

In case the government was unable to curtail the trade deficit, the country might remain under constant threat of default with its foreign exchange reserves not building up to a secure level, as per businessmen and industrialists. The SBP's foreign exchange reserves dropped by $99 million to $9.718 billion during the week ended July 7 on external debt payments.

Source: thenews.com.pk– Jul 17, 2022

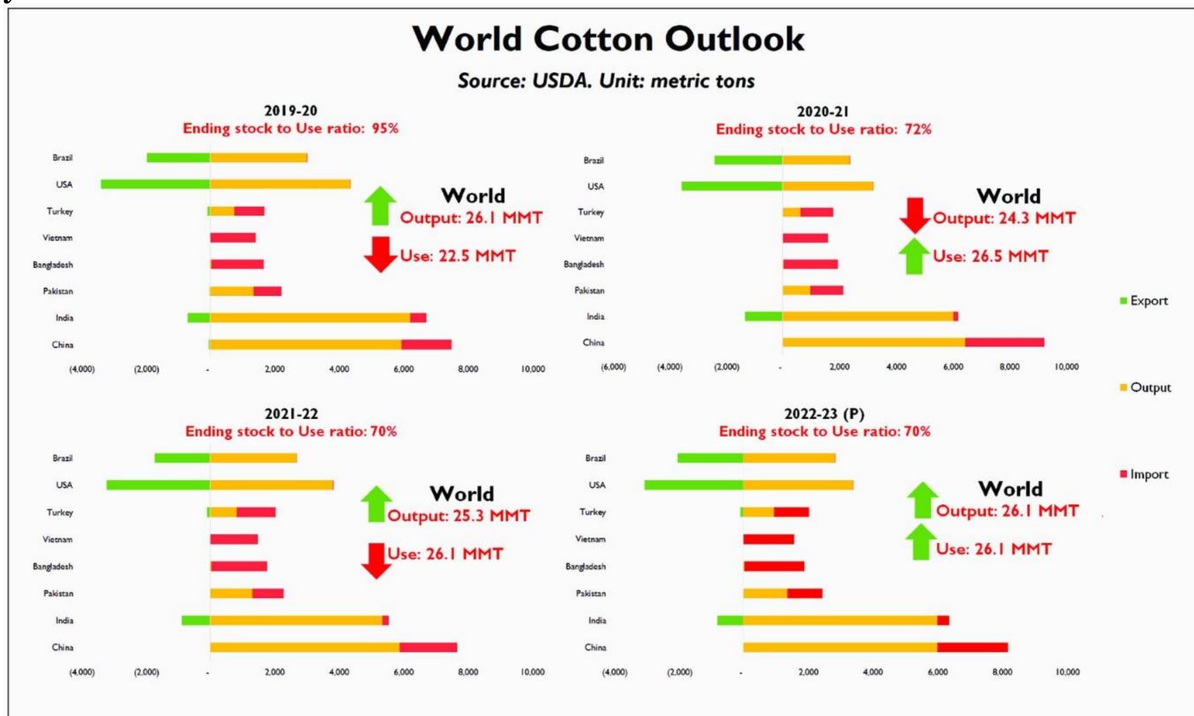
HOME

****

Cotton outlook: that bad?

Last month, world cotton prices finally begin to show signs of easing. Spot prices are down 37 percent from peak levels touch in April 2022 with per lb price falling below $1 for the first time since October last year. Does the crash in the cotton market bode well for textile players, as it comes on the back of inventory building at decade-high prices?

Whether local textile value chain will benefit from the brakes pushed on price rally remains to be seen. On one hand, local industry has imported cotton at average unit price of $2.3 per kg in the past 12-months, which they may no longer be able to price into future export contracts as raw material prices come down crashing. On the other hand, global prices have crashed at the cusp of fresh local crop arrivals, which means inventory building for the following year can take place at weakest levels in over a year.



Meanwhile, global cotton futures are still trading well above $2.25 per kg, significantly higher than pre-pandemic levels (2019), when per kg price had remained rangebound under $2 per kg.Although world cotton output remained below pre-pandemic levels during 2021-22 season – at 25.3MMT, it is now forecast to reach 26.1MMT during the upcoming marketing year 2022-23, highest in 5 years. As consumer demand tanks

given the risk of a global recession, cotton prices may come down a lot more in the months to come. But will they fall back to the pre-pandemic range?

Not necessarily. USDA projects that the ending stocks to use ratio for the upcoming 2022-23 season will remain unchanged at 70 percent, even as demand stutters. Although this may appear significantly lower than the pandemic year when the ratio climbed all the way up to 95 percent, it is still above pre-pandemic levels of 67 percent. World cotton prices had remained rangebound between $1.6 to $1.9 per kg between 2017 – 2019. Thus, past trend indicates that the global cotton inventory is yet to show signs of stress.

Does that mean that the relentless climb of world cotton prices over past year was pretty much transitory? Not exactly. The surge in world cotton prices has had to less to do with post-pandemic demand recovery, and more to do with Xinjiang cotton ban which has now come fully into force.

While the ban did help turn some orders away from China to smaller exporting countries such as Pakistan, it also helps explain why cotton prices were elevated even as global cotton stocks position remained adequate. In fact, ex- of Xinjiang cotton, ending stocks to use ratio would fall from 70 percent to mid-60s, which is the lowest since 2010-11.

Which raises the distinct possibility that even as global textile demand tumbles, world cotton prices may be slower to return to pre-pandemic territory of $1.5 to $1.75 per kg (or may never see that range again at all). FY23 may very well witness export volumes decline as world textile demand weans off of the post-lockdown consumption binge. However, export unit prices may sustain for slightly longer.

Source: brecorder.com– Jul 18, 2022

HOME

****

Pakistan: Trade deficit biggest economic challenge

Curtailing trade deficit would be the biggest economic challenge in fiscal year 2022-23 for the government, without which the country might remain under a constant threat of default and its foreign exchange reserve would not building to a secure level, Federation of Pakistan Chambers of Commerce & Industry (FPCCI) said on Friday.

The trade deficit clocked at a record $48.66 billion in outgoing FY22 that translates into more than $4 billion a month on an average, while it was $30.96 billion in the previous year (FY21), which shows an increase of 57 percent, the apex trade body noted.

“No country in the world with size of the economy like Pakistan can sustain or afford that kind of trade imbalance without further slipping into the vicious cycle of trade deficit, exchange rate volatility, and current account deficit (CAD),” FPCCI chief Irfan Iqbal Sheikh said.

He feared that exports in the year ahead might not be able to their ground as the cost of doing business has seen a significant increase on the back of skyrocketing petroleum, gas, and electricity prices, he added. Exports in the previous year touched $31.8 billion.

Sheikh explained that the country’s exports were mainly dependent on textiles and two third of the total growth in exports in the previous year came from value-added textiles. “However, we must be worried of lack of diversification and broadening efforts in our exports basket.”

He urged the government to diversify exports, incentivise exporters and export-oriented industries, establish new industrial enterprises, revive sick units, tap new markets, promote services’ exports, and make full use of preferential trade agreements (PTAs) and free trade agreements (FTAs). He was of the view that Pakistan enjoys any meaningful bilateral trade surplus with only a few countries in the world.

Source: thenews.com.pk– Jul 16, 2022

HOME

****

NATIONAL NEWS

US President Joe Biden Welcomes UAE Inking Free Trade Agreement With India

On Saturday, United States President Joe Biden has welcomed the economic initiatives of the United Arab Emirates, which comprises the recent signing of Free Trade Agreements (FTA) with various nations including India. According to a statement from the White House, Biden "welcomed the UAE's economic initiatives throughout the Middle East and beyond, including its recent Free Trade Agreements signed with Israel, India, and Indonesia as well as new investments in Jordan and Egypt."

This statement came at a time when US President Biden visited President Sheikh Mohamed bin Zayed Al Nahyan, President of the United Arab Emirates (UAE) in Jeddah, Saudi Arabia, as a part of the summit between the US and the Gulf Cooperation Council (GCC), Egypt, Iraq, and Jordan.

Further, it is pertinent to note that this year, the UAE inked three trade agreements, one each with Israel, India, and Indonesia.

In addition to this, the two Presidents reaffirmed their dedication to advancing the broad security cooperation that has made both nations safer and made a significant contribution to regional peace and stability in the area of defence.
Leaders of US and UAE discuss variety of subjects during bilateral meeting

According to the White House's statement, in order to combat financial crimes and illegal money flows, the UAE has taken measures to tighten its laws and enforcement systems, which have been acknowledged by President Biden. Both Presidents emphasised the vast and longstanding collaborations in the fields of education, culture, and health between the two nations.

The leaders even agreed to keep using their combined diplomatic standing to defuse and end problems in other parts of the region. They talked about how crucial it is to maintain the prospect of a two-state solution and make sure that Palestinians too benefit from the Abraham Accords.

Besides this, President Biden also offered his "personal condolences to President Sheikh Mohamed bin Zayed and all Emiratis on the loss of His Highness Sheikh Khalifa bin Zayed al Nahyan," as per the statement. He even extended an invitation for the UAE President to visit the US later this year and congratulated him on his recent election as President.

The statement further highlighted that during the summit, the leaders of the United States, the Gulf Cooperation Council (GCC), Egypt, Iraq, and Jordan discussed a variety of opportunities and obstacles on the regional and international levels that call for close cooperation between the US and the UAE as strategic partners.

“On economics, commerce, and trade relations, President Biden noted that the UAE is one of the fastest growing U.S. economic partnerships globally, the largest U.S. trading partner in the Middle East, and a significant investor in the U.S. economy,” the statement read.

Moreover, the UAE has long been a dependable and responsible provider of energy, and President Joe Biden applauded this commitment. He also acknowledged the UAE's leadership in pushing climate action, the energy transition, and the development of clean energy technology.

Source: republicworld.com- Jul 17, 2022

HOME

****

CM Basavaraj Bommai mulling for new agri policy, to set up textile parks in all taluks

Stressing the need for a new agriculture policy in the state, Chief Minister Basavaraj Bommai said the government is contemplating bringing the new agriculture policy under which agriculture will be developed as an industry.

Addressing the people of his constituency, the chief minister spoke at Khursapur village of Shiggaon taluk in Haveri district on Saturday, after laying the foundation stone for the new textile park and Texport company's readymade garment factory.

The proposed textile park will come up in an area spread over 59.34 acres. Texport Private Limited would be set up on the Anchor-Promoter model by investing Rs 42 crore, which is the first of its kind in the state. Infrastructure facilities would be created in three phases for the textiles units and readymade garment factories. The state government has provided Rs 25 crore for the first phase.

Families are growing, but the farmland won't. Therefore to reduce the dependency on the agricultural land, a new agriculture policy will be brought to help the farmers and their children to do other jobs along with agriculture in their native.

The textile industries create more employment, and the world is looking at India in this sector. Therefore the government is planning to start textile industries in rural areas apart from megacities like Bengaluru. “In the coming three to four years, every taluk of the state will have a textile park for the help of local farmers and their educated children,” he said.

"In the Shiggaon Textile park, around 10,000 jobs will be created, where most of the locals will be employed. In the first phase, around 3,000 jobs will be created and in the second phase, the remaining jobs will be created by September 2023. Like this, around 5 lakh women of the state will be getting jobs in their nearby textile factories in the coming days," CM said. Bommai also laid the foundation stones for the construction of new cold storage and a new building of APMC and inaugurated a veterinary hospital and other developmental programmes in his constituency.

Haveri district in-charge minister Arebail Shivaram Hebbar, agricultural minister B C Patil, MLC Basavaraj Horatti, MLA Virupakshappa Ballari and others were present.

Source: newindianexpress.com- Jul 17, 2022

HOME

****

Digital lenders: Towards inclusion of MSMEs

India is now a country of over 100 million micro, small and medium enterprises (MSMEs) following the inclusion of retail and wholesale trading in the MSME category by the government last year. This means the fortunes of over 25 per cent of the households are linked to any policy changes related to MSMEs.

Over 47 per cent of micro enterprises and 53 per cent of SMEs have adopted digital sales platforms according to a CRISIL report. Another report assessed that over 65 per cent MSMEs have incorporated WhatsApp and video conferencing like digital tools into their daily business operations.

Use of digital mediums for payment collections, online sales by MSMEs, GST transactions have seen between 50-100 per cent growth over the last few years. Despite all this, the fact is that over 90 per cent MSMEs in India are Micro in nature (turnover of less than ₹5 crore), don't have enough turnover to fall under the GST or other taxation ambit and don't maintain formal record keeping of their finances.

They still rely on savings, friends, family and money lenders for meeting seasonal exigencies for working capital or growth capital and fall short of requirements most of the time.

As per a Global Findex report, only 8 per cent of India's population borrowed money from formal sources and this may not be a result of choice, given that informal funding is costly and at times considered embarrassing.

Over the last five to six years, digital lending has gained significant prominence, bolstered by the success of strong government payments infrastructure, burgeoning e-commerce sales and customer base and thus, more than 50 per cent of the new Bank accounts opened in the last five years, have been by Fintechs.

The RBI has promoted multiple sandboxes to propel innovation in the MSME space. Further, NITI Aayog's recommendation on digital banking for businesses are examples of policy level thinking for the betterment of the MSME sector.

The digital lenders have truly brought inclusion and formalisation of credit to the fore by providing widespread access to information, availability, transparency and hassle free experience. They use data backed surrogate underwriting tools and cash flow based assessments to sachetise the lending size and use cases.

MSMEs can now access loans based on their purchase and sales, discount their invoices, borrow against their machinery or even pledge bullion digitally. Data suggests that digital lending is one of the fastest-growing fintech segments in India and it grew exponentially from a volume of $9 billion in 2012 to $110 billion in 2019 and is expected to grow to $350 billion by 2023.

According to the Global Findex report 2021, distance to financial institutions, lack of trust, and lack of need were the most commonly cited reasons for formal banking account inactivity in India. Adequacy and timeliness of funds are equally prominent reasons.

India's private debt to GDP ratio is amongst the lowest in the world and needs to really expand to contribute to the GDP per capita. Digital lending has both the potential to solve most of the challenges mentioned in the aforementioned report due to the ability to use the new age ML and AI architecture to disseminate credit efficiently, minimising frauds and errors.

Embedded finance and ONDC

Embedded finance, as a category, now enables merchants to take real time loans during the purchase and sale journeys. It is becoming a boon to many small outlets that can stock more, sell and pay to the lenders once sale is done versus requirement of upfront cash in the past.

Payment collections in industries like Textiles and Chemicals have significant challenges and invoice backed financing propositions by the Trade Receivables Discounting System (TREDS) ecosystem and digital lenders are bringing discipline and unlocking significant cash flows stuck in the working capital.

The recently announced Open Network for Digital Commerce (ONDC) is a promising framework that can take MSME credit and their effectiveness to the next level. The RBI is taking measured steps in both encouraging digitisation of the lending processes and at the same time checking on the

data and customer centricity components to ensure sustainable growth of the ecosystem.

That said, the penetration of formal credit for MSMEs has fallen significantly short of potential. The MSME credit culture in the country has a history of higher delinquencies that have further precipitated with demonetisation, GST, IL&FS crisis and the continuing Covid pandemic, breaking the backbone of this segment.

Cost of funding for the digital lenders remain elevated as banks and NBFCs are charging significantly high rates for such onlending, making low cost funding to MSMEs difficult. The availability of consent based digital data like GST, banking information, transaction data is still in its nascent stages, making it difficult to underwrite thin files, even with surrogate data. The Business KYC process is still a high friction process versus the consumer KYC and is an area that needs attention to viably expand small size credit to MSMEs. The prospects for MSMEs getting affordable access to finance are bright due to continued governmental focus on making these enterprises competitive, digitisation of trade records like GST and digital payments, and schemes like Mudra and CGTMSE by SIDBI.

Fintech players are now tapping low cost funds via the co-lending mechanism and this can be the game changer in the near future for MSMEs. A lot more support is required from the government and the stakeholders in encouraging digital lenders and digital lending on the lines of priority sector lending and initiatives like UPI.

Digital lending can unlock a very strong culture of formalisation in the economy that has far reaching benefits.

The industry needs to focus on MSME education relating to benefits of formal finance, better litigation mechanisms for managing wilful defaulters and early warning signals, stronger banking-fintech partnerships to provide inclusive finance as enablers for the digital credit revolution for MSMEs. This is very important for propelling the country towards the goal of becoming a $5 trillion dollar economy and beyond.

Source: thehindubusinessline.com– Jul 17, 2022

HOME

****

Trade in rupee may not help apparel exports

Indian garment exports are not likely to get much boost from the new additional arrangements for international trade in Indian rupees. One reason is that Europe and the US are the major markets for Indian apparel exports and buyers in these markets prefer to pay in dollars. Even, European buyers want to pay in dollars instead of their own currency.

However, imports and exports of upstream textile products like cotton and yarn may benefit from the new arrangements put in place by the Reserve Bank of India (RBI) which has asked banks to make arrangement for trade transactions in rupees. Exports and imports of cotton and yarn may get some boost as there are many non-American and non-European countries where importers and exporters may consider transacting in rupees.

The Federation of Indian Exporters Organisation has said that the RBI's move will pave the way for trading and settlement of export and import transactions in Indian rupees. The RBI has taken this step at a time when many countries in Africa and South America are facing huge forex shortages. So this move is expected to help exporters and importers.

The Southern India Mills Association has welcomed the RBI announcement as a relief to Indian exporters and importers, who have been facing challenges owing to the tightening of monetary policies all over the world.

Source: fashionatingworld.com– Jul 15, 2022

HOME

****

View: For Globalisation 4.0, the world needs digital and distributed supply chains that are agile, resilient and affordable

The aftermath of the pandemic and the ongoing Russia-Ukraine war have triggered massive disruptions in global supply chains, revealing the vulnerability of networks that were largely built on cost optimisation. Supply chains are critical to global growth. So, their reinvention is vital to rebuilding economies in the post-pandemic world.

Stretched supply chains make it costlier to procure raw materials, manufacture goods and ship them worldwide. According to the International Monetary Fund (IMF), inflation rates around the world have recently reached an average of 8.7%.

Distortions in the world's supply chain system have left countries dangerously vulnerable to economic disruptions and shocks. This has, in turn, prompted knee-jerk reactions among governments worldwide in the form of tighter border controls, investments in creating hyper-local supply chains and greater incentives for developing critical technologies indigenously, all on a rising tide of nationalism.

This fragmented, go-alone approach does not augur well for the global economy. Resurgent protectionism will result in shocks to the global financial system and add both cost and inefficiencies, to the detriment of consumers. There is an imminent danger of swinging from acute scarcity to excessive supplies, which, in turn, will see alternating waves of price surges and steep commoditisation.

The world needs digital, distributed supply chains. Up until the pandemic hit, traditional supply chains were able to manage stable, high-volume production by capitalising on labour-arbitrage opportunities. We now understand that business continuity requires resilience and agility more than just cost.

Health crises, changing geopolitics, technological transformation and digital convergence are making it imperative for global businesses to revisit their supply chain strategies. The world needs to move away from a centralised, linear model of supply to digitally enabled, distributed supply networks that are closer to customers and markets.

These 'future-ready' supply chains will need to be dynamic to meet rapidly evolving, and increasingly volatile, customer and consumer needs. They need to be smart to predict, prepare and respond to a catastrophe whenever and wherever it strikes. They also need to demonstrate a commitment to improved environmental, social and governance (ESG) performance by ensuring business operations are circular, net-zero and trusted.

We have a great example of a flexible and resilient system - the internet - which is based on a highly distributed architecture. The pandemic, for instance, was managed on a cyber backbone that enabled remote working, virtual meetings and digital commerce, and kept the world economies interconnected and relatively undisrupted. Leveraging the internet model to reinvent the global supply chains of tomorrow can lead us into a state of preparedness no matter what the crisis.

