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INTERNATIONAL NEWS

USFIA Survey Says China's Losing to This Country

The recently implemented Uyghur Forced Labor Prevention Act (UFLPA) is significantly impacting fashion executives' sourcing plans.

More than 95 percent of respondents to a United States Fashion Industry Association (USFIA) survey said they expect UFLPA's implementation will affect their company's sourcing, according to the association's 2022 Fashion Industry Benchmarking Study. More than 85 percent reported plans to cut their cotton apparel imports from China, while another 45 percent said they will further reduce non-cotton apparel imports.

USFIA based its new report on a survey of 34 executives at "leading" U.S. fashion companies, 81 percent of which have more than 1,000 employees. Approximately 70 percent self-identified as retailers, 67 percent as importers/wholesalers and 40 percent as brands. USFIA conducted its survey between April and June.

About one-third of respondents told the USFIA that they source less than 10 percent of their total sourcing value from China, up from 20 percent pre-pandemic. Half said they source more from Vietnam than from China. Asia as whole, but "especially" China, still plays a "very important and critical role" as the textile supplier for apparel imported into the U.S, Sheng Lu, the report's author and an associate professor in the University of Delaware's Department of Fashion & Apparel Studies, noted. Even for companies eager to diversify their textile material sourcing, Lu said "the process will be much longer than apparel."

Though more than 92 percent of respondents do not plan on reducing apparel sourcing from Asian countries other than China, nearly 60 percent said they would also "explore new sourcing destinations outside Asia" in response to UFLPA, USFIA reported.

"Because currently China still plays a very important role as a textile supplier for many Asian countries… even imports from other Asian countries still probably will be targeted by the enforcement of this new law," Lu said Monday in a webinar unveiling the report. "Therefore, companies try to diversify sourcing from regions outside of China. So, where they are thinking about? Of course, CAFTA-DR."

The Fashion Industry Benchmarking Study reported "considerable excitement about increasing apparel sourcing from members of the Dominican Republic-Central America Free Trade Agreement." About 20 percent of respondents said they place more than 10 percent of their regional sourcing orders from the region, up from 7 percent last year. More than 60 percent plan to increase apparel sourcing from CAFTA-DR members over the next two years.

For now, however, Lu said the trade data shows no "clear increase" in CAFTA-DR's market share of total U.S. apparel imports. "The key bottleneck is about the textile raw material," he said.

"Making textiles, you need technology, you need machinery, and for developing countries, it's very hard to do so," Lu added. "Currently, many textiles used by garment factories in Central America, they come from the U.S. However, if you look at what [the] U.S. textile industry is making, they're trying to shift from making apparel-related yarns and fabrics into making more technical textiles, medical textiles because it's more high-tech driven, or maybe it's more profitable."

If nothing changes, Lu warned, CAFTA-DR's supply of textile raw material may grow worse. Those who want to reverse this trend should invest in "different kinds of products," Lu suggested.

"Just like our university, we also want to expand our enrollment," the University of Delaware professor said. "The most effective way is to launch some popular new majors. If you offer some really powerful majors like data science, sustainability, of course you can attract more students. The same if you want to really expand sourcing from a region."

Overall, regional sourcing trends have stayed fairly static, Lu noted, with trade data showing more than 70 percent of U.S. apparel imports coming from Asia and about 15 percent originating in the Western Hemisphere. "This structure is pretty stable," he said. USFIA's survey results were "highly consistent" with this data, he added.

This doesn't mean that companies aren't changing how and from where they source their goods, however.

For the past few years, this metric had seen repeated declines, falling from 57.1 percent in 2019 to 42.1 percent in 2020 to 36.6 percent last year.
When asked from which countries or regions their company planned to increase their sourcing value in the next two years, India led the way, followed by CAFTA-DR and Bangladesh, with all three selected by more than half of respondents. Mexico ranked fourth, while Indonesia and Vietnam tied for fifth.

The same day the USFIA published its annual benchmarking study, Reuters published its own report suggesting U.S. allies will introduce similar restrictions as those imposed by the UFLPA. The publication quoted Thea Lee, deputy undersecretary for international affairs at the U.S. Labor Department, who reportedly claimed she had engaged with her counterparts in the European Union and Canada on how to implement restrictions on products thought to be made with forced labor. “My sense is that this is moving,” Lee told Reuters.
Tariffs

Though the USFIA’s report suggests U.S. fashion companies are cooling on China, respondents demonstrated a clear desire for the removal of former President Donald Trump’s Section 301 tariffs. Seventy-three percent of respondents said they support the punitive tariffs’ removal, while 13 percent said otherwise. About 65 percent called for making all textile and apparel products eligible for exclusions, while 15 percent said the opposite.

Of the companies with more than 1,000 employees, 79.2 percent of respondents supported removing the China Section 301 tariffs, significantly more than the 50 percent of companies with less than 1,000 employees who said the same.

Two weeks ago, Politico reported that President Joe Biden was likely to announce changes to Trump’s tariffs this month. The publication cited three industry officials and former federal officials with knowledge of administration plans. According to Politico, new actions could include a rollback of duties on a small list of goods, the implementation of a new exclusion process and a new Section 301 investigation into China’s trade actions, conducted by the United States Trade Representative (USTR).

Robert Lighthizer, the USTR under Trump, defended his former boss' tariffs in a Wall Street Journal op-ed Monday, arguing that repealing some Trump administration tariffs would hurt U.S. workers and businesses, increase the country's trade deficit with China and "squander" Washington's leverage with Beijing over intellectual-property theft.

Trade organizations including the American Apparel & Footwear Association (AAFA) and the National Retail Federation (NRF), which have long lobbied against the Section 301 tariffs, have more recently argued for the repeal on the grounds of easing inflation. Lighthizer, however, dubbed this "nonsense."

According to Lighthizer, the tariffs Biden is targeting had "almost no price impact" when they were implemented and "couldn't be responsible for today's inflation." Chinese imports, he added, only make up 2 percent of goods included in the consumer-price index and exclude energy and food.

"While eliminating these tariffs would do almost nothing to ease inflation, it would be a substantial concession to Beijing," Lighthizer wrote. "The Section 301 tariffs were a response to decades of Chinese intellectual-property theft and other unfair trade policies and provided important leverage in achieving the Trump administration's Phase One Agreement with China, which was implemented in February 2020. Rescinding any of them would signal that this president doesn't take China's intellectual-property abuses seriously and is willing to ignore that China is America's primary geopolitical adversary—not a benign economic partner—which has dangerous implications for U.S. national security."

Jonathan Gold, NRF's vice president of supply chain and customs policy, acknowledged that eliminating the Section 301 tariffs is not the only action that can be undertaken to reduce inflation, but still insisted that they "certainly" have a price impact on affected goods.

"I think as many economists from both sides of the aisle and many different industry groups have all said, this certainly will have an impact on pricing," Gold told Sourcing Journal. "I don't think you can look at pricing pre-pandemic as to what's happening now with inflation and make a comparison. They're very different issues that are happening right now. But anything that's going to help alleviate the cost pressure on businesses, that can then be shared by consumers, is a benefit."

AAFA president and CEO Steve Lamar reiterated his organization's repeated calls for the repeal of the Section 301 tariffs in an emailed statement.

"As American families start shopping for back-to-school necessities for their children, the ongoing supply chain disruptions and Section 301 tariffs mean higher prices for essentials like clothes, shoes, and backpacks," Lamar wrote. "Thankfully, President Biden can relieve American families of the burden that Section 301 tariffs are imposing on these basic goods in about the time it takes him to tie his shoelaces. We urge him to do so before inflation trips up the American economy any harder."

Source: sourcingjournal.com – Jul 20, 2022

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Commodity Collapse? What to Know About Cotton Prices Right Now

Cotton prices seem to have stabilized from their pandemic and China trade war-induced spike of $1.25 per pound, but now the fashion commodity is subject to the jolts of inflation as well as global supply and demand issues.

U.S. spot cotton prices averaged $1.03 per pound for the week ended July 14, according to the U.S. Department of Agriculture (USDA). The weekly average was down from $105 the prior week, but up from 85.02 cents a year earlier. The Intercontinental Exchange, or ICE, October settlement price ended the week at 91.41 cents per pound, compared to 99.82 cents last year, USDA reported.

"Fears that the rapidly decelerating global economy will stifle cotton demand has led December 2022 cotton futures to plummet 35 percent from their mid-May highs," a new quarterly report from CoBank's Knowledge Exchange said.

However, CoBank economists believe concerns around nosediving cotton demand might be overblown. Through April, retail clothing store sales jumped 15 percent from a year earlier, they noted, far outpacing the 5.8 percent increase in clothing prices over the same period.

"Additionally, the share of cotton fiber used in apparel has rebounded after more than a decade of decline," the CoBank report added.

Textile Exchange said in a recent report that cotton accounted for 24 percent of global fiber production in 2020. This compared to 52 percent for polyester.

In the Cotton Incorporated monthly analysis of the cotton market, published last week, senior economist Jon Devine wrote that "benchmark prices collapsed over the past month."

Devine noted that before expiring, the July New York/ICE futures contract lost 30 percent of its value in just a couple of days, falling from $1.44 per pound on June 22 to $1.00 on June 24. The timeframe for the collapse in December NY/ICE futures was slightly longer, extending from June 17-July 6. During that time, December futures lost 25 percent of their value, dropping from $1.20 to 90 cents.

Similar to NY/ICE futures, there are two price series for the A Index, an average of global cotton prices, to watch during this period of transition from the 2021/22 to the 2022/23 crop year, Devine said. Values for the 2021/22 version of the A Index fell from $1.61 on June 21 to below $1.30 by July 7, as values for the 2022/23 version of the A Index, referred to as the Forward A Index, fell from $1.25 cents on June 23 to $1.06 on July 7.

The International Cotton Advisory Committee (ICAC) said the stocks-to-use ratio–available cotton stocks as a share of cotton mill use–helps to explain the relationship between cotton supply and demand. When supply is tight compared to demand, the ratio is lower and lower stocks-to-use ratio could indicate higher prices. In contrast, when supply exceeds demand then the ratio increases, putting downward pressure on cotton prices. Planted area also can have a major impact on prices.

In its June acreage report, USDA estimated 2022-23 U.S. cotton plantings at 12.48 million acres, 11.3 percent more than in 2021. Upland planted area is estimated to have increased 11.1 percent to 12.32 million acres, ICAC noted, while extra-long staple producers, such as those that make Supima cotton, planted 156,000 acres, a 23.3 percent increase.

USDA's June projection for all cotton is 244,000 acres more than projected in its initial 2022 estimate released in March.

The latest USDA report also featured reductions for world production and mill-use for the 2021-22 and 2022-23 crop years. For 2021-22, the global production estimate was lowered by 700,000 bales to 116.2 million and global consumption was fell by 1.9 million bales to 119.8 million. For 2022-23, the global production forecast was lowered 1.2 million bales to 120.7 million and global consumption dropped 1.6 million bales to 119.9 million.

With the decreases in use exceeding the declines in production, figures for global ending stocks increased. For 2021-22, the projection rose 1.1 million bales to 84 million, while for 2022-23, the forecast increased 1.6 million bales to 84.3 million.

Devine noted that recent volatility was not limited to the cotton market. A wide range of commodities lost significant value in June. Between June 9-July 5, NY/ICE December cotton futures fell 25 percent, corn declined 19 percent, soybeans fell 17 percent, wheat was down 25 percent and Brent crude oil fell 12 percent.

"The breadth of losses throughout the commodity sector suggests a sea change in investor sentiment for the entire category," Devine wrote. "The effects of inflation, the withdrawal of stimulus, rising interest rates and concerns about a possible recession could all be reasons explaining a reversal of speculative bets and all could be contributors to the losses. While the macroeconomic environment can be expected to continue to weigh on prices, there are also supportive forces for the market that are specific to cotton."

Specifically, the current USDA forecast for U.S. cotton production is 15.5 million bales though that estimate might shrink over time because of the severe drought plaguing West Texas. The current harvest figure is 2 million bales lower than the 2021-22 number and is equal to the five-year average for U.S. cotton exports, he noted.

On top of exports, the U.S. will need to supply domestic mills with 2.5 million bales, according to Devine. The last time the U.S. had a severely drought-impacted crop in 2020-21, the harvest totaled just 14.6 million bales, and in that crop year, the U.S. was able to export more than it grew because it had accumulated stocks in the previous year.

"The U.S. is coming into the 2022-23 crop year with low stocks," Devine added. "This suggests U.S. shipments may have been rationed. Since the U.S. is the world's largest exporter, this may lend some support to prices internationally."

Source: sourcingjournal.com– Jul 20, 2022

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Economic development in Xinjiang remarkable

China's holistic policies of "community" and social development, "multiculturalism", "ethnic diversity", balanced regional economic parity, diversification of energy and resources, human capital and Small and Medium Enterprises (SMEs) in Xinjiang have produced "miracles" for the lives of common people.

The Xinjiang Uygur Autonomous Region is constantly making "immense" socio-economic development. Xinjiang's GDP in 2021 witnessed a growth of 7 percent year-on-year.

Xinjiang produced 5.13 million metric tons of cotton in 2021, which accounted for 89.5 percent of China's total. In addition, 469,400 tons of photovoltaic materials were produced in the region, an increase of 30.9 percent year on year. Furthermore, Xinjiang is determined to make its promising industries even stronger.

Around 20 percent of global cotton, 40 percent of the world's supply of polysilicon for solar panels, and 13 percent of the global output of wind turbines are manufactured in Xinjiang. About 25 percent of tomato paste, 11 percent of walnuts, and 10 percent of the world's rayon also originate from here. Thus Xinjiang has become a global "manufacturing hub" and "reliable supply chain".

Xinjiang will further develop labor-intensive industries to create more job opportunities during 2022. It plans to further boost the cotton and textiles industries while accelerating the process of building a national-level cotton yarn trade center. The region will support photovoltaic businesses in extending their industrial chains.

According to official Chinese figures, the planned fixed-asset investment in Northwest China's Xinjiang Uygur Autonomous Region will reach RMB 900 billion (USD 135.09 billion) this year. It will be channelized into key projects of basic infrastructure as well as strategic emerging industries such as silicon substrate, basic infrastructure, power grid, and new energy industrial bases, as investing plays a pivotal role in driving its overall growth.

The local government will prioritize basic infrastructure construction in transportation, energy, hydraulic engineering, telecommunication and urbanization, according to the local reform and development commission.

It will further transform the socio-economic development of the region. Moreover, the proposed investment in a railway that links Hotan with Ruoqiang county, and the construction of a railway linking Yining county with Aksu Prefecture will be value-addition for achieving greater regional connectivity.

In this connection, Xinjiang has identified seven major projects to build itself into a base for wind and photovoltaic power, and it will encourage investment entities to make full use of the desert and wilderness to construct new energy projects.

It will also encourage electricity consumption industries to elevate the usage ratio of renewable energy resources, and guide newly invested projects to accommodate new energy projects so as to promote green energy, according to the local authorities.

Editor's note: The writer is Director, The Centre of South Asia & International Studies (CSAIS), Islamabad. Regional Expert: Central Asia & South Caucuses. The article reflects the author's opinions and not necessarily the views of Gwadar Pro.

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Cambodia Logistics Infrastructure Needs 'Transformative Reforms': World Bank

Sticker shock on the cost of logistics in Cambodia is partially to blame for being a drag on the country's ability to compete with neighboring supply chains, a World Bank Group report found.

A June economic update on Cambodia, released this month by the World Bank, aimed to look at the country's goods movement systems as it bounces back from Covid-19 and manages through current headwinds, such as rising fuel prices and the effects of the war in Ukraine.

"The pandemic has resulted in unprecedented global supply chain disruptions, which do not yet show clear signs of waning," the report said, pointing to the "pressing" need for "transformative reforms" when it comes to the country's transportation systems if it is to recover from the effects of the pandemic on its garment factories, tourism and exports such as agriculture.

Even as demand slowed, the country's merchandise exports made gains in the first quarter, led by garments, travel-related products and footwear. The three sectors combined to total $3.1 billion in the quarter, up 25.2 percent from the year-ago period, according to the study.

Garment exports grew 20.4 percent in the quarter from a year ago to total $2.1 billion.

The country is projected to see its economy grow 4.5 percent this year, albeit the recovery is expected to be "uneven," according to the report, which added "increased integration into regional and global value chains has made efficient logistics and supply chains central to Cambodia's development strategy."

The high cost of logistics and other supply chain challenges have become an impediment to Cambodia's ability to compete, particularly with estimates pointing to companies in the country expected to quadruple the amount of product they're moving in various transportation channels, according to the report.

"Increasing supply chain reliability and service quality is key to improving Cambodia's logistics performance, as predictability is not just a matter of time and cost but also a component of shipment quality," the report said.

The World Bank report provided a number of suggestions for the near and long term in the country, including regular monitoring of ports, boosting rail, automation, incentives to raise logistics industry standards, a hotline people can call into to report violations and supporting e-commerce and other types of specialty logistics.

The government is currently developing a masterplan that aims to address logistics and cross-border supply chains to make goods movement easier and also less costly. It's estimated transportation accounts for nearly 10 percent of overall logistics costs and the price of fuel serves as an additional strain.

"Upgrading the goods vehicle fleet should be seen as a priority from both a logistics cost perspective and an environmental perspective, as there is an urgent need to burn less and cleaner fuel of a higher grade than at present," the report said.

Duties and fees can run anywhere from 35 percent to 65 percent, making it difficult for trucking companies to make the investment in newer vehicles. Container costs also run high, particularly when comparing those prices with neighboring countries.

A 40-foot container typically runs about $1,200 in handling charges at the terminal in Cambodia. That's up from $1,000 per container pre-Covid and also double what neighboring ports in Bangkok and Cai Mep charge. Other price differences, where Cambodia runs higher than neighboring ports, are seen in export clearance fees for containers in the range of $220 to $250, compared to $60 in Thailand and Vietnam or $50 in Japan.

Meanwhile, average cross-border container costs into Vietnam range anywhere from $217 at the Prey Vor border to $410 at the Bavet border crossing, the report found.

Source: sourcingjournal.com– Jul 20, 2022

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China & EU pledge to tackle global economic challenges together

China and the European Union (EU) agreed to increase cooperation in financial services and present a united front when dealing with the challenges facing the global economy at the 9th EU-China High-Level Economic and Trade Dialogue (HED). The HED also focused on supply chain disruptions due to COVID-19 as well bilateral trade and investment concerns.

The European Commission's Executive Vice-President Valdis Dombrovskis and China's Vice-Premier Liu He chaired the HED. European Commissioner Mairead McGuinness also took part in the discussions, especially regarding financial services. The HED also explored the far-ranging effects of Russia's invasion of Ukraine, including on food, energy, and financial markets.

"The EU and China are key trading partners. The importance of our economies comes with a responsibility to shape joint responses to global economic and trade challenges, such as disruptions in supply chains, global food insecurity, debt relief for the most vulnerable countries, and reform of the World Trade Organisation. I emphasised that Russia's war of aggression against Ukraine is creating considerable challenges for global security and economy. I also underlined the need for continued engagement to build more balanced and reciprocal trade and investment relations between the EU and China," Dombrovskis said in a statement released by the European Commission.

Both parties welcomed the signing of the Memorandum of Understanding between the People's Bank of China and the European Securities and Markets Authority which ensures access to the Shanghai Clearing House for European banks. The EU also responded positively to China's willingness to assess its Carbon Emissions Reduction Supporting Tool, with a view to a possible participation of EU banks, added the release.

The EU and China have decided to hold the next HED in 2023.

The EU and China are major trading partners. In 2021, China was the third largest partner for EU exports of goods (10.2 per cent) and the largest partner for EU.

Source: fibre2fashion.com– Jul 21, 2022

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EU citizens demand law on fair wages in global fashion industry

The European Citizens' Initiative (ECI) has launched the 'Good Clothes, Fair Pay' campaign to demand legislation on the living wages for garment workers. The ECI wants European Union (EU) laws to make it compulsory for companies selling garments, textiles, and footwear in the EU to regulate living wages in their supply chains. If this law gets passed, brands and retailers would be legally mandated to evaluate wages, and publicly disclose their development.

The year-long campaign requires at least one million signatures from EU citizens to appeal to the European Commission to establish laws on the issue of wages in the fashion industry, according to a press release issued by Fashion Revolution. A coalition of citizens, supported by NGOs, policymakers, and experts on living wages is behind the initiative.

Currently, many garment workers around the world earn poverty wages even as brands continue to rake in high profits. The workers, who are mostly women, earn on average 45 per cent less than what they require to support themselves and their families. The EU fashion industry alone employs 1.5 million people and many of them are not paid living wages, the release said.

The EU is the world's largest importer of clothes and one of the largest fashion consumer markets — more than €260 billion in sales are anticipated in 2022. This places the onus on the EU to tackle these inequitable standards, the release added.

"For too long, brands have promised to do the right thing. They mostly haven't. We cannot wait any longer for voluntary measures. As EU citizens, we have the power to change this and give garment workers a decent pay for their hard day's work. For real, industry-wide change, fashion companies need to be held accountable," said Kirsten Kossen, senior advisor human rights at ASN Bank and member of the ECI's Citizens' Committee.

Source: fibre2fashion.com– Jul 20, 2022

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Cambodian apparel exports shot up 39.36% in January-June 2022

Cambodia's export of knitted and non-knitted apparel and clothing accessories (HS code 61 and 62) increased by 39.36 per cent to $4,510.104 million during January-June 2022.

According to the trade data released by Cambodian General Department of Customs and Excise, the export was recorded at $3,236.925 million in the corresponding period of 2021.

The exports of Cambodia's knitted apparel and clothing accessories (HS code 61) increased by 39.3 percent to $3,157 million during the first half of this year, while the export of non-knitted apparel and clothing (HS Code 62) went up by 39.4 per cent to $1,352.481 million.

The export of other made ups textile articles (HS code 63) increased by 0.7 per cent to $95.860 million in January-June 2022 compared to $95.147 million in the first half of last year.

In June 2022, Cambodia's export of knitted and non-knitted apparel and clothing accessories increased by 40.51 per cent to $867.985 million, as against exports of $617.92 million in June 2021.

The shipment of knitted apparel and clothing accessories rose 35.7 per cent to $646.458 million during the month, while the export of non-knitted apparel and clothing increased 56.7 per cent to $221.527 million.

However, the export of other made ups textile articles stood at $11.379 million in June 2022, showing a decrease of 31.3 per cent over $16.562 million in the same month of last year.

Source: fibre2fashion.com– Jul 21, 2022

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Vietnam more attractive to investors than ASEAN-4: TFG

Vietnam is more attractive to investors than the four countries of the Association of Southeast Asian Nations (ASEAN)—Indonesia, Malaysia, Thailand and the Philippines, according to UK-based Trade Finance Global (TFG), which cited lower labor costs, simpler supply chain integration, better free trade access and relative political stability as the reasons behind this.

While not the lowest in Southeast Asia, Vietnam's average monthly wage is around a third lower than wages in the ASEAN-4 nations, according to data from the National Wages and Productivity Commission.For manufacturers whose labour costs are 20-30 per cent of the total gross sales value of their finished goods, low wages can lead to a significant business advantage.

Low wages are the top reason why Asia grew to become the world's manufacturing hub in the latter half of the twentieth century and they are a large reason why so much manufacturing has moved to Viet Nam in the last decade, TFG noted.

Incorporating Vietnamese producers into supply chains is relatively straightforward both upstream and downstream, according to TFG. As Vietnam shares a border with China unlike the ASEAN-4, the common border makes it easier for Vietnamese manufacturers to integrate into China's vast network, reducing friction by eliminating the need for component parts to pass through multiple countries—potentially eliminating tariffs along the way, a Vietnamese newspaper reported.

On the downstream side, Vietnam's two international airports, several major ports, reliable power and easy Internet access help. Compared to many other Southeast Asian peers, Vietnam comfortably sells its goods in other countries avoiding unnecessary added costs as it is party to 15 different free trade agreements covering more than 50 countries.

Another reason why investors may lean more towards Vietnam is the country's relative security and political stability, TFG observed.

Source: fibre2fashion.com– Jul 21, 2022

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Vietnam pushes trade & investments with India

India is one of the top 8th trading partners of Vietnam while Vietnam is 15th largest trading partner of India and fourth in Southeast Asia. In 2021, bilateral trade turnover reached $13.2 billion for the first time. It is expected to reach the target of $15 billion set by the leaders of the two countries in 2022.

The main Vietnamese exported products to India are mobile phones and components, computers, electronic products and components, chemicals, plastics, rubber, coffee, pepper, cashew. The main Indian exported products to Vietnam are iron and steel products, textile materials, fishery, corn, pharmaceutical and pharmaceutical raw materials; auto spare parts.

On the occasion of the 50th anniversary of the Vietnam-India Diplomatic relations, the Ministry of Industry and Trade, Government of Vietnam organized a business delegation led by Do Quoc Hung, Deputy Director General of the Ministry and 20 business communities in multi-sectors to India from July 18th to 22nd.

The delegation consists of 20 enterprises in the various fields such as agricultural products (Coffee, Rice, Pepper, Tapioca Starch, Desiccated Coconut, Tea, peanut oil, dry instant seed, black flute mist, dried fruits, vegetables); food & beverage (instant canned processed foods, nutritional drink, food supplements); industrial products (electric fans and fan motor, mechanical products and auxiliary industrial equipment); chemicals and chemical products (compound fertilizers, water purification materials and chemicals); building materials (limestone, resin beads, white limestone powder) textile and garment, and textile materials; pharmaceuticals; handicrafts.

During the delegation's visit to India, the Ministry and Embassy conducted a series of business forums and meetings in New Delhi, Agra and Jaipur.

This platform provides an opportunity to the business men from both the countries to interact one to one in various sectors like food processing, fast moving consumer goods, cosmetics, handicrafts, home furnishings, agriculture products, etc., Both India and Vietnam have great potential in these sectors.

There are several initiatives being taken by the Vietnam government to attract investment.

The recent changes in the FDI policies will attract investors and are optimistic that many investment-friendly policies will be implemented. The start-up ecosystem with the right direction and reforms has the potential to grow.

Source: rtvonline.com– Jul 20, 2022

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Pakistan: Cotton crop forecast: stilted recovery?

The comeback kid is not looking so good anymore. Cotton crop – whose output had staged a substantial recovery last year after a precipitous decline for preceding three seasons – is struggling to expand acreage under cultivation. According to the 1st estimate released by the Central Cotton Committee, cotton acreage will barely manage to cross 2 million hectares during the ongoing kharif 2022-23 season, missing the Federal Committee on Agriculture's target by 21 percent.

