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

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AMIT PABARI
Founder & Managing Director

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USD	79.89
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INTERNATIONAL NEWS

No	Topics
1	US apparel sector’s mixed response to 301 China tariffs
2	China cotton yarn exports in H1 2022 down 6.7% y-o-y
3	International garment industry struggling to cope with US ban on Xinjiang cotton
4	Cinte Techtextil China 2022 to be held in Shanghai in September
5	Beyond China: US’ Xinjiang cotton ban has far-reaching implications, even for Asian alternatives
6	Bahrain joins regional industrial partnership
7	Fast-track plan for newly-developed fibres
8	Vietnam's 2022 exports likely to hit $400 bn; turnover $186 bn in H1

NATIONAL NEWS	
No	**Topics**
1	ECGC introduces new scheme providing enhanced export credit risk insurance cover up to 90% for small exporters
2	IMF slashes India's FY23 GDP growth forecast by 80 bps to 7.4%
3	Trade body appreciates Ministry of Textile and Ministry of Agriculture's initiatives
4	Textile industry to submit proposal to raise cotton productivity
5	Cotton Fiber Sector Development in India Is Urgently Needed
6	Trade deal with AfCFTA can open vast market for Indian textiles
7	Rains cause heavy damage to kharif in Maharashtra, cotton and soya worst affected
8	Leading garment exporters keen to invest in Bihar: Min
9	Russia-Ukraine conflict, soaring crude oil prices and tightening of global financial conditions are major reasons for weakening of Indian Rupee against the US Dollar
10	State Atmanirbhar Textile Policy to be implemented soon: Dushyant Chautala
11	South India sees demand in cheaper cotton yarn, prices up in Mumbai

INTERNATIONAL NEWS

US apparel sector's mixed response to 301 China tariffs

Three of the US apparel sector's leading organisations shared their expertise on how the 301 China tariffs, which were first imposed in 2018 in response to China's violations of intellectual property rules, are impacting the apparel industry in terms of US trade and production last week (21 July).

The aim is to help the Commission with its factfinding investigation, which will be submitted to Congress by 15 March 2023 as part of the 301 China tariffs review.

The American Apparel & Footwear Association (AAFA), the National Council of Textile Organizations (NCTO) and the United States Fashion Industry Association (USFIA) all took part in the hearing.

The US apparel organisations wishing to end 301 China tariffs

The AAFA's president and CEO Steve Lamar told the Commission President Biden should remove Section 301 tariffs on consumer goods.

He said: "Section 301 tariffs on consumer products hold no strategic advantage for the US. China trade relationship and only make basic goods like clothes, shoes, and back to school backpacks more expensive. Their regressive nature means they hurt those American families hardest who can least afford them.

"Conversely, removing these tariffs – something President Biden can do rapidly, echoing the speed at which they were imposed – would be a targeted, effective, and quick way to reduce inflationary pressures for American families on products they need."

Similarly, the USFIA's president, Julia Hughes, commented on the negative impact on both the USFIA's member companies and the consumers they serve.

She explained: "The China Section 301 tariffs that have been in effect on apparel, home goods, and other fashion products since September 2018

(“List 3”) and September 2019 (“List 4a) have negatively impacted American jobs created by USFIA members.”

Hughes pointed out the Section 301 tariffs have discouraged the growth of these jobs at the US’ most innovative and iconic brands because for many of these products, China is the leading supplier in the world and there are no realistic options for other sourcing destinations that can viably replace China.

She added: “This is true even while many fashion companies are diversifying their sourcing base and shifting

production from China. But, as we have explained in the past, this diversification does not happen overnight. And this diversification is happening not because of the 301 tariffs but due to other factors.”

Both the USFIA and the AAFA described the 301 tariffs as a tax increase for the apparel industry and end consumers.

The AAFA’s Lamar noted tariffs are taxes that are paid by US importers and said sometimes the US companies who pay these taxes can temporarily absorb them and in some of those cases, this tax burden means companies have less resources to make payroll or invest in innovation and future competitiveness.

“Eventually, however, most of these taxes are passed along to partners downstream in supply chains – be they manufacturers or retailers – and they ultimately end

up being passed on to American consumers, usually in the form of higher prices.”

Hughes agreed and added: “USFIA cannot stress strongly enough that the China Section 301 tariffs on apparel, home goods, and related products is not only a tax increase on American families, but a massive regressive tax increase. The Section 301 duties require families, in the face of the worst inflation in decades, to pay more for the essentials such as back-to-school shoes, sweaters, and pullovers for the fall, and of course baby clothes.”

The US apparel organisation wishing to keep 301 China tariffs

In contrast, the NCTO told the Commission the China penalty tariffs on finished textiles and apparel gives US companies a chance to compete and are a powerful trade-negotiation tool.

The NTCO's president and CEO, Kim Glas explained: "Removing them would reward China, put US manufacturers at a competitive disadvantage and do nothing to reduce inflation."

She added that China's illegal actions "have put US companies at a serious disadvantage, and tariffs give American manufacturers a chance to compete" and noted that US trade officials have "stressed that penalty tariffs also create leverage and are a 'significant tool' in ongoing negotiations with China."

In fact, Glas does not believe cancelling the penalty duties would do much to ease Americans' inflationary pains." She explained: "Apparel prices out of China continue to hit rock bottom even with the Section 301 tariffs in place. As detailed in an economic study recently released by Werner International, US import prices for apparel from China have dropped 25% since 2019 and 50% since 2011."

Glas also warned that lifting the tariffs would have "a substantial negative ripple effect" on US free-trade agreements, including undermining those with Western Hemisphere partners that have established shorter co-production supply chains and serve other US and regional interests.

Source: just-style.com– Jul 26, 2022

HOME

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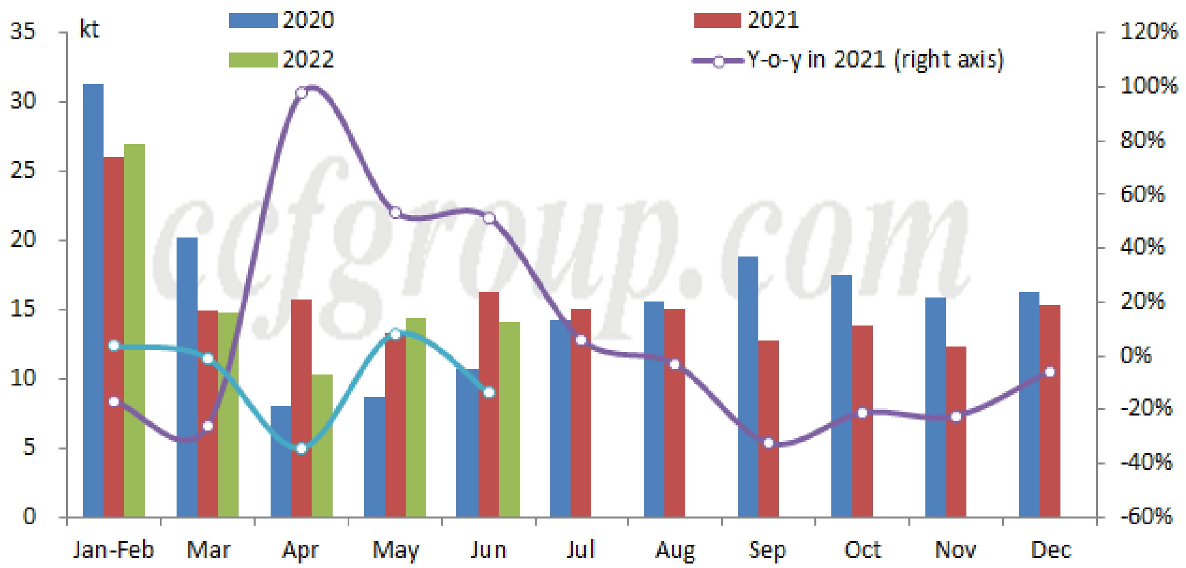
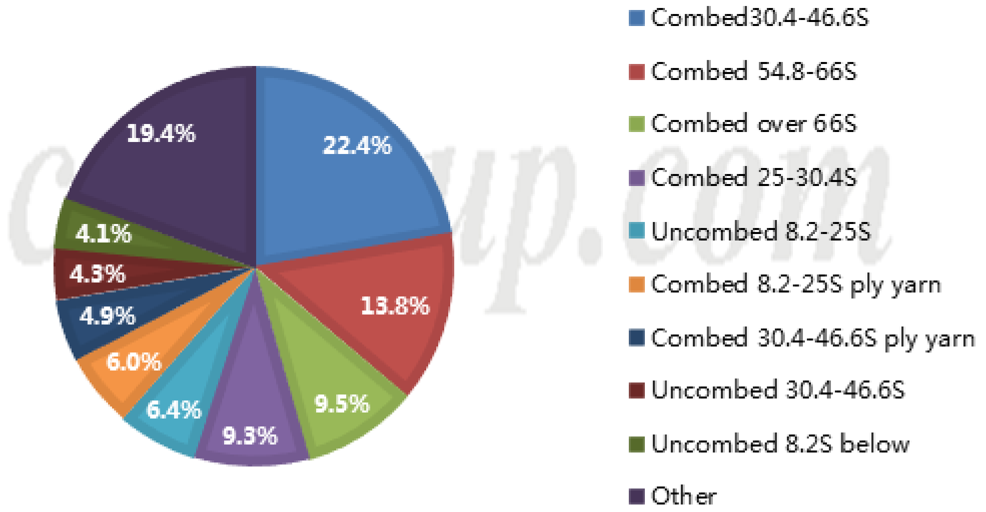
China cotton yarn exports in H1 2022 down 6.7% y-o-y

China cotton yarn exports in Jun 2022 totaled 14kt, down 13.7% on the year. In the first half of 2022, the exports amounted to 80.7kt, down 6.7% on the year or 5.8kt.

China cotton yarn exports in 2020-2022 by month

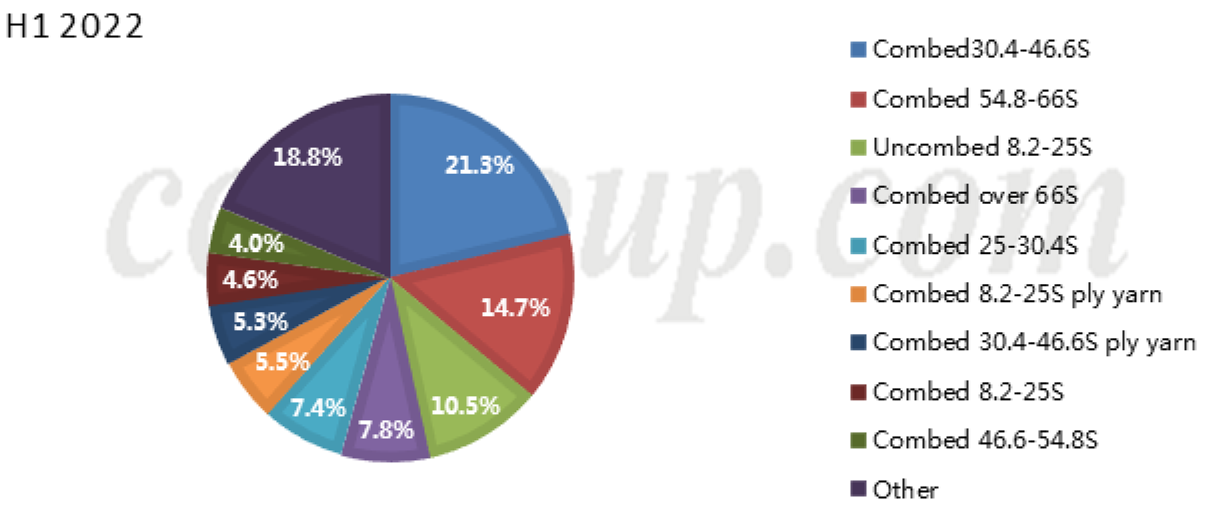


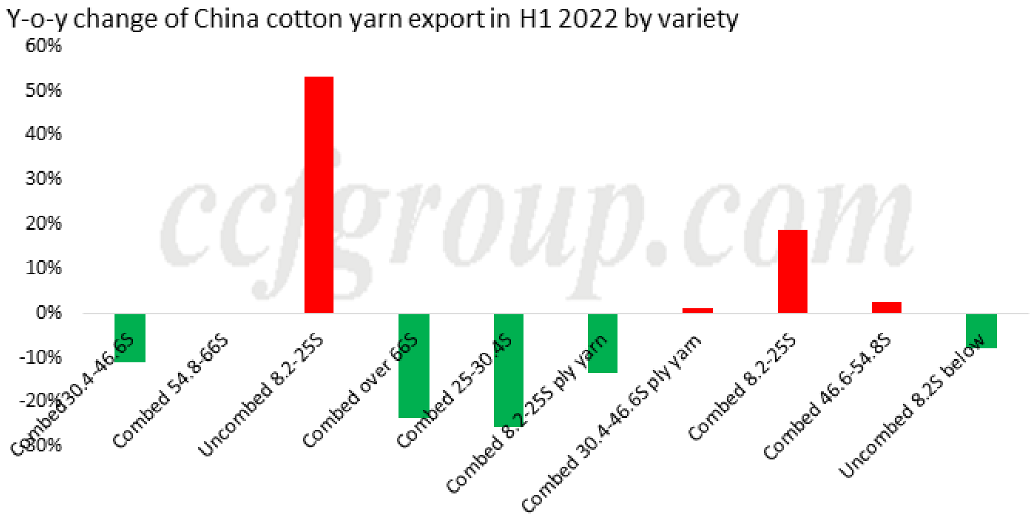
H1 2021



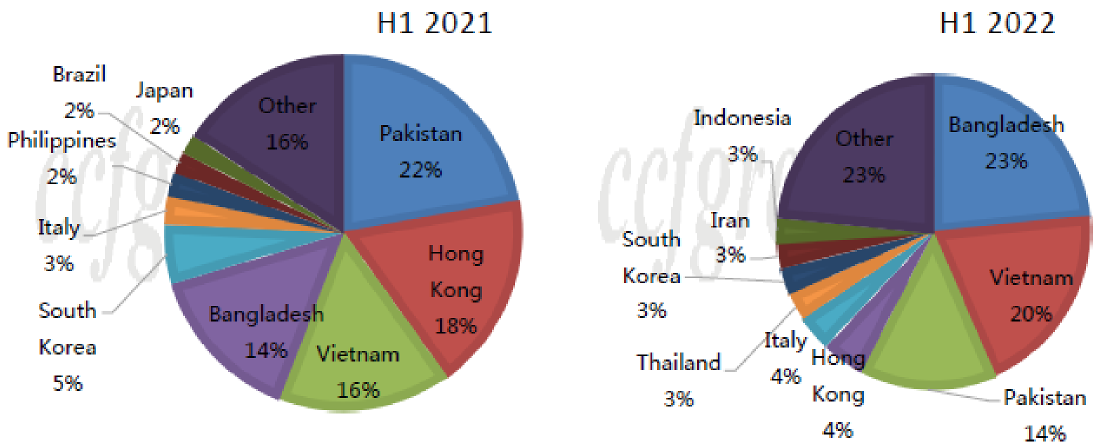
The product structure of the exports did not change much from 2021. It was concentrated in medium to high-count combed cotton yarn and low-count carded one.

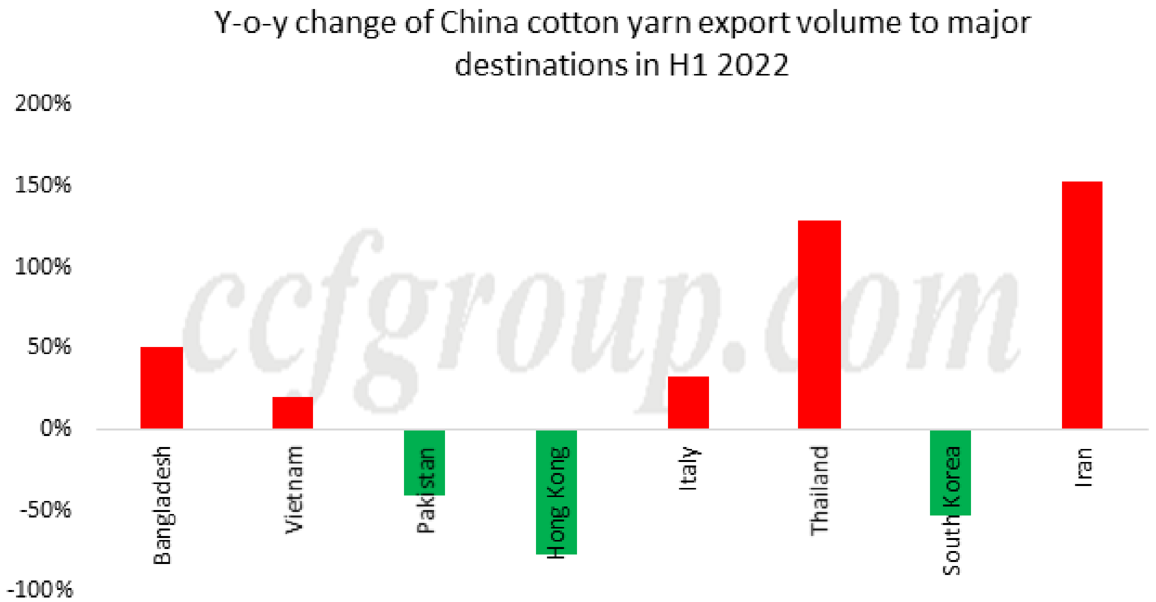
In terms of the export volume, carded 8.2-25S rose 53% and combed 8.2-25S increased 18.9%, while combed 8.2-25S plied yarn declined 25.7% and combed 66S plied yarn moved down 23.7%.





In terms of the destination, the largest destination of Chinese cotton yarn has changed from Pakistan to Bangladesh. The shares of Hong Kong sharply dropped to 4% and that of Vietnam inched up.





The export volume to Vietnam, Thailand, Iran and Bangladesh all saw big leaps.

In conclusion, China cotton yarn exports in H1 2022 inched down on the year, and the exported products were mainly high-count combed cotton yarn with Bangladesh, Vietnam and Pakistan as the major destinations.

Source: ccfgroup.com– Jul 27, 2022

HOME

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International garment industry struggling to cope with US ban on Xinjiang cotton

International fashion industry representatives have found themselves in an unprecedented situation as they are being forced to make a hard choice between cotton-related goods from China's Xinjiang region, a key global supplier, and elsewhere, as a result of the recent US import ban on all Xinjiang-related goods due to claims about "forced labor."

The administration of US President Joe Biden is trying to crack down on Xinjiang cotton and this has caused major problems for global industry participants, including those from countries in Asia, which are major suppliers for US garment companies. This comes at a time when the global supply chain is already facing high raw material costs, logistical hurdles and inflation, industry insiders said.

AI Mamun Mridha, joint secretary general of the Bangladesh China Chamber of Commerce and Industry (BCCCI), told the Global Times in a recent written interview that Bangladesh is well aware of the US ban and is monitoring the issue very closely.

"We are against any kind of restrictions on free business. Ultimately, the business community and their consumer base around the world suffers badly due to this one-sided decision," Mridha said, noting that the world is still suffering from COVID-19 and the Russia-Ukraine conflict, and the US move will have a negative impact all over the world, including Bangladesh.

While Bangladesh does not import much cotton from Xinjiang, almost 60-70 percent of the country's yarn and fabric comes from China, the 2nd-largest garment producer in the world, according to the BCCCI.

"It's very hard to differentiate which yarn or fabric was or was not manufactured using cotton from China's Xinjiang region ... we are anxious about our supply chain as it is heavily inclined toward China and many of our members are large garment and textile manufacturers, so this decision has put them under huge pressure," Mridha noted.

Mridha said that their main markets for garment products are in Europe, and the US also buys garments from them.

Recently, the country passed the $52 billion mark for exports, and among that almost $42 billion came from exports of garments and textiles, according to the BCCCI.

The Uyghur Forced Labor Prevention Act (UFLPA), which came into force on June 21 after being signed into law by Biden on December 23, 2021, assumes that any product partly or wholly made in Xinjiang, is linked to the US hyped "forced labor" claim and subject to an import ban.

While some global industry representatives have managed to find other sources of imports to avoid falling victim to the ban, the industry is still in a tough position amid high inflation and rising cost pressures.

In the ninth annual Fashion Industry Benchmarking Study recently released by the US Fashion Industry Association (USFIA), it shows that US fashion companies are adopting a more diverse sourcing base in response to supply chain disruptions and the need to mitigate growing sourcing risks. But Asia remains the dominant base of sources for US fashion companies; eight of the top 10 most-utilized sourcing destinations are in Asia, led by China, Vietnam, Bangladesh, and India.

Reducing "China exposure" is one crucial driver of US fashion companies' sourcing diversification strategy, the USFIA said, especially with the implementation of the UFLPA.

The USFIA claimed that one-third of their surveyed respondents report sourcing less than 10 percent of their apparel products from China this year, but the association admitted that over 95 percent of respondents said they expect the UFLPA to affect their sourcing.

Compared with finished garments, US fashion companies' textile raw material sourcing seems less diversified.

Asia, particularly China, continues to play a dominant role as a textile supplier, especially for fabrics and accessories, providing 93.8 percent and 87.5 percent respectively of the respondents' total imports, according to the USFIA.

Vietnam, another major player in the global fashion supply chain, has also felt the impact of supply chain disruption due to the US ban.

Do Pham Ngoc Tu, vice chairperson and secretary general of Vietnam Cotton & Spinning Association (VCOSA), told the Global Times that Vietnamese firms will need to wean themselves off raw materials produced in China's Xinjiang region in order to ensure long-term access to the US market.

Xinjiang produces 20 percent of the world's cotton. It is sent to countries in Southeast Asia, woven into a shirt or other piece of clothing, and then shipped on to the US - 16 percent of the clothing in the US contains cotton fiber from Xinjiang, Do Pham Ngoc Tu noted.

In order to abide by the new US law targeting China's Xinjiang goods, Vietnamese manufacturers must prepare documents to prove due diligence in evaluation of their supply chain, and the manufacturer must replace materials from Xinjiang, or they must fulfill corresponding documents.

Regarding the impact of the Xinjiang cotton ban, the issue mostly affects the garment manufacturers, not spinners in Vietnam, the vice chairperson said.

"But for apparel businesses, finding new sources to replace Chinese fabrics will prove more challenging," said Do Pham Ngoc Tu.

Source: globaltimes.cn– Jul 27, 2022

HOME

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Cinte Techtextil China 2022 to be held in Shanghai in September

After a successful stint last year, Cinte Techtextil China is set to attract exhibitors and visitors interested in technical textiles and nonwoven products from Asia in Shanghai, China, from September 6-8. The 2022 edition of the international trade fair will highlight materials and technologies for products that focus on personal hygiene and environmental protection.

Cinte Techtextil China's product categories comprise 12 application areas, including all types of uses in modern technical textiles and nonwovens. The categories cover everything from upstream technology and raw material providers to finished fabrics, chemicals, and other solutions, according to Cinte Techtextil China's website.

The trade fair will be held in halls E1 – E3 at the Shanghai New International Expo Centre. It is organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Nonwovens & Industrial Textiles Association (CNITA).

Technical textiles and especially the nonwovens industries have witnessed a growth spurt during the COVID-19 pandemic. A recent study projects the rise of the global polypropylene nonwoven fabric market at a CAGR of 6.7 per cent, touching $39.23 billion by 2028.

Nonwovens are in huge demand in sanitation, medical, automotive, and other end-use industries. The Asia-Pacific region has also been recognised as the largest regional market in the world with huge potential for further growth.

"The field of nonwovens is poised for a positive growth as the awareness of personal hygiene and pandemic prevention sustains in the domestic market. We decided to join the fair and showcase our new launches as we remain confident in the future development of the industry, especially since China is dominating the global scene," said James Gao, head of marketing and textile technologies, Uster Technologies (China) Co Ltd, as per a press release issued by Cinte Techtextil China.

"The market is paying more attention to environmental protection, and we receive enquiries about special yarns for this every day. We focus on technical yarns for filtration as well as anti-bacterial properties, which are very important for the environment.

The potential here in China is incredible and this is a big opportunity for everybody," said Roberto Galante, plant manager of FMMG Technical Textiles (Suzhou) Co Ltd, the Chinese subsidiary of the Fil Man Made Group, who was also one of the exhibitors at the 2021 edition of Cinte Techtextil China.

Source: fibre2fashion.com– Jul 26, 2022

HOME

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Beyond China: US' Xinjiang cotton ban has far-reaching implications, even for Asian alternatives

For garment manufacturers in South and Southeast Asia, a sweeping United States ban on all Xinjiang products – including cotton – may initially seem like a windfall, given its smothering effect on China's role as the world's top textile maker.

But the reality is far more complicated, as the global textile supply chain is so deeply intertwined that what looks to be a potential boon could instead be a crushing burden.

The concern came into the spotlight as the Bangladesh Garment Buying House Association (BGBA) asked its members last month to be cautious about sourcing raw materials imported from the Xinjiang Uygur autonomous region after Washington's Uygur Forced Labour Prevention Act came into effect.

Kazi Iftaquer Hossain, president of the non-profit BGBA, told the Post that although the act has not yet impacted the Bangladeshi garment industry, it may still face setbacks due to the US' import restrictions.

"So far as we know, Bangladesh garment exporters haven't encountered difficulties till now, but they send messages relevant to the current change of their policy," Hossain said. "Here, we exporters have to prove that no Xinjiang province materials – either wholly or partially – are used to manufacture our garments, so it's a real challenge."

Bangladesh imports about 40 per cent of cotton products from China, Hossain added when explaining how "it's difficult to change this major sourcing".

Taking advantage of the production-capacity shift in the labour-intensive industry away from China over the past few years, countries in South Asia have been steadily increasing their market shares in terms of textile exports to the US.

The US boycott of Xinjiang cotton has been another catalyst of the trend, and it may further fundamentally reshape the global textile supply chain by isolating China – the world's biggest textile producer, exporter and consumer.

According to data from the US Department of Commerce, the share of US cotton product imports from China was 21.5 per cent in the first five months of this year, down 3.7 percentage points from 2020. Meanwhile, the share of those from Bangladesh increased from 8.4 per cent in 2020 to 10.2 per cent, and those from India were up from 16.5 per cent to 19.2 per cent. Vietnam's share has remained at around 9 per cent in the past two and a half years.

But for countries such as Vietnam and Bangladesh, even though they have become increasingly competitive in terms of apparel makers sourcing Western markets, they still heavily rely on China for fabric and yarn, especially the high-end materials.

For some countries, fabric and yarn from China account for up to 70 per cent of their total imports, according to an analysis from Beijing Cotton Outlook Consulting this month.

"Most of the high-end yarns and fabrics are actually made from Xinjiang cotton, which is of good quality," the consulting company said.

As a result, campaign groups and some Western politicians have accused manufacturers of "cotton laundering" in places such as Vietnam and Bangladesh, for serving as intermediaries in cotton garment production.

"It is well known that the yarn used in Vietnam, which has a large textile industry, is often made with Chinese cotton, also coming from Xinjiang," said Anna Cavazzini, who is one of several European Parliament members pushing the legislative body to pass an import ban.

As a major global producer of cotton, Xinjiang's annual cotton output in 2021 was 5.27 million tonnes, accounting for 91 per cent of the nation's production, and around 20 per cent of the world's total output, according to the China Cotton Association and the National Bureau of Statistics.

The region, where China has been accused of using Uygur Muslims and other minority groups for forced labour, does not export much raw cotton or yarn. Instead, they are mostly consumed locally or sold to other provinces to be made into cloth, garments or other textile products for domestic and overseas markets. Last year, 67 per cent of cotton consumed across the country was from Xinjiang.

Beijing has vehemently denied that any human rights abuses are taking place in Xinjiang. A document circulating among UN diplomats also suggests that China has been lobbying behind the scenes at the United Nations' top human rights body to block the publication of a report on rights conditions in Xinjiang.

In the first half of 2022, Bangladesh was the biggest importer of cotton products from China, buying US$1.48 billion worth of goods. Most of the imports are various kinds of fabric, followed by yarn, customs data showed.

It was followed by Vietnam, which bought US$1.01 billion worth in the same period.

None of the Bangladeshi imports were directly from Xinjiang, but rather from coastal provinces such as Jiangsu, customs data showed.

Vietnam has bought US$582,000 worth of cotton products from Xinjiang this year, mostly in June.

Even though the act bans US imports of any products with input from Xinjiang, unless there is "clear and convincing" evidence that no forced labour was involved, lawyers say that the scrutinisation from US Customs is unlikely to expand to garment imports from a third country in the short term, due to capacity restraints.

According to a recent survey of 34 leading US fashion companies, conducted from April to June by Sheng Lu, an associate professor with the University of Delaware's Department of Fashion & Apparel Studies, in collaboration with the United States Fashion Industry Association, 86 per cent of respondents said they would decrease their cotton apparel sourcing from China, while more than 92 per cent did not plan to reduce apparel sourcing from Asian countries other than China because of the act.

Click here for more details

Source: scmp.com– Jul 26, 2022

HOME

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Bahrain joins regional industrial partnership

Bahrain has joined Egypt, Jordan and the UAE in a regional bloc that represents the world's largest combined raw aluminium exporter value of $6.76 billion.

Established in May this year, the Industrial Partnership for Sustainable Economic Development aims to establish large joint industrial projects and create job opportunities in the partner countries.

The kingdom, represented by Industry and Commerce Minister Zayed Alzayani, was included as a new member of the partnership during the second higher committee meeting in Cairo yesterday.

Bahrain, a major producer of aluminium, will increase the partnership's total industrial manufacturing value add from $106.26bn to $112.5bn, a statement issued after the meeting said. The country boasts a strong industrial sector with more than 9,500 companies and 55,000 employees and $4.3bn in industrial foreign direct investment.

It was also announced that the committee has shortlisted 12 projects worth $3.4bn to move into feasibility studies. A total of 87 industrial project proposals focused on fertilisers, agriculture and food were assessed by the committee. In the next phase, the partnership will focus on the metals, chemicals, plastics, textiles and clothing sectors.

In her remarks, Egypt's Minister of Trade and Industry Dr Nevin Gamea stressed the significance of the industrial partnership in confronting the economic consequences of the global crises and highlighted the importance of the private sector engagement in sustainable development for the Arab world.

"This partnership is key to ensuring value and supply chains, reaching industrial self-sufficiency, and creating more jobs," said Dr Gamea, adding: "We welcome Bahrain to join this partnership, which will help maximise the benefit of the industrial capabilities of the four countries."

She added: "To make use of this initiative, partners shall exchange science and technology expertise, set up industrial partnerships, and take advantage of the partners' markets to promote multilateral trade."

Integration

Meanwhile, Jordan's Minister of Industry, Trade and Supply Yousef Al Shamali noted that Bahrain joining the partnership will give a boost to the initiative, accelerating the pace of achieving the desired economic integration.

Also attending was UAE Minister of Industry and Advanced Technology Dr Sultan Al Jaber who commented: "Today, we welcome Bahrain as a vital and dynamic addition to the partnership. Bahrain's industrial sector plays a crucial role in sustainable economic development."

In his speech, Mr Alzayani conveyed the greetings of His Royal Highness Prince Salman bin Hamad Al Khalifa, Crown Prince and Prime Minister, and his appreciation for the kingdom's admission to the partnership.

He explained that the partnership reflects a strong will to promote industrial integration between Arab countries and the world, while seeking to achieve sustainable industrial development.

In 2019, the UAE, Egypt, Jordan, and Bahrain accounted for 30 per cent of the Middle East and North Africa's industrial contribution to GDP, totaling $65bn worth of industrial exports.

The countries' combined population is 122 million, representing 27pc of Mena and 49pc of the region's young population under 24.

The addition of Bahrain, which has a GDP of $39bn, is expected to greatly enhance the partnership and contribute significantly to its results.

The kingdom exports metal products worth $4bn annually and allows full foreign ownership in the industrial sector.

The partnership is expected to increase the GDP of member countries by $809bn by unlocking billions worth of opportunities across sectors, including $1.7bn in the food and agricultural sector, $4bn in the minerals sector, $1.7bn in chemicals and plastics, and $0.5bn in medical products.

Source: zawya.com– Jul 26, 2022

HOME

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Fast-track plan for newly-developed fibres

Insempra, a Munich-headquartered team of biologists, technologists and entrepreneurs focused on new regenerative materials, is making a strategic investment in Solena Materials, a spin-out from Imperial College London developing synthetic proteins for high-performance clothing fibres.

The investment will allow Insempra, formerly Origin.Bio, to accelerate its strategy of harnessing new technologies to advance biological production processes, creating naturally superior products to drive the regenerative revolution. Solena will be a major part of Insempra's platform to deliver high-performance, intrinsically sustainable ingredients for a broad array of industries.

Solena is using computational design to develop new classes of synthetic proteins to produce high-performance clothing fibres which can absorb large amounts of kinetic energy. Insempra will accelerate the development and production of these synthetic proteins on an industrial scale, offering better, biobased solutions to the petrochemically sourced, non-biodegradable materials or fibres extracted from nature or animals such as silk. The technology also reduces other environmental impacts such as microplastics in water bodies from washing petrochemically-sourced textiles.

"We are hugely excited by this investment in Solena, which will help to accelerate our market-first approach to develop superior, intrinsically sustainable ingredients," said Jens Klein, founder and CEO of Insempra and CEO of Solena Materials. "We look forward to fast-tracking Solena's development and the production of its unique synthetic proteins to develop customised, high-performance fibres for a variety of applications."

"This investment from Insempra recognizes the potential of our technology to revolutionise high-performance fabrics and their supply chains," added Professor Paul Freemont of Imperial College London. "Together, we can harness our synthetic biology capabilities to develop, produce and manufacture a new class of superior, more sustainable fibres."

Source: innovationintextiles.com– Jul 26, 2022

HOME

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Vietnam's 2022 exports likely to hit $400 bn; turnover $186 bn in H1

Vietnam’s exports are expected to hit $400 billion this year, with the total export turnover reaching nearly $186 billion in the first half (H1)—a rise of 17.3 per cent year on year (YoY). Many firms in electronics, textiles, garment, footwear and other sectors have received export orders till the end of the fourth quarter this year and also beyond that.

Barring China, exports to whose market increased by a mere 7.2 per cent, exports to all other markets with free trade agreements (FTAs) increased by double digits.

Vietnam’s exports to the European Union (EU) hit a turnover of $23 billion—up by 22 per cent—after nearly two years of the Vietnam-EU FTA getting implemented.

Exports to the ASEAN market in H1 2022 were worth $17.7 billion—up by 27.4 per cent; to the South Korean market, the figure was $12.2 billion—up by 18.5 per cent; and to the Japanese market, the figure was $11.48 billion—up by 13.9 per cent, according to a report in a Vietnamese media outlet.

Exports to countries under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) reached more than $20 billion in H1—an increase of nearly 10 per cent, according to Vietnam’s ministry of industry and trade.

Exports to the EU this year can reach nearly $50 billion, if the last six months of the year can maintain a growth rate of over 20 per cent. The trade surplus to the EU is expected to exceed $23.23 billion.

Source: fibre2fashion.com– Jul 26, 2022

HOME

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NATIONAL NEWS

ECGC introduces new scheme providing enhanced export credit risk insurance cover up to 90% for small exporters

ECGC has introduced a new scheme to provide enhanced export credit risk insurance cover to the extent of 90% to support small exporters under the Export Credit Insurance for Banks Whole Turnover Packaging Credit and Post Shipment (ECIB- WTPC & PS).

The scheme is expected to benefit a number of small-scale exporters availing of export credit with banks which hold the ECGC WT-ECIB covers. This will also enable the small exporters to explore new markets/new buyers and diversify their existing product portfolio competitively.

Addressing a press conference in Mumbai today, ECGC Chairman M Senthilnathan said, “We expect the cover to play a game changing role. We expect this to bring up percentage of accounts with up to Rs. 20 crore, thereby lending further stability to ECGC portfolio”.

He further said, “By giving 90% cover to banks, we expect more small companies to get export credit from banks, benefiting these industries greatly. We expect banks to provide more concessions. The net effect will be benefit to exporters, involving reduction in interest rate”.

Thanking the Commerce Ministry and the Minister Shri Piyush Goyal, ECGC Chairman said, “The Government supported us with adequate capital infusion in recent years. This, as well as the need to make our cover more helpful to exporters has led us to take the decision being announced today”.

Explaining the role played by the premier Export Credit Agency of the Government of India, Shri Senthilnathan said, “Countercyclical role played by organizations like ECGC is similar to that of a fireman, when credit is suffering, credit insurance agencies step in to stabilize the market”.

Shri Senthilnathan further remarked, all governments took various measures to stabilize the market in view of COVID-19, because of which, ECGC has not withdrawn cover given to exporters, against expectations, export credit insurance agencies all over the world have witnessed only average levels of claim ratios, not high ratios.

Enhanced Cover to Banks

- The enhanced cover shall be available for manufacturer- exporters availing fund-based export credit working capital limit up to ₹ 20 crore (i.e., total Packaging Credit and Post Shipment limit per exporter/exporter-group) excluding the Gems, Jewellery & Diamond sector and merchant exporters/traders.
- This new scheme will enable the banks holding ECGC's WT-ECIB cover to explore the possibility of reducing interest rates further so that all the stakeholders are benefitted. The enhanced cover percentage shall be made available to State Bank of India as per the previous year's premium rate in view of its favourable claim premium ratio. However, for other Banks there may be a moderate increase in the prevailing premium rates.

ECGC had extended support to exports amounting to Rs.6.18 lakh crore in the last FY 2021-22. As on 31/03/2022, more than 6,700 distinct exporters were benefitted by the direct cover issued to exporters and more than 9,000 distinct exporters benefitted under the Export Credit Insurance for Banks (ECIB). Notably, around 96% of these are small exporters.

Source: pib.gov.in- Jul 26, 2022

HOME

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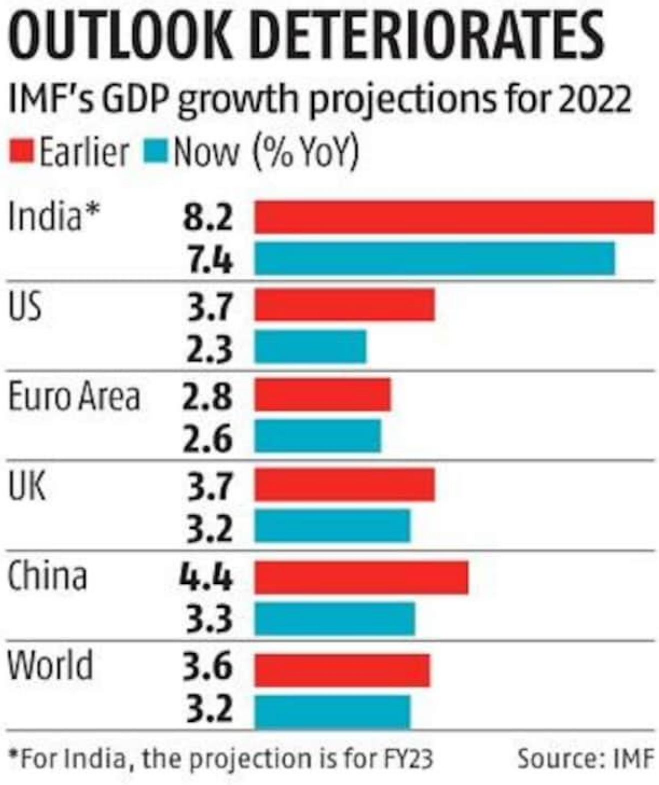
IMF slashes India's FY23 GDP growth forecast by 80 bps to 7.4%

The International Monetary Fund (IMF) on Tuesday slashed India's growth forecast for 2022-23 (FY23) by 80 basis points to 7.4 per cent, citing less favourable external conditions and rapid policy tightening by the central bank.

In its update to the April World Economic Outlook, the IMF said that though a global recession in 2022 was ruled out with a growth estimate of 3.2 per cent, the balance of risks was squarely to the downside, driven by a wide range of factors that could adversely affect the global economic performance.



"The risk of recession is particularly prominent in 2023, when in several economies growth is expected to bottom out, household savings accumulated during the pandemic will have declined, and even small shocks could cause economies to stall.

For example, according to the latest forecasts, the United States will have real GDP growth of only 0.6 per cent in the fourth quarter of 2023 on a year-over-year basis, which will make it increasingly challenging to avoid a recession," it said.

Pierre-Olivier Gourinchas, chief economist of the IMF, said that in a plausible alternative scenario where risks materialise and inflation rises further, global growth could decline to about 2.6 per cent in 2022. "The risks to the outlook are overwhelmingly tilted to the downside.

The war in Ukraine could lead to a sudden stop of European gas imports from Russia; inflation could be harder to bring down than anticipated either if labour markets are tighter than expected or inflation expectations unanchor; tighter global financial conditions could induce debt distress in emerging market and developing economies; renewed Covid-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress Chinese growth; and geopolitical fragmentation could impede global trade and cooperation," he added.

The downward revision of India's growth forecast by the IMF came days after the Asian Development Bank pared down its growth projection for India to 7.2 per cent for FY23, from 7.5 per cent, citing higher-than-anticipated inflation since April and subsequent monetary tightening by the Reserve Bank of India (RBI).

India's inflation remained above the RBI's upper tolerance limit for a sixth straight month in June. On June 8, the six-member Monetary Policy Committee (MPC) of the RBI raised the repo rate by 50 basis points following an off-cycle rate hike of 40 basis points in May, making it a 90 bps rate hike in just over a month. Analysts expect another rate hike in the MPC meeting on August 5.

The IMF said that in China, further lockdowns and the deepening real estate crisis had led the growth forecast to be revised down by 1.1 percentage points to 3.3 per cent for 2022, with major global spillovers.

"Downgrades for China and the United States, as well as for India, are driving the downward revisions to global growth during 2022–23, which reflect the materialization of downside risks highlighted in the April 2022 World Economic Outlook," it added.

The multilateral lender said global trade growth in 2022 and 2023 would likely slow to 4.1 per cent in 2022 from 10.1 per cent in 2021, reflecting the decline in global demand and supply chain problems. "The dollar's appreciation in 2022 — by about 5 per cent in nominal effective terms as of June compared with December 2021 –– is also likely to have slowed world trade growth, considering the dollar's dominant role in trade invoicing as well as negative financial balance sheet effects on demand and imports in countries with dollar-denominated liabilities," it added.

As advanced economy central banks raise interest rates to fight inflation, the IMF said widespread capital flight from emerging markets and developing economies could amplify this risk.

On policy priorities for economies, the IMF said that at this juncture, focus should be to bring inflation under control, as price stability was a precondition for durable growth in economic well-being and financial stability.

"Economies in which underlying inflation and inflation expectations have risen persistently and significantly above target levels need to take decisive action to tighten monetary policy, with central banks shrinking their balance sheets and raising real interest rates. In the near term, such policies reduce inflation at the cost of lower real activity, higher unemployment, and lower wages," it added.

Source: business-standard.com- Jul 26, 2022

HOME

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Trade body appreciates Ministry of Textile and Ministry of Agriculture's initiatives

Leading trade body of textile industry hailed the initiatives taken in a recent meeting of Union Textiles and Agriculture Ministers for holistic growth of Indian cotton textile value chain.

In a joint statement, T.Rajkumar, Chairman of Confederation of Indian Textile Industry (CITI), Manojkumar Patodia, Chairman, The Cotton Textiles Export Promotion Council (TEXPROCIL) and Ravi Sam, Chairman of The Southern India Mills' Association (SIMA), who attended the stakeholders meeting, appreciated the unstinted efforts constantly taken by the Minister of Textiles Piyush Goyal.

The annual cotton production in the country dropped to the lowest level of 315 lakh bales in recent years due to erratic weather, pink boll worm attack and lack of technology and good farming practices.

Realising the urgent need for enhancing cotton production, productivity, quality and branding Indian cotton, the Union Textile Minister, Piyush Goyal, constituted a Textile Advisory Group and also conducted all cotton stakeholders meeting along with the Union Minister of Agriculture, Narendra Singh Tomar and came up with numerous short- and long-term strategies to mitigate the current challenges.

The textile minister advised the stakeholders to come together in a mission mode for holistic growth of cotton textile value chain in India.

The strategy to have testing facilities from farm to industry and also the production of clean and contamination-free cotton would soon enable the country to brand the Indian cotton and its textile products on par with any other international cotton.

The decision of using coloured HDPE bag for fertiliser packing would resolve the perennial problem regarding white HDPE contamination present in the Indian cotton as the farmers use these bags for handling of Kapas (seed cotton).

Source: apparelresources.com– Jul 26, 2022

HOME

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Textile industry to submit proposal to raise cotton productivity

The textile industry will soon submit to the government a proposal to improve cotton quality and productivity.

Union Textile Minister Piyush Goyal and and Union Agriculture Minister Narendra Singh Tomar held a meeting with cotton sector stakeholders on July 24.

Ravi Sam, chairman of Southern India Mills' Association (SIMA), who participated in the meeting, said a multi-pronged approach is required for farmers to sow quality seeds and adopt best practices, to improve soil health, and reduce contamination in cotton.

The industry will submit a proposal to the government, start engaging with the farmers, and also extend support to them to increase productivity and improve quality. "The aim is to start working with farmers for the winter sowing," he said.

A press release from SIMA, Confederation of Indian Textile Industry, and The Cotton Textiles Export Promotion Council said annual cotton production in the country is estimated to drop to the lowest level of 315 lakh bales this season.

The meeting of stakeholders on July 24 discussed on the need and ways to adopt global best practices and also brand Indian cotton and textile products. The stakeholders should come together and work on a mission mode for holistic growth of cotton textile value chain.

It was decided at the meeting to have testing facilities from farm to industry, produce clean and contamination-free cotton, have a strategy to curb illegal sale of spurious seeds and educate younger farmers to use genetically pure certified seeds, it said.

Source: thehindu.com– Jul 26, 2022

HOME

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Cotton Fiber Sector Development in India Is Urgently Needed

Cotton fiber is gaining attention globally and in the mainstream media in India due to high volatility in the market.

The spinning sector in India and globally are witnessing a severe price squeeze due to high price and less demand. Within a year since July 2021, the cotton price shot up by 50%. For example, last year about this time, MCU-5 cotton was selling at Rupees 59,000/Candy, while today's price is about Rupees 89,000/Candy. One candy is about 355.62 Kgs.

I recently had the opportunity to visit Jayalakshmi Textiles in Aruppukottai to witness firsthand the situation in a spinning industry.

In a candid discussion with Shanmugam Velmurugan, General Manager of the 70,000-spindle mill, it became evident that the cotton sector from the farm level must gear up to meet the challenges faced by the spinning industry.

First, yield improvement must be immediately enhanced, states Velmurugan. Although having the largest acreage dedicated to cotton, India has the lowest productivity/hectare – about 462 Kgs/hectare as against the United States at 1000 Kgs/hectare. This necessitates seed improvements with latest biotechnology traits to counter issues from drought and pests.

The second aspect is focusing on the variability within the region in terms of fiber quality. Seed companies, state and national level agricultural agencies, and industry must collaborate with farmers in planting uniform varieties to have better control on fiber variabilities.

Velmurugan says that when doing bulk purchase of cotton by mills, variation in varieties from field to field causes issues regarding quality. Farmers have to be better engaged so that some control on regional variations can be achieved.

The third aspect is focusing on contamination at farm and gin levels. In addition to machine clearing at blowrooms in spinning mills, the industry has to have manual inspection and cleaning to have better contamination control. Four to five people are normally employed per shift for this operation. Contamination arises due to packaging materials made using plastic and jute, food packings, and other materials due to the manual handling of fiber. Awareness creation is needed to counter these issues in addition to machine level interventions.

Another aspect for the development is to focus on enhancing fiber quality. The Indian industry has, so far, focused on length, micronaire, strength, and color. Jayalakshmi Textiles has recently started focusing on other properties such as elongation. This necessitates the importance of HVI testing of fiber at mills. Mills in India normally do 20% testing of bales using HVI. Jayalakshmi Textiles consumes 40,000 bales, yet only about 8,000 bales are evaluated using high volume instruments using HVI and AFIS.

"Since we started purchasing cotton from the United States, we pay attention to fiber elongation," states Velmurugan. Fiber elongation is important for fiber performance in spinning and weaving with reduced breaks. Even a 2% increase in fiber elongation matters, notes Velmurugan. Cotton breeding should focus on fiber quality and not only on yield.

During my recent trip to India, I have been promoting the use of quality testing and the availability of reliable and timely data. Stakeholders must first create the awareness on the importance of timely and reliable data involving production and quality. State and national agencies should interact regularly with farmers and the end-users during the planting season to have a better handle on the data, weather, and agronomical aspects.

The cotton revolution in India should begin at the farm level with input from stakeholders such as end-users, say apparel makers and brands. The current high volatility situation opens up opportunity to focus on long-term planning for the cotton sector from fiber to the fashion supply chain.

Source: cottongrower.com– Jul 26, 2022

HOME

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Trade deal with AfCFTA can open vast market for Indian textiles

India can explore vast market for textile products in Africa if it signs a trade agreement. Currently, India exports less than 5 per cent of its textile products to the continent. Recently, India's commerce secretary BVR Subrahmanyan focused on exploring a comprehensive economic partnership agreement with the African Continental Free Trade Area (AfCFTA).

Subrahmanyan told the 17th Confederation of Indian Industry (CII)-Exim Bank conclave that Indian officials will engage with African counterparts on the issue so the country can have better access in the world's largest free trade area.

Last year, India shipped $0.743 billion of apparel to Africa, which was 4.99 per cent of its total exports of $14.912 billion, according to Fibre2Fashion's market insight tool TexPro. In January-April 2022, apparel exports to Africa stood at $231.328 million.

In home textiles, Africa's share was 3.81 per cent in India's total export of $8.782 billion in 2021. The figure stood at $131.690 million in the first four months of this year, as per TexPro.

In terms of India's share in Africa's import, apparel and home textiles stood at 3.33 per cent and 9.83 per cent respectively during last year.

Source: fibre2fashion.com– Jul 27, 2022

HOME

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Rains cause heavy damage to kharif in Maharashtra, cotton and soya worst affected

Even as 69 per cent of kharif sowing has been completed in Maharashtra, farmers in many districts in Marathwada and Vidarbha regions will have to go for a second and in some places a third round of sowing due to damage caused to the crops by excess rains. According to primary estimates, standing crop on over 8 lakh hectares in the two regions has been damaged. The State government is assessing the damage caused by the heavy rains and a final report is likely to be published by the month-end. Cotton and soyabean, the main crops in the two regions, have borne the brunt, and in many villages, the second sowing has been a complete waste because of inundation in fields.

Sowing has been completed on 36 per cent of the 36.88 lakh hectares under cotton cultivation during kharif, while 36.3 per cent sowing has been completed on the 38. 14 lakh hectares under kharif soyabean. Of the 151.33 lakh hectares of kharif area in the State (including sugarcane), sowing has been completed on 105.03 lakh hectares. According to the State government's sowing report, a second round of sowing will be necessary in many places that have witnessed excess rains. Twenty one of the 34 districts in the State have received more than 100 per cent rainfall this monsoon. The majority of these districts are in the Marathwada and Vidarbha regions.

Demand to declare wet drought

Leader of the Opposition, Ajit Pawar, has demanded that the State government declare a wet drought. He came down heavily on Chief Minister Eknath Shinde and his deputy Devendra Fadnavis for not expanding the Cabinet and appointing district guardian ministers, who play an important role in disasters.

Fadnavis, who recently visited some of the rain-affected areas, has asked the district administration to complete the damage assessment as soon as possible. He added that the State government will provide all help to farmers who have lost their crop.

Source: thehindubusinessline.com– Jul 26, 2022

HOME

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Leading garment exporters keen to invest in Bihar: Min

Leading exporters of textile and garments industry, including Shahi Exports, Richa Global, Texport Industries, Pearl Global and Poppys are keen to invest in Bihar, state industry minister Syed Shahnawaz Hussain said on Tuesday.

After Hyderabad and Ludhiana, the third consecutive Bihar Investors' Meet was organised by the Apparel Export Promotion Council (AEPC) in New Delhi on Tuesday. Addressing the meet, Shahnawaz said it is better to invest in Bihar than in Bangladesh. "This will not only benefit the country, but Bihar will also be able to play its part in strengthening the country's economy," he said.

Shahnawaz appealed to the industrialists to come to Bihar and see the reality and said resources, infrastructure and any policy level or other help from the government for the success of the industry, will be provided to them.

As per statement issued by the industries department, representatives of most of the 32 companies gathered in the investors' meet and praised the policy of Bihar. Leading industrialists of textile and garments described the recently launched textile and leather policy of Bihar as "the best in the country as compared to the policies brought by many other states."

Naredra Goenka, chairman, AEPC, said that not only Bihar's textile and leather policy is very good, but the benefit of subsidy given under the policy should be provided immediately. In response to this, industry minister Shahnawaz said: "All industries set up in Bihar are being paid subsidy without any delay."

Shahi Exports's MD Harish Ahuja and Richa Global's CMD Virender Uppal asked questions about the availability of land and rates of industrial land, in response to which principal secretary (industries) Sandeep Poundrik said: "Recently, we have purchased land in 54 industrial areas. The price has been reduced from 20% to 80%. Besides, the availability of land for industry is also sufficient. We have a land bank of 2900 acres, so that there will neither be any delay in land allotment nor there will be any shortage of land."

In his address, principal secretary Poundrik said: “Infrastructure is being developed rapidly in Bihar with plug and facility and these facilities are being developed in those areas where textiles, garments and related facilities are being developed. Sufficient workforce is available."

A question and answer (Q&A) session was also held in the meet, in which industrialists got detailed information on the policy of Bihar and the status of infrastructure in the state, and also gave some important suggestions.

Source: timesofindia.com– Jul 27, 2022

HOME

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Russia-Ukraine conflict, soaring crude oil prices and tightening of global financial conditions are major reasons for weakening of Indian Rupee against the US Dollar

While the Indian Rupee has weakened against the US Dollar, it has strengthened against other major currencies such as the British pound, the Japanese yen and the Euro during 2022. This was stated by Union Minister of State for Finance Shri Pankaj Chaudhary in a written reply in Rajya Sabha today.

The Minister stated that global factors such as the Russia-Ukraine conflict, soaring crude oil prices and tightening of global financial conditions are the major reasons for the weakening of the Indian Rupee against the US Dollar.

The Minister further stated that exchange rate is only one of the several different factors such as, demand for domestic and foreign goods, commodity prices, crude oil prices etc., which affect India's export and import demand. India's merchandise exports touched a record high of US$ 421.9 billion during 2021-22. India's exports during each month of the current year have been higher than those of the corresponding months of the previous year. India's exports and imports during 2021 and 2022 are in **ANNEXURE**.

The overall impact of exchange rate depreciation on domestic prices depends on the extent of pass-through of international commodity prices to the domestic market, the Minister stated.

Giving more details, the Minister stated that the Department of Commerce regularly monitors and sensitizes line Ministries/Departments and other stakeholders from time to time and in various forums on the following broad strategy to address the issue:

I. Addressing domestic supply rigidities and looking at domestic production opportunities/enhancement of capacity;
II. Timely use of trade remedial options;
III. Adoption of mandatory technical standards;
IV. Enforcing rules of origin;
V. Tariff measures/inverted duty correction etc.

Besides, the Minster stated, the Department of Commerce has been carrying out import data monitoring on monthly and annual basis to identify any visible changes and to monitor surges in imports. All concerned Ministries/Departments are apprised of item wise imports surge at 8 HS digit level on a monthly basis such that appropriate action may be initiated where necessary. A Position paper of structure of Imports is also circulated to all concerned Ministries/Departments annually since 2014, the Minister added.

Further, the Minister stated, there is an Importing Monitoring System for providing advance information on imports to Government and stakeholders for

I. Steel
II. Non-Ferrous Metal
III. Coal and
IV. Chips (Integrated Circuits)

Source: pib.gov.in– Jul 26, 2022

HOME

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State Atmanirbhar Textile Policy to be implemented soon: Dushyant Chautala

Deputy Chief Minister Dushyant Chautala said the state government would promote the textile industry through MSMEs in the state so that more and more youth could get employment. For this, the 'Haryana Atmanirbhar Textile Policy 2022' will be implemented in the state soon.

The Deputy Chief Minister gave this information after a meeting held in New Delhi today to discuss the draft prepared for the said policy.

Earlier, Chautala presided over the meeting of the Cabinet Sub-Committee regarding the draft of Haryana's proposed 'Haryana Atmanirbhar Textile Policy 2022' at Haryana Bhawan in New Delhi. State Agriculture and Farmers' Welfare Minister Jai Prakash Dalal and Labour and Employment Minister Anoop Dhanak were also present at the meeting.

The Deputy Chief Minister said the draft of 'Haryana Atmanirbhar Textile Policy 2022' had been thoroughly discussed by the Cabinet Sub-Committee on Tuesday. Now, this policy would be placed before the Cabinet for approval. This policy, prepared for the time period till 2025, is expected to invest about Rs 4,000 crore and provide employment to 20,000 youth.

He said at the meeting, various goals of the policy such as entrepreneurship expansion, investment, employment generation, grants, textile parks and other relevant topics were discussed. The meeting also discussed the 'National Technical Textiles Mission'.

He said under this policy, technical textiles would be specially encouraged and expanded. The promotion of synthetic fiber and regenerated fiber units has also been included in this policy.

Source: tribuneindia.com– Jul 27, 2022

HOME

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South India sees demand in cheaper cotton yarn, prices up in Mumbai

Cotton yarn prices further increased in Mumbai market today. Traders said that the prices gained from seller side due to optimism, but actual demand remained muted. Tiruppur market witnessed higher buying from weavers, specially for cheaper weft yarn of higher counts, but the prices remained unmoved. There was lack of confidence for demand.

Cotton yarn prices increased further in Mumbai market due to better sentiments. Cotton yarn prices gained ₹2-5 per kg. However, demand was not fully supportive. A trader told Fibre2Fashion, "Cotton yarn prices gained as mills and stockists were trying to jack up. However, demand is yet to pick up."

According to trade sources, lower quality yarn was witnessing better buying as per seasonal trend. 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,770-1,870 and ₹1,630-1,670 per 5 kg (GST extra) respectively.

Carded cotton yarn (44/46 count) of warp variety was traded at ₹1,620-1,650 per 5 kg. 80 count carded cotton yarn of weft variety was sold at ₹1,750-1,770 per 4.5 kg. 40 count carded cotton yarn (warp) was sold at ₹330-332 per kg. 40 count combed yarn (warp) was priced at ₹400-410 per kg, according to Fibre2Fashion's market insight tool TexPro.

Tiruppur market noted better buying as weavers are looking for cheaper cotton yarn. Traders said that buyers are showing interest to buy low quality weft cotton yarn in higher counts which is cheaper than warp yarn. According to trade sources, low quality weft yarn can be consumed specially in the rainy season. Fabric defects caused by lower quality yarn can be faded in moist season. The weather is also favourable to use lower strength yarn.

The traders were more confident for improvement in demand. However, yarn prices were noted at previous levels. 30 count combed cotton yarn was traded at ₹360-364 per kg (GST extra), 34 count combed at ₹370-374 per kg and 40 count combed at ₹375-380 per kg. Cotton yarn of 30 count carded was sold at ₹310-320 per kg, 34 count carded at ₹322-325 per kg and 40 count carded at ₹327-330 per kg, as per TexPro.

In Gujarat, cotton prices were steady while demand was average from spinners. Buyers were reluctant for buying at current prices.

The consignments of imported cotton are getting delayed at a time when importers are in trouble because of depreciation of rupee against the US dollar and down trend in the prices of cotton. Shankar-6 cotton was traded at ₹76,000-86,000 per candy of 356 kg in spot market of Gujarat.

Source: fibre2fashion.com– Jul 26, 2022

HOME

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