Personalised supply chains are what the future will ultimately demand. For example, ecommerce and epharmacies, which will need to cater to individual needs in the shortest time. It will need digital platforms that track, trace and deliver at speed and scale. Hub-and-spoke models that are both agile and affordable will form the distributed model that will need to have lean and efficient, 'just in time' inventory management systems.

Supply chains of the future must be global, regional and local at the same time. Information technology (IT) has a very important role to play in building 'future-ready' global supply chains, which are smaller, nimbler and better prepared to manage higher levels of complexity.

Blockchain will allow the decentralisation of processes while artificial intelligence (AI) will lead to the creation of large autonomous supply chains with the ability to regulate themselves and decide how to react to black swan events. Countries with strong digital backbones could act as the arteries of this new global supply chain system.

India has a key role to play. India's strategic intent to build a robust digital economy and its commitment to universal healthcare have already been initiated in our country at scale from direct bank transfers (DBTs) to CoWin. Digital healthcare that relies on distributed models is a great opportunity for India to build sustainable and resilient supply chains across vaccines, diagnostics and therapeutics for the world.

India produces 15% of the world's vegetables and 22% of the world's fruit. We are also among the largest global producers of milk, rice, wheat, sugarcane, cotton, tea, coffee and mangoes. As a strong agrarian economy, India has a huge opportunity to cross-leverage agri-tech to deliver robust and global food supply chains.

Strong competence and capabilities in digital technologies are what differentiate India, and we can use this knowhow to rebuild global supply chains on a bedrock of scale, affordability, reliability and value.

A global model based on digital and distributed supply chains that are agile, resilient and affordable can lead the world into a state of preparedness no matter what the crisis. This is the essence of Globalisation 4.0. Adopting this Globalisation 4.0 model will spur inclusive and equitable growth for all countries in the new economic world order.

Source: economictimes.indiatimes.com– Jul 17, 2022

HOME

****

CAIT to launch nationwide agitation demanding simplification of GST

The Confederation of All India Traders (CAIT) on Sunday said that it would launch a nationwide agitation from July 26 demanding rationalization of GST rates on grounds that it is causing an adverse impact on trade and commerce.

The traders' body stated that bringing unbranded food and other products under the GST tax would increase the compliance burden on the traders. Moreover, a hike in rates of daily use items such as textiles and footwear will add to the inflationary pressure, CAIT said.

"The manner in which the Finance Ministers of all the states have distorted the basic nature of GST without consulting stakeholders, it is clear that the Council has no interest in simplifying the tax system and enlarging the scope of the tax net in a healthy manner," CAIT said in a statement.

CAIT National President Shri BC Bhartia and Secretary General Shri Praveen Khandelwal said that the national agitation will begin from Bhopal on 26th July. and more than 50 thousand trade organizations in the country will aggressively participate in the national movement.

Several tax rate changes, including on low-cost hotel accommodation, expensive hospital room rent, solar water heaters, coal bed methane, cheques and select farm equipment, will take effect from 18 July.

As per the changes brought in GST rates, tax exemptions have been withdrawn on a few items, and these will now be taxed as per the GST Council's decisions. These include cheques at 18%, pre-packaged and pre-labelled items such as curd, lassi and buttermilk at 5% and maps at 12%.

Also, capital goods used in petroleum and coal bed methane exploration will now be taxed at 12% instead of 5%.

The Council also decided to raise tax rates on items such as ink, knives and pumps from 12% to 18% and solar water heaters and leather from 5% to 12%.

In addition, cut and polished diamonds will attract 1.5% GST, up from 0.25% now.

Also, hotels with rent below ₹1,000 a night will attract 12%, and non-ICU hospital rooms with rent above ₹5,000 will be taxed at 5% without the input tax credit.

Source: livemint.com- Jul 17, 2022

HOME

****

Indian KVIC's Centre of Excellence for Khadi unveils knowledge portal

India's Khadi and Village Industries Commission (KVIC) recently launched a Knowledge Portal for Khadi, a platform developed by the Centre of Excellence for Khadi to offer design directions to khadi institutions.

The portal, inaugurated by KVIC chief executive officer Preeta Verma, aims at creating design intervention by simplifying trends especially suitable for khadi.

Four stories and design directions have been conceptualised and presented in Volume I. Each story has a key theme, colour palette and directions for woven designs, prints, textures and surfaces. Every story has been separated into two segments: home and apparel, an official release said.

Besides the themes, the portal also provides size charts, silhouette boards, buttons and closures, seams and finishes for both home and apparel.

The information will be updated twice a year to provide directions according to the seasons and trends.

Source: fibre2fashion.com- Jul 17, 2022

HOME

****

The Importance of eCommerce to the Fashion and Apparel Industry

Online sales are a component of many businesses that are expanding quickly. But few sectors use e-commerce as extensively as the fashion sector.

Online sales are being driven ahead by burgeoning retailers, who are placing increasing demands.

What benefits does this offer, though, to both customers and retailers? And how vital is eCommerce to the fashion industry?

Overview of fashion e-commerce in general

More consumers than ever shop for clothing from internet merchants. These individuals are generating significant amounts of money, which has enabled firms to expand and is now essential to their success.

According to statistics, e-commerce has become a crucial instrument for the fashion sector. The industry earned $481 billion in total revenue in 2018. This figure increased to $545 billion in 2019 and is anticipated to reach $713 billion by 2022.

The steady increase in revenue is partially attributable to the growth of potential customers. By 2020, an additional 1.2 billion consumers are anticipated, with the majority of them falling between the ages of 16 and 35.

The expansion of numerous garment segments aids fashion eCommerce. In several of them, growth is slowing down, but the expectations are still optimistic.

The accessories and bags sector, which increased by a sizable 15.6 per cent in 2018 and is expected to continue growing by 8.7 per cent by 2022, is the strongest of those segments.

Here are a few other figures to consider that have aided in the expansion of e-commerce in the fashion sector:

- 43 per cent of purchases are made after personalised recommendations (via advertisements)
- 75 per cent of consumers brands personalise messages, offers, and products
- China spent $740 billion on e-commerce in 2019, making it the country with the highest spending rates. Over what was spent in the USA, that represents an increase of $179 billion (the second largest market).
- In South Korea, 77% of individuals purchased clothing online in 2019. Any country has the most with that.

Click here for more details

Source: inventiva.co.in- Jul 15, 2022

HOME

****

Cotton price may dip to Rs 60,000 by December in Gujarat

After touching the lifetime high of Rs 1.10 lakh per candy (356kg) in recent months, the cotton price is likely to dip to Rs 60,000 per candy by December because of the slump in demand and the wait-and-watch strategy of the market players.

Cotton prices have come down to about Rs 80,000-Rs 85,000 and forward bookings for October-November are priced at Rs 66,000-68,000 per candy. The Spinners Association Gujarat (SAG) believes that by December, cotton prices will go below Rs 60,000.

SAG president Saurin Parikh said, "Cotton prices have come down significantly from the lifetime high and there is very little demand because traders have been staying away from buying large quantities when prices are falling. This can be seen in the ongoing forward contracts also as October-November forward contracts of Rs 66,000-68,000 for different qualities see less takers."

The cotton production is expected to be high this year and good arrivals will further bring down the prices, industry believes.

Jayesh Patel, vice-president of SAG, said, "Forward contracts for October-November were started at Rs 70,000 per candy but as there were no buyers, the prices dropped. There is a possibility of further reduction in prices with the arrival of new crops from October. In the new season, cotton prices may go below Rs 60,000 and it will provide a good business environment for the whole textile value chain."

The textile sector witnessed difficulties due to the high cotton prices and spinning mills across India had to cut the production because cotton yarn prices were lower and spinning mills were experiencing loss of almost Rs 40 per kg. This impacted weaving and processing units also. Former chairman of Powerloom Development & Export Promotion Council, Bharat Chhajer, said, "Many traders had bought fabrics at higher rates and now grey fabric rates have come down significantly. This has impacted the demand. The demand is likely to rise only after prices stabilize."

Source: timesofindia.com– Jul 17, 2022

HOME

****

'You want anything textile, you come to India'

Rolf von Bueren first came to India in 1964, and his first buy was a jamevar shawl from Kolkata. Since then, he has been visiting the country three to four times a year to work with the craftsmen and source textiles. This time around, he has come armed with a few Sanskrit words. "I have been asking people what they mean, and I haven't got an answer," says the genteel octogenarian. "In Thailand, many people would know that some of these words mean. In Thailand, all royal ceremonies start with Brahmin priests reciting the prayers, then come the Buddhist ones. Even the written Thai language is closer to Sanskrit than Hindi is."

Born German, Rolf has done "a lifetime of meditation and other exercises" to shed "the aggression of the West". "The Thai are very gentle people," he says of his adoptive country. Looking at that high forehead, soft speech and deep bow during introductions and farewells, it's hard to imagine him as anything other than a connoisseur of fine things. Yet he was sent to Thailand in 1962 to set up a chemical plant. "Then I was sent to Korea," he says, "but the country was too hard; no judgment."

He met his Thai-Scot wife Helen, and together, they set up Lotus Arts de Vivre: An exclusive travelling collection of jewellery, personal items and artifacts. Rolf and his son Nicklas are in Mumbai to open a brick-and-mortar outpost in Colaba which will see other aesthetes by appointment.

The van Buerens travel as a family (almost 200 days in a year), sourcing material from mostly south Asiatic countries and giving them their distinctive twist—a leather bulldog with veins of silver, 100-year-old bamboo mats folded into clutches, covered with cloth and hand-painted; the trunk burl of a tree turned into a table. "You see swirls instead of rings," Rolf points out. Gigantic bowls made out of cinnamon sticks, rudraksh gilded and strung to form a necklace.

He has just ordered a bunch of shibori (bandhej/ bandhani) scarves for clients at the end of the year. Rolf's introduction to the weavers and artisans of India came through textile conservator and cultural historian Martand "Mapu" Singh. He still works with weavers and artisans introduced to him by Mapu, as he does with his contemporaries, textile scholars and conservators Rahul Jain and Rta Kapur C8histi. Rajmata Gayatri Devi was a gateway into the grandeur of royal Rajputana, and she

inaugurated many of the van Buerens' exhibitions. "Mapu told me that the best shibori has 25,000 knots per square metre," says Rolf, eyes wide as if he was just told this bit of trivia. "Can you imagine how fine it must be? You want anything in textile, you come to India. You also have the best craftsmen for kundan setting, stone inlay, bidri-work. That's why we come here. Why reinvent the wheel?"

Being such a frequent visitor, Rolf has also been witness to the shrinking pool of artisans. "You used to have a huge number of handloom weavers; now only about 20 per cent remain. If you go to Benaras and see some of the weaving, it's terrible. All the young people have left ," he says. "In Jaipur, which was a stone-dedicated city, we saw artisans glued to their screens when the stock exchange was booming. The stone layers did not care about their business anymore! There was no new stock. The splendour is slowly fading away. There are a few young people who are following their parents into the trade; we work with them. The challenge of the lack of artisans is what my sons [Sri and Nicklas] will have to face."

Nicklas is with Rolf on this trip. Sharp in a suit, he has three bracelets on one hand—braided leather with animal-head clasps in silver. His personal agenda in India is to check out textiles and have some suits made.

His professional task has been to build an online presence for their endeavour, trying to distill 1,000-year-old craft processes into 1.5-minute attention span of the new clientele. Astonishingly, the three-year-long COVID 19-imposed lockdowns, during which the family did not travel, led to a spike in sales.

"People were stuck in their homes. Their attention span was devoted to their home country. They were not flying out every other week, so they had the time to understand our objets d'art. People wanted to know and learn about what they didn't know before" explains Nicklas.

Click here for more details

Source: mid-day.com– Jul 17, 2022

HOME

****