Thankfully, the market no longer takes official target into account when setting its expectations. Over the last five seasons, cotton crop has missed the official sowing target by 15 percent on average, missing it straight for at least past 10 seasons (earlier data unavailable).

The first estimate suggests that sown area is up 3.3 percent over last year, which follows four years of continues decline in cotton area from 2.7 million hectares last achieved during the 2017-18 season. In fact – as is now well known - cotton crop acreage has been stuttering for much longer, noting a marked decline from peak level of 3.2 million hectares reached almost two decades ago in 2004 – 05.

But does 3.3 percent rise over last year marks the beginning of the reversal of the tide? It is increasingly hard to claim so. Although the crop has gained 0.2 million hectares in Punjab according to Crop Reporting Services, acreage in Sindh – where productivity is significantly higher - appears to have fallen by 13 percent. If regional yields remain same as last year, national output may barely rise to the challenge, adding just 6 percent more fiber over last year.

However, assuming that yields will remain constant is weak speculation. Revival of farmer interest in the crop indicates that productivity prospects no longer look as bad as in recent years.

Although a single year (FY22's) performance is insufficient evidence, news from the market lends credence to this theory. Slow but concerted efforts to improve seed quality are gradually bearing fruit, which is further corroborated by the crop making back inroads in southern Punjab acres which had it banished over the past decade.

In coming days, if there is no major damage from monsoon floodings, or post-monsoon whitefly and locust attacks, productivity may not necessarily take a significant downturn over last year. Even so, the dramatic fall in prices over last month could mean that the quantum of recovery may not be as large as in last season. In fact, as first picking goes into full swing, depressed market rates could potentially discourage farmers from making further investment in crop such as late application of pesticides, which are becoming pricier with each passing day.

Over the next three months, cotton crop output may continue on path to recovery, but weak improvement in acreage may translate in no more than 0.5 – 0.7 million additional bales (over last year) by season-end. Whether crop output breaks through the 9 million bales barrier will depend on the bonus acres from Balochistan, although chances of provincial production breaching 0.25Mn bales are slim.

Although – given a demand clampdown in textile exporting destinations and skyrocketing inflation back home – is a weak improvement in cotton necessarily a bad thing?

Source: brecorder.com– Jul 20, 2022

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Bangladesh: Govt targets lower export growth for global turmoil

Bangladesh is targeting a lower export growth in 2022-23 despite raking in a record $52.08 billion in the last fiscal year largely because of insignificant strides in products and markets diversification and ongoing global turmoil.

The goal is up only 11.36 per cent from the actual receipts in 2021-22, when overseas sales surged 34.38 per cent, one of the sharpest paces of growth in recent years.

Like in previous years, the government will bank on traditional items such as knitwear and woven garments, which account for more than 80 per cent of national exports, to steer the growth since diversification of products did not take place as expected.

Apart from the two, only five items were able to fetch more than $1 billion in earnings in the last fiscal year.

The export target from the services sector has been fixed at $9 billion for 2022-23, an increase of 12.5 per cent from the actual earnings a year earlier. Together, merchandise and service exports are expected to bring in $67 billion, which is 10.10 per cent higher than the total receipts in FY22.

Commerce Minister Tipu Munshi announced the new export targets at a press conference at his secretariat office in Dhaka yesterday.

"The targets are attainable," he said.

Economists and business leaders also say the targets are achievable although there are some challenges.

In the last fiscal year that ended on June 30, Bangladesh's merchandise shipment was 19.73 per cent higher than the target of $43.5 billion. Another $8 billion came from services exports, which surpassed the $7.5-billion target by 6.67 per cent.

The knitwear export target has been fixed at $25.6 billion from last fiscal year's $20.98 billion, while the country would depend on woven items to net $21.4 billion, which was $17.53 billion in FY22.

"The overall export target growth of 10.10 per cent is not too high if it is compared with the actual earnings in recent years," said Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

There are some disquieting factors both in domestic and international markets.

For instance, the issuance of utilisation declaration certificates from the Bangladesh Garment Manufacturers and Exporters Association and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) is declining.

The demand for deferral payments from buyers and higher inflation are among the major challenges facing the export sector, Rahman said.

Bangladesh's higher export earnings in FY22 were driven by higher prices for garment items paid by international retailers and brands owing to the sharp increases in commodity prices and freight costs. The weakening of the local currency against the US dollar amid abnormally high imports also pushed up export earnings.

So, Rahman called for diversifying products and markets to retain the strong export momentum.

"Bangladesh should go for non-cotton garment items as the demand and prices of such items is higher in the international markets than the cotton-made garment items."

Mohammad Hatem, executive president of the BKMEA, thinks a higher export target from the garment sector is possible although an 8 per cent growth has been fixed.

In FY22, Bangladesh exported garment items worth $42 billion and the new target for the sector is $46 billion.

"It is possible to achieve the target despite the Russia-Ukraine war because we are strong in basic garment items. The demand for basic items is always there whereas the consumption of high-end items falls during uncertainty and higher inflation," Hatem said.

The energy crisis, global economic slowdown and high inflationary pressures will pose as major threats to Bangladesh in pulling off the export target.

The recovery from the pandemic, the global supply chain crisis, the Ukraine war, the recent trends in Bangladesh's overall economic and export growth, and the government's fiscal and non-fiscal incentives have been considered in setting the export targets, Munshi said.

Two more sectors -- plastic and light engineering -- have the potential to earn more than $1 billion in the near future as they have higher demand in the global markets, said Abdur Rahim Khan, additional secretary of the commerce ministry.

The target for agricultural products has been fixed at $1.3 billion against $1.10 billion in FY22. Leather and leather goods exporters have been given the task of generating $1.3 billion in FY23 from $1.11 billion a year ago and jute and jute products exporters $1.2 billion, from $1.05 billion a year earlier.

Home textiles are expected to earn $1.8 billion in FY23, which was $1.46 billion in FY22. Some $604 million are being targeted from the sales of frozen and live fish and $964 million from engineering products.

Source: thedailystar.net– Jul 21, 2022

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NATIONAL NEWS

India, Africa may soon start talks for trade pact

India is likely to soon start talks for a trade and investment agreement with African nations to further bolster bilateral commerce, an official source told FE.

The move comes at a time when New Delhi looks to further strengthen its trade with relatively small and medium-sized economies, as key markets like the US and the EU are staring at a huge growth slowdown.

African nations, too, will benefit hugely from this engagement, as India's trade and investments in the continent are not designed to lead the countries into "debt trap", said the official source, in a veiled reference to China, which has often been accused of resorting to unfair trade and investment practices.

While India exported goods worth $40 billion to Africa in FY22, its imports were higher at $49 billion, partly due to oil purchases from countries like Nigeria. According to an Exim Bank study, there is a potential to further boost trade by $48 billion per annum in the medium term.

Addressing a special session at the 17th CII-Exim Bank conclave on India-Africa Growth Partnership late Tuesday, commerce and industry minister Piyush Goyal reiterated the intent to forge a trade pact with Africa. This is because the economic outlook, in the long run, "is going to be promising for both India and Africa, because this is where the markets and opportunities are present", Goyal said.

Solar energy, infrastructure, military cooperation and the start-up ecosystem are four critical areas where India can be a valuable partner to African nations, he said. India's digital initiatives like UPI, ONDC can also benefit Africa immensely, he added.

As such, the India-Africa partnership goes a long way. Speaking at the conclave, external affairs minister S Jaishankar said India has extended concessional loans of $12.3 billion and $700 million in grants to Africa. Similarly, New Delhi has completed 197 development projects in Africa so far, 65 more are under execution and 81 are at a pre-execution stage, Jaishankar said.

As many 40 ministers from 17 African countries, including Nigeria, Ethiopia, Ghana, Mauritius, Sudan and Namibia, are attending the two-day conclave.

Source: financialexpress.com- Jul 21, 2022

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Smt. Patel asks the visiting Sudanese Trade & supply Minister to benefit from the preferential market access offered by India

Union Minister of State for Commerce & Industry (MoS), Smt. Anupriya Patel today met Mrs. Amal Salih Saad Mohamed, Minister of Trade and Supply, Republic of Sudan, who is on a two day visit to New Delhi to attend 17th CII-EXIM Bank Conclave on India-Africa Growth Partnership held on 19-20 July 2022.

The Ministers reviewed the bilateral relations with a focus on trade and investment, defence & maritime cooperation. Both sides appreciated that there is a deep-rooted cultural and people-to-people ties between both the two countries.

Many students from Sudan are pursuing their higher studies in institutions across India. Both sides agreed to further strengthen and diversify trade and economic linkages.

MoS emphasized that India has always stood in solidarity with the people of Sudan and partnered in undertaking development projects, capacity building and humanitarian assistance.

She also called upon Sudan to effectively utilise and benefit from the preferential market access offered by India under India's Duty- Free Tariff Preference (DFTP) Scheme for Least developed countries (LDCs) and LDCs services waiver schemes.

Source: pib.gov.in– Jul 20, 2022

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Union Minister of State for Commerce & Industry, Smt. Anupriya Patel meets Mr. Pacome Moubelet Boubeya, Minister of State, Industry, Gabon.

Union Minister of State for Commerce & Industry(MoS), Smt. Anupriya Patel today met Mr. Pacome Moubelet-Boubeya, Minister of State, Minister of Industry, Republic of Gabon who is on a two day visit to New Delhi to attend 17th CII-EXIM Bank Conclave on India-Africa Growth Partnership. Minister Moubelet-Boubeya was accompanied by a high-level delegation of ten members including Mr. Hugues Judicael Mbadinga Madiya, Minister for the Promotion of Investment and Public -Private Partnership, Republic of Gabon and Ms. Yolande Christiane Nyonda, Deputy Minister of Foreign Affairs.

The two Ministers held forward looking and productive discussions covering the entire gamut of bilateral trade, commerce, economic and investment ties between the two countries. They also discussed active economic engagement and identified new areas for cooperation, particularly in mining, defence, agriculture, healthcare, pharmaceuticals, and renewable energy. The two Ministers while expressing satisfaction upon the growing bilateral trade which had crossed 1.2 billion USD in 2021-22 despite the pandemic, acknowledged the need for diversification of trade basket and deeper cooperation in bilateral investment.

Minister Moubelet-Boubeya apprised MoS about the investment opportunities in Gabon, especially in the Gabon Special Economic Zone (GSEZ) wherein 54 Indian companies have set up manufacturing units in various sectors like pharma, timber, mining, steel and food processing. Both sides noted the need for cooperation in skill development /training and capacity building in key sectors, including quality standards.

MoS appreciated the "Emergent Gabon Vision 2025" plan and assured India's full cooperation in Gabon's transformation and diversification of its economy. Ms. Patel also appreciated the joint efforts of India and Africa Group at the recent WTO Ministerial Conference held in Geneva. Both Ministers have agreed to continue cooperation at various multilateral organisations, including the UN and the WTO.

Source: pib.gov.in– Jul 20, 2022

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Yarn Prices down in past 3 months

Yarn Prices Down in Past 3 Mths

There is no shutdown reported after the pandemic from important textile centres like Tirupur. "The continuous price increase in raw cotton had led to an increase in cotton yarn price from September 2021 to March 2022, which affected downstream industry," minister of state for textiles Darshana Jardosh said. Cotton prices have softened and in turn, cotton yarn prices have also declined during the last three months, according to the minister.

Source: economictimes.com– Jul 21, 2022

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Trade Pacts and Exports

Trade Pacts and Exports

India's merchandi exports to ASEAN in 2021 were $40.6 billio against $34.5 billio in 2011. Exports to Japan were $6.1 billion in 2021. Trade pacts exist with Thailand, Singapore, Malaysia and ASEAN. Indi has also inked pacts with Mauritius and UAE but the government said it is too early to calculate quantifiable benefits for these.

In a separate reply, it sai that as part of its endeavour to enlarge scope of market access, India has entered into FTA negotiations with promising trading partners, namely, the UK, Canada and the European Union.

Source: economictimes.com– Jul 21, 2022

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Centre taking significant steps to promote handloom sector and welfare of weavers

The Ministry of Textiles is implementing the following schemes to promote the handloom sector and welfare of weavers across the country.

1. National Handloom Development Programme;
2. Raw Material Supply Scheme;

Under the above schemes, financial assistance is provided to the eligible handloom agencies/weavers for raw materials, Common infrastructure development, marketing of handloom products in domestic/overseas markets, loans at concessional rates, scholarship to the weavers' children and support in indigent circumstances to Awardees etc.

To facilitate growth of handloom workers, the Government has taken following steps:

- The Government of India announced a special economic package viz., AatmaNirbhar Bharat Abhiyaan in 2020 for boosting economy of the country and making India self-reliant. Relief and credit support measures were announced for various sectors. Benefits of these reliefs and credit support measures to revive their businesses were available to eligible weavers and Handloom organizations.

- The States and UTs have been requested for their State Handloom Corporations/Co-operatives/Agencies to make purchases from the finished inventory available with the handloom weavers.

- Steps have been taken to on-board weavers on Government e-Market place to enable them to sell their products directly to various Government Departments and organizations. So far, about 1.5 lakh weavers have been on-boarded on the GeM portal.

- Under Concessional Credit/Weaver MUDRA Scheme, financial assistance is provided as follows:

  - Margin money assistance

@20% of loan amount, subject to maximum of Rs. 25,000/- per weaver.

@20% of loan amount, subject to maximum of Rs. 20 lakh (@Rs. 2 lakh for every 100 weaver/worker) per handloom organisations.

- Interest subvention upto 7% for 3 years; and
- Credit Guarantee on loans for 3 years

There is no scheme for providing free electricity to the handloom weavers. However, Solar Lighting Units as part of Hathkargha Samvardhan Sahayata (HSS) items are being provided under National Handloom Development Programme (NHDP).

This information was given by the Minister of State for Textiles Smt. Darshana Jardosh in a written reply in the Lok Sabha today.

Source: pib.gov.in– Jul 20, 2022

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38 clusters adopted and developed in last three years by ensuring self-sustenance of the SHG/artisans

Under Ambedkar Hastshilp Vikas Yojana(AHVY), the Government has taken initiative for adoption of viable craft clusters across the country and provision of need based interventions like design & technology upgradation, marketing platforms, distribution of tool-kits, welfare programmes, seminar and awareness camps.

Total 138 clusters have been adopted and developed in last three years by ensuring self-sustenance of the SHG/artisans of these clusters including Gujarat State. State wise number of beneficiaries covered under AHVY during the last three years is enclosed in Annexure-I.

The evaluations have been done across the country to assess the cluster activities. As per recommendation of the evaluation report, Govt. organized 670 chaupals/shivirs all over the country for providing aadhar link pahchan card, facilitating the artisans through MUDRA loan and for onboarding the artisans on the Government c-Marketing (GeM) portal and making them aware of the e-commerce market.

Further, the revised Ambedkar Hastshilp Vikas Yojana(AHVY) Scheme considering the recommendation of Evaluation Report envisages taking up more viable craft clusters across the country covering SC, ST, Women, specially abled, tourism and export potential clusters.

The Govt. is in the mode of forming producer companies now in various craft clusters across the country in view of increasing entrepreneurship and income of the artisans.

This information was given by the Minister of State for Textiles Smt. Darshana Jardosh in a written reply in the Lok Sabha today.

Click here for more details

Source: pib.gov.in- Jul 19, 2022

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Govt plans short-term foreign trade policy, may release before September

The government may roll out a new foreign trade policy (FTP) of a shorter term of two-three years in a bid to keep pace with the fast-evolving scenarios in international trade which have been triggered by recent disruptions, such as the pandemic and the Russia-Ukraine war.

An FTP is an elaborate policy guideline and strategy to promote the export of goods and services, with a duration of five years usually. The existing policy came into force on April 1, 2015, and was valid for five years, before multiple extensions.

“We may come up with a foreign trade policy for two-three years; the aim is to release it before September. Earlier, we had put out fiscal incentives under the FTP but that’s not the case anymore. The government has already announced export-boosting schemes like RoSCTL (Rebate of State & Central Taxes and Levies) and RoDTEP (Remissions of Duties and Taxes on Exported Products) A time-to-time review of the policy is crucial and a shorter time frame will help,” a senior government official told Business Standard.

“Besides, the five-year tenure of the FTP was in line with the (duration of the) five-year plan, which doesn’t exist anymore,” the official said.

An industry representative said that a short-term FTP shall be a good move because the general elections are just two years away.

“It makes sense. The new government (new or the existing one) should be given the mandate to announce a new policy, as it may have a different focus area or agenda,” the industry representative said.

The new policy is much-awaited, following the extension of the existing policy for more than two years.

A new FTP was deferred and the current policy was extended beyond March 2020, as businesses grappled with the disruption caused by Covid-19. The policy was extended from time to time and thereafter until September 30, 2022, as the government did not have anything substantial to roll out in the new policy in the absence of a new incentive scheme.

Exporters currently get support from schemes such as interest equalisation scheme, transport subsidy scheme, RoSCTL, and RoDTEP. Various export incentive schemes had to be phased out after India faced challenges at the World Trade Organization (WTO) over the same.

Sunil H Talati, chairman, Services Export Promotion Council (SEPC), said since an ambitious $350-billion services export target has been set for the current financial year, there is a need for some fiscal incentives in the upcoming foreign trade policy.

“While the government has made it clear that the SEIS (service exports from India scheme) will be discontinued, we have requested the DGFT (Directorate General of Foreign Trade) to include the scheme in the upcoming FTP, perhaps with more stringent norms,” Talati said. Sectors, such as education, aviation, tourism, and hospitality, had to bear the brunt of the Covid pandemic and this makes a case for rolling out stronger incentives.

In the upcoming FTP, one of the key highlights shall be the ‘Districts as Export Hubs’ scheme. Under the scheme, the focus will be on 50 districts that have products with huge export potential. It will be a centrally sponsored scheme, with the majority contribution by the Centre and the remaining by the states.

“The FTP could give a great push to e-commerce retail exports because e-commerce trade is growing leaps and bounds. We are not looking for much fiscal benefit; we only want whatever benefit is available to exports, in general.

Since most exporters in e-commerce are new players, a chapter in the FTP will help them know benefits and processes in the same place,” said Ajai Sahai, director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO).

Source: business-standard.com- Jul 21, 2022

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India, UK to sign MoUs on market access, education and health

India and the UK will sign on Thursday three memorandums of understanding (MoUs), covering market access, health and education, sources told FE.

The MoUs are in addition to the ongoing negotiations for a proposed free trade agreement (FTA).

In April, British Prime Minister Boris Johnson had pitched for wrapping up the FTA by as early as Diwali in October. However, as Johnson stepped down from the position of the Conservative Party leader earlier this month (he will remain the Prime Minister until a new leader is selected, likely by October), there are fresh uncertainties as to whether the Diwali deadline could be met and whether there could be any realignment of priorities in the FTA negotiations.

Both India and the UK launched formal negotiations in January for the FTA, which could ultimately cover more than 90% of tariff lines. They aim to double bilateral trade of both goods and services to about $100 billion by 2030.

The India-UK trade is dominated by services, which make up about 70% of the overall annual commerce. Johnson has favoured more visas to Indian skilled IT professionals to tide over a shortage in the UK.

Source: financialexpress.com- Jul 21, 2022

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Ministry of Textiles to provide financial assistance up to Rs. 15 Cr for new courses

The Ministry of Textiles has developed guidelines for introduction of new degree courses in Technical Textile in engineering colleges. The Ministry intends to provide financial assistance up to Rs. 15 Cr to the educational institutes meeting the eligibility criteria as per guidelines. These guidelines shall be released soon and applications from educational institutes will be invited.

The intervention is part of the National Technical Textiles Mission (NTTM). Along with development of a new Degree Course, updation of the existing conventional degree courses with new papers of Technical Textiles, establishment of laboratory infrastructure involving upgrading of existing infrastructure, setting-up of New Laboratory Equipment facilities, and Training of trainers and faculty members across different application areas of Technical Textiles are also included in the guidelines.

Technical textiles have contributed immensely in productivity improvement, public safety, cost reduction and durability of infrastructure projects, environment protection and improvements in living standards of citizens in the developed countries.

India has nearly 6% of world market size of 250 billion USD. Penetration level of technical textiles is low in India at 5-10 % as against 30-70% in advanced countries. The mission aims at improving penetration level of technical textiles in the country.

One of the major factors affecting the growth of technical textiles in the country is the lack of quality manpower, specially educated and trained engineers and professionals, and highly skilled workmen both for manufacturing and application areas of technical textiles.

Therefore, in order to become a world leader and pioneer in the field of technical textiles in the next decade, India has to lay focused emphasis on creating an effective knowledge and world-class skill ecosystem.

Source: pib.gov.in- Jul 20, 2022

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MoU signed by WTC Mumbai can provide MSMEs access to $2 billion export opportunity in Australia

India's micro, small and medium enterprises (MSMEs) can explore more than $2 billion in new export opportunities in Australia following a memorandum of understanding signed by MVIRDC World Trade Center Mumbai with an Indo-Australian body.

"This opportunity lies in sectors such as auto, auto-components, pharmaceuticals, gems and jewellery, insecticides, textile, chemicals, rice, shrimp, footwear etc. This MoU will act as the catalyst for accelerating trade between India and Australia in these sectors, besides others, and will encourage Indian MSMEs to explore Australia as the key export destination," said Jagvinder Singh Virk, Chairman of the India Australia Strategic Alliance (IASA), in a statement.

Virk, who is leading a business delegation from Australia to promote bilateral trade and investment, was speaking at an interactive session after signing the MOU between IASA and MVIRDC World Trade Center Mumbai and All India Association of Industries.

In a statement Eric Abetz, former senator for Tasmania in Australia, said, "Today, Indians have become the largest migrant population in Australia. There should be no limitation to India- Australia co-operation. Australia is willing to cooperate with India in the field of education, healthcare and knowledge transfers." Acknowledging the free trade agreement between the two countries that has huge potential to accelerate bilateral trade, Kalantri pointed out, in a statement, the need to amend the double taxation agreement between two countries that was signed 30 years ago.

Rupa Naik, Executive Director MVIRDC World Trade Center Mumbai extended an invitation to Australian business delegates to participate in WTC Mumbai's flagship Trade Show 'Connect India 2022' which will further improve the business relations. Connect India is set to commence virtually on August 1, 2022 and is a digital platform to help Indian companies to connect globally.

Source: economictimes.com– Jul 20, 2022

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Excessive rains may damage cotton crop in western Indian states

There may be some damage to cotton crop in the western Indian states of Maharashtra and Gujarat due to heavy rains and floods in rivers during the last fortnight. Several hectares of fields, including those on which cotton is sown, are submerged under water in many areas of these states. Around 20 per cent of cotton crop is feared to have been damaged.

While Saurashtra region in Gujarat has registered 118 per cent excess rainfall till July 15, Maharashtra's Vidarbha region saw 36 per cent excess rainfall during the same period, according to the Indian Meteorological Department.

A trader from Maharashtra, Sunil Jaiswal, said that cotton crop is under threat due to excessive rains in many parts of western India, including Vidarbha and Saurashtra regions. Cotton plants have grown up to 8-10 inches in the fields, and the crop now needs clear weather for proper growth. But more rain is expected in the days to come. There is also a possibility of fungal disease to the crop due to rains.

Another trader said that incessant rains during the last week caused flooding in many areas of the state. Cotton crop may have some damage in this situation. However, the exact estimate of the damage can be assessed only after the rains stop. Initial estimate is that 10 per cent of crop might have suffered damage, but the figure might go up to 15-20 per cent during the government's survey.

Gujarat based trader Chetan Bhojani told Fibre2Fashion, "There are reports of excessive rains and water logging in cotton fields in many areas of the two states. However, it is not possible to estimate the losses from the initial reports. In areas where there is no further rain and water drains out from the fields, the damage can be limited."

According to weekly sowing report of the Union ministry of agriculture, total cotton sowing area was slightly higher than the sowing during corresponding period of last year. Cotton was sown in 102.80 lakh hectare till July 15, 2022.

Cotton sowing acreage was 96.58 lakh ha in corresponding period of last year. The average sowing area of the crop was noted at 125.57 lakh ha in last five years. Cotton sowing is still going on in some parts of the country.

Source: fibre2fashion.com– Jul 20, 2022

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Polyester yarn down in India after raw material price cut by RIL

Polyester and polyester-cotton yarn prices dropped further by up to ₹20 per kg in India's Ludhiana market today. Poor demand and cheaper man-made fibre were responsible for the downtrend. However, trade sources expect better demand from downstream industries by end of July. Reliance Industries Ltd (RIL) had cut prices of polyester raw materials last week.

A Ludhiana-based trader told Fibre2Fashion, "Demand was still poor, but the market will get support because yarn prices have declined to an attractive level. Emptied pipeline will also force buyers to turn up to the market." Polyester yarn prices are declining, which is adding value for the buyers. A Surat-based trader said that market conditions are turning to positive which will support market price very soon. Last week, market leader RIL had slashed prices of raw materials by 10 per cent after drop in crude oil and pressure on Chinese prices. Cheaper raw materials encouraged spinning mills to cut yarn prices.

In Ludhiana market, recycled polyester-cotton yarn prices dropped further up to ₹20 per kg amid sluggish demand and cheaper raw material. 30 count PC combed yarn (48/52) was sold at ₹260-265 per kg (GST inclusive), according to Fibre2Fashion's market insight tool TexPro. 30 count PC carded yarn (65/35) was priced at ₹220-230 per kg. 20 count PC (recycled-O/E) PSF yarn (40/60) was traded at ₹175-185 per kg. 30 count poly spun yarn was sold at ₹175-187 per kg. High tenacity recycled fibre was priced at ₹85 per kg.

The price of PSF reduced to ₹120 per kg from ₹127 per kg in last week. RIL has fixed prices of raw material as: PTA ₹85.30 (-9.40) per kg, MEG ₹55.10 per kg (-1.70) and MELT at ₹92.09 (-8.66) per kg, as per TexPro.

Meanwhile, cotton prices were stable in north India amid poor demand. According to traders, supply reduced to negligible, and quality was also poor. Cotton prices are varying as per quality. Therefore, the price determination became very difficult. Cotton was sold at ₹8,600-8,900 per maund of 37.2 kg in Bathinda, ₹8,100-8,500 per maund in Hissar and ₹8,700-8,900 per maund in Sriganganagar.

Source: fibre2fashion.com– Jul 20, 2022

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