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INTERNATIONAL NEWS

IMF slashes global growth to 3.2% in 2022 & 2.9% in 2023

International Monetary Fund (IMF) has announced a 3.2 per cent revised downward forecast to global growth in 2022 and 2.9 per cent in 2023. It has also revised inflation upwards to 6.6 per cent in advanced economies and 9.5 per cent in emerging and developing economies. The world's three largest economies—the US, China and Europe—are stalling.

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; and tighter global financial conditions could induce debt distress in emerging market and developing economies.

Moreover, 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, IMF said in the July 2022 World Economic Outlook.

"The global economy is still reeling from the pandemic and Russia's invasion of Ukraine. We are now facing a gloomy and uncertain outlook. Many of the downside risks we identified in the April World Economic Outlook are now materialising.

First, higher-than-expected and broader inflation, especially in the US and major European economies. This is triggering a major tightening of monetary and financial conditions.

Second, a worse than anticipated slowdown in China, amid COVID-19 outbreaks and lockdowns. Third, further negative spill overs from the war in Ukraine and the associated sanctions and countersanctions," said Pierre-Olivier Gourinchas, IMF's chief economist.

"The risks are still firmly to the downside. Let me mention a few. First, the war and associated sanctions could escalate further with disruptions in energy and food markets.

Second, inflation could remain stubbornly high and long-term inflation expectations could start moving upwards prompting further tightening of monetary policies. Third, the tightening of financial conditions could become disorderly, with major implications for emerging markets and developing economies and increases in debt vulnerabilities.

We run an alternative scenario where some of these risks materialise, especially a full shutdown of Russian gas flows to Europe by the end of the year. Under that scenario, growth falls to 2 per cent next year. Since 1970, global growth has only been lowered 5 times," added Gourinchas.

Gourinchas added that with increasing prices continuing to squeeze living standards worldwide, taming inflation should be the first priority for policymakers.

"Taming elevated inflation should be the first priority of policymakers around the world. This requires tightening monetary policy, as many central banks have started to do both in advanced economies and emerging markets.

Going forward, central banks will need to stay the course until inflation reverts closer to central bank targets. Countries will also need to prepare for tighter financial conditions by increasing the resilience of their financial system using the relevant macroprudential policy tools.

Fiscal policy has an important role to play, helping to protect vulnerable households, but it should not interfere with the overall disinflationary stance of monetary policy.

Finally, policymakers must also keep their eyes on health and climate resilience, increasing vaccination rates to guard against future outbreaks, and working on multilateral actions to address climate change and speed up the green transition," said Gourinchas.

Source: fibre2fashion.com– Jul 27, 2022

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Certain Polyester Fiber Imports Still Under Anti-Dumping Rules

Polyester fibers from South Korea and Taiwan will remain under orders aimed at protecting American textile-producing companies, the nation's top trade court ruled Tuesday.

The U.S. International Trade Commission (USITC) came to the conclusion that revoking the existing antidumping and countervailing duty orders on imported polyester staple fiber from South Korea and Taiwan would likely hamper the domestic industry within a reasonably foreseeable time.

As a result of the USITC's affirmative determinations, the existing orders on imports of this product from South Korea and Taiwan will remain in place. The action taken Tuesday came under the five-year (sunset) review process required by the Uruguay Round Agreements Act.

Three U.S. synthetic fiber producers–DAK Americas LLC, Nan Ya Plastics Corp. and Auriga Polymers Inc.–originally filed petitions with the USITC on June 1, 2017, alleging that dumped imports of fine denier polyester staple fiber from the countries, which had first also included China and India, were causing significant harm to the domestic textile production sector.

The Uruguay Round Agreements Act requires the Department of Commerce to revoke an antidumping or countervailing duty order or terminate a suspension agreement after five years unless it and the USITC determine that revoking the order or terminating the suspension agreement would be likely to lead to continuation or recurrence of dumping or subsidies and of material injury within a reasonably foreseeable time.

The USITC's institution notice in five-year reviews requests that interested parties file responses with the commission concerning the likely effects of revoking the order under review, as well as other information. Generally within 95 days from institution, the USITC will determine whether the responses it has received reflect an adequate or inadequate level of interest in a full review.

If responses to the USITC's notice of institution are adequate or if other circumstances warrant a full review, the commission conducts a full review, which includes a public hearing and issuance of questionnaires. USITC generally does not hold a hearing or conduct further investigative activities in expedited reviews.

Commissioners base their injury determination in expedited reviews on the facts available, including the USITC's prior injury and review determinations, responses received to its notice of institution, data collected by staff in connection with the review and information provided by the Department of Commerce.

The sunset review concerning polyester staple fiber from South Korea and Taiwan was instituted on Jan. 2022. On April 8, the commission voted to conduct expedited reviews.

Source: sourcingjournal.com– Jul 27, 2022

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Cambodia's garment exports to South Korea negligible; FTA may boost

The value of garment exports from Cambodia to South Korea is currently negligible. However, the free trade agreement (FTA) between both the countries is expected to come into effect this year, which will boost Cambodia's merchandise exports. In the first five months of this year, Cambodia's garment exports to South Korea were valued at $79.228 million.

Cambodia exported $111.35 million worth of merchandise to South Korea in January-June this year which was 22 per cent higher on half year-on-year basis, according to data from Cambodia's General Department of Customs and Excise. Bilateral trade volume increased by 13.6 per cent to $421.33 million during the six-month period. Cambodia has already completed internal procedures for FTA, and once South Korea also completes the procedure, a notification will be issued, post which, the agreement will come into force in 60 days.

Under the FTA, South Korea agreed to remove tariffs on 95.6 per cent of products imported from Cambodia, while Cambodia will eliminate duties on 93.8 per cent of imported goods. Cambodia imported goods worth over $600 million from South Korea in 2021 while its exports to the East Asian nation reached $341 million.

According to Fibre2Fashion's market insight tool TexPro, Cambodia's export of apparel to South Korea could not recover from the dent of COVID-19. It had exported apparel worth $167.151 million in 2021, which was less than export of $187.650 million in 2019. The shipment had fallen to $169.716 million in 2020. Apparel export was valued at $79.228 million in first five months of this year.

Cambodia's apparel export to South Korea was 1.51 per cent ($167.151 million) in 2021, out of its total apparel export of $11.099 billion. Cambodia's share was also negligible in South Korea's import of apparel during last year. The north-eastern country had imported 1.60 per cent apparel from Cambodia, out of its total import of $10.467 billion, as per TexPro. China, Italy, Indonesia, Bangladesh and Myanmar were the top five suppliers for South Korea in 2021.

Source: fibre2fashion.com– Jul 28, 2022

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Vietnam's ministry projects 3 economic growth scenarios till 2023

Vietnam's ministry of planning and investment (MPI) has projected three scenarios for the last six months of this year and next year. In the best scenario, the macro economy is stable, inflation is controlled at about 4 per cent; and in the medium scenario, the macro economy is again stable, inflation is higher than 4 per cent, but still under control.

In the low scenario, the macro economy will face many difficulties and inflation will increase. MPI's draft project report to ensure macroeconomic stability, control inflation and secure large trade balances will be submitted to the government standing committee this month.

In the first six months this year, the price index of raw materials used for production increased by 6.04 per cent compared to the same period last year. Prices of many imported inputs also soared.

Petrol prices and input materials increased with the recovery of domestic consumption, which created inflationary pressure and high production costs, which in turn reduces production and slows down the recovery of production.

In the best scenario, major trade balances are guaranteed and economic growth this year will reach the set target. Growth next year will reach the average target in the 2021-2025 period at between 6.5-7 per cent, a news agency reported.

In the medium scenario, economic growth this year will reach the set target, and next year's growth will only approach the average target in the 2021-2025 period.

In the low scenario, economic growth this year will reach the set target, and next year's growth will be lower than the average target of the 2021-2025 period.

Source: fibre2fashion.com– Jul 28, 2022

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US retailers need to apply fast fashion approach to succeed: Study

Retailers wanting to succeed in today's fast-paced markets have to adopt shorter cycle times between concept and delivery like their fast fashion counterparts to meet consumers' demands. Fifty per cent of customers wish to buy a fashion trend within the same week they discover it as they are no longer willing to wait six months, according to a recent study.

The Alvarez and Marsal (A&M) Consumer and Retail Group surveyed approximately 500 consumers in the US to understand changing behaviours in identifying and obtaining trends quickly. The study also found that respondents ages 18-44 would compromise brand loyalty for immediacy when shopping for trends. Moreover, nearly half of all respondents said that they will choose another retailer if a trend is not available with their first choice of brand and only 30 per cent said that will check back with the same retailer for the same trend again, thus indicating that not providing items that match trends quickly and accurately will cost retailers dearly.

The study recommended a few initiatives that companies could take to grow in the present retail environment. The first is that retailers can run a compressed calendar in order to supply trends to customers whenever they want it. Doing so would require faster decision-making, quicker design iterations, a single iteration of product samples, fabric positioning, some reliable partners that can operate smaller unit runs faster, speedy warehouse and distribution turns, and fast shipments to customers, as per the study.

Retailers should also pay attention to enhancing their technology and design resources, so that companies are able to shrink their timelines and improve speed-to-market aligning nearer to manufacturing partners. Moreover, by utilising sophisticated data and analytics, retailers will be able to have the right product in the right place at the right time.

Sellers should also be able to note and react to rising and developing trends as fast as possible, which means 'doubling down' when a style is winning customers and cutting losses when the adoptions and turns are not working. Lastly, all internal and external stakeholders need to be aligned and built in a way that supports a flexible, shortened production timeline.

Internally, design, merchandising, planning, and senior management must be quicker in their approach to concept design, style components, concept adoption, and launch.

While externally, a strong relationship with supply network players such as raw material partners, factory manufacturers, packaging partners through to regulatory and quality compliance partners is required to meets the demands of the ever-changing market.

Source: fibre2fashion.com– Jul 26, 2022

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International textile-garment expo opens in HCM City

The 2022 Vietnam Saigon Textile & Garment Industry – Fabric & Garment Accessories Expo (SaigonTex and SaigonFabric 2022) opened in Ho Chi Minh City on July 27 morning, providing a platform for local and foreign producers to explore each other's demand and seek partnership.

The exhibition features 278 exhibitors from 16 countries and territories, including China, Germany, Hong Kong (China), India, Indonesia, Italy, Japan, the Republic of Korea, Malaysia, Pakistan, Singapore, Taiwan (China), Thailand, Turkey, the United Kingdom, the United States and Vietnam.

There are national pavilions hosting textile-garment associations and major brands, including those of the RoK, Taiwan, the US and Vietnam. The Vietnamese pavilion showcases products from the Vietnam Textile and Apparel Association (VITAS), Vinatex and the HCM City Association of Garment, Textile, Embroidery and Knitting (AGTEK).

Addressing the event, VCCI Vice President Vo Tan Thanh said SaigonTex and SaigonFabric 2022 offers a good opportunity for Vietnamese and foreign producers to introduce products, materials and advanced machinery in textile and garment; and to meet and seek partnership.

A series of symposiums will take place to update firms on new policies and solutions and discuss ways for them to enhance capacity and competitiveness, according to Thanh.

Co-organised by the State-owned Vietnam National Textile-Garment Group (Vinatex) and the Vietnam Chamber of Commerce and Industry in HCM City (VCCI HCM), the event at the Saigon Exhibition and Convention Centre will run until July 30.

Source: en.vietnamplus.vn– Jul 27, 2022

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Turkish textile sector's export results satisfy the industry

Turkish textile industry, reaching a value of 6.8 billion dollars in the first six months of 2022, increased its export value by 9.9% compared to the same period of the previous year. The exports of the sector on the basis of June increased by 8.3% compared to the same month of the previous year and amounted to 1.2 billion dollars according to the data compiled by ITKIB.

Türkiye's general exports increased by 18.5% to reach a value of 23 billion 400 million dollars in June. The share of the textile and raw materials sector, which generated a figure below the increase rate of Türkiye's general exports, in total exports decreased from 5.9% to 5.4% on an annual basis and from 5.7% to 5.2% in June.

The largest export of textiles and raw materials were made to EU (27) countries with a share of 46.4% in the January-June period of 2022. Exports to this market increased by 9.3% and reached a value of 3.1 billion dollars compared to the same period of the previous year. African countries became the second largest market in the sector with a share of 11.3% in the same period. Exports to this region increased by 25.7% and reached 768 million dollars. Textile exports to Eastern Bloc countries increased by 12.2% to 742 million dollars, while exports to countries in the Americas increased by 12% to 595 million dollars. Textile exports to Asian and Oceania countries decreased by 9.8%, while exports to other European countries outside the EU decreased by 6.7% in the first half of the year.

Turkish textile sector's export value decreased by 3.9% in quantity

Turkish textile and raw materials sector, showing an increase in exports in the first 6 months of 2022, experienced a decrease in quantity. The exports of the sector decreased by 3.9% and amounted to 1.4 million tons in this period. Textile exports to EU countries increased by 0.6% in quantity and reached 605 thousand tons. The quantity of textile exports to African countries increased by 7.1% and reached 167 thousand tons. The sharpest decrease in quantity was experienced in Asian and Oceania countries. The quantity of textile exports to this region decreased by 40.6% and was recorded as 91 thousand tons.

The biggest market of the Turkish textile industry in the January-June 2022 period was Italy with a share of 9.8%. Textile exports to Italy increased by 23.8% and amounted to 668 million dollars in this period. Germany stood out as the second largest market with a 7.6% share in total textile exports.

The sector's exports to Germany increased by 2.2% and amounted to 514 million dollars. Exports to the USA, the third largest market with a 7% share in textile and raw materials exports, increased by 17.5% and reached 475 million dollars.

Yarn exports increased by 9.5%, while technical textiles exports decreased by 2.6%

Taking into account the product groups that the Turkish textile industry exports the most, it is seen that the leader in the first half of the year is yarns. The exports of the yarn product group, constituting 20.6% of the total textile exports, reached a value of 1.4 billion dollars with an increase of 59.5%. Exports of woven fabrics, ranking second, increased by 24.4% to 1.3 billion dollars. There was a decrease in exports of technical textiles, the shining star of the last two years, in the first 6 months of 2022. Technical textiles, having lost 2.6% in exports, decreased to 1.2 billion dollars. Home textile products also showed a successful performance in exports and generated 1.1 billion dollars with an increase of 5.2%. Exports of knitted fabrics decreased by 2.5% and reached a value of 1 billion dollars in the same period. On the other hand, the exports of the apparel sub-industry sector increased by 8.5% to 292 million dollars.

Fibre exports increased by 25.5%, Iran becoming the biggest buyer

Fibre exports in the January – June period of 2022 increased by 25.5% and amounted to 593 million dollars. Looking at the details of fibre exports, it is seen that the most important sub-product group is synthetic/man-made fibres with a share of 61.7%. The exports of this product group increased by 41.9% and reached a value of 366 million dollars. The second sub-product group was cotton fibres with a share of 36.5%.

Iran is the largest country market in fibre exports with a share of 11%. Fibre exports to Iran increased by 43% to 65 million dollars. Exports to Italy, the second largest market with a 10% share, increased by 39% and reached a value of 60 million dollars. Fibre exports to EU countries increased by 59% in the first 6 months of the year, reaching a value of 251 million dollars.

The denim fabric segment, which has made significant developments in recent years and strengthened its ties with the fashion industry, has also managed to increase its exports by 25.4% in the first half of 2022 to reach a value of 167 million dollars. Tunisia was the most important country in denim fabric exports with an export value of 41 million dollars and a share of

24.7%. Egypt followed Tunisia with a 15.7% share and an export value of 26 million dollars.

The capacity utilization rate in the manufacturing of textile products in June 2022 decreased by 1.2% compared to May and amounted to 77.6% according to the statement of the Central Bank of the Republic of Türkiye. Employment created by the textile and ready-to-wear sectors increased by 5.3% compared to the same month of the previous year and reached 1 million and 211 thousand employees in April 2022. The employment contribution of the textile and raw materials sector only was determined as 520 thousand.

Ready-to-wear and apparel exports increased by 14,5%

Türkiye's ready-to-wear and apparel exports increased by 14.5% in the first six months of 2022 and reached 10.8 billion dollars. The share of the sector in general exports decreased compared to the same period of the previous year and was calculated as 8.6%.

The three largest countries in ready-to-wear exports were ranked as Germany, Spain and England. Exports to Germany amounted to 1.9 billion dollars with an increase of 17.9%, to Spain 1.3 billion dollars with an increase of 11.47% and to England 1 billion dollars with an increase of 11.9% in the first half of the year.

The most exported product group of the sector was knitted clothing and accessories with an increase of 12.3% and a value of 5.2 billion dollars. Woven clothing and accessories, reaching a value of 4 billion dollars with an increase of 19.7%, took second place. The exports of the other ready-made product group, which also includes home textile products and surgical mask product groups, increased by 6.3% to 1.4 billion dollars.

Source: textilegence.com– Jul 27, 2022

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Negotiate for trade benefits post LDC graduation: Bangladeshi analysts

Bangladesh should negotiate with the World Trade Organisation (WTO) for continuing trade benefits after it graduates from the least developed country (LDC) status in 2026, according to analysts, who say the country should also work on capacity building, export diversification, attracting foreign direct investment and skills enhancement to get prepared for the post-graduation period.

The analysts were speaking at a seminar on 'WTO MC-12: Implications for Graduating LDCs' in Dhaka organised by the Support to Sustainable Graduation Project under the government's economic relations division.

The seminar analysed the key takeaways for Bangladesh from WTO's 12th Ministerial Conference (MC12) in Geneva in June, according to Bangladeshi media reports.

The next course of action and how the country should get prepared in the run-up to the next such conference were also discussed at the seminar.

Source: fibre2fashion.com– Jul 27, 2022

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Bangladesh to get more orders from US buyers than Vietnam, China over next 2 years: Study

According to the USFIA (United States Fashion Industry Association) 2022 Fashion Industry Benchmarking Study, more than half of the US apparel executives plan to source more from Bangladesh than from Vietnam, Indonesia, China, Cambodia and other competitors in the course of next two years.

As per the report published by USFIA, a staggering 55 per cent of the US apparel executives have expressed interest to increase sourcing from Bangladesh till 2024, including 3 per cent who expected a strong increase.

The report further underlined when asked which countries or regions the US fashion companies planned to increase their sourcing value in the next two years, India led the way, followed by CAFTA-DR region and Bangladesh (with all three selected by more than half of the respondents), while Mexico came in the fourth place in this regard, with Indonesia and Vietnam tied for the fifth position.

For information, CAFTA-DR or Dominican Republic-Central America FTA is the first free trade agreement between the United States and a group of smaller developing economies, which includes Guatemala, Honduras, Nicaragua, Costa Rica, El Salvador and Dominican Republic.

Source: apparelresources.com– Jul 27, 2022

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NATIONAL NEWS

India has not imposed any country specific ban on imports, minister Piyush Goyal informs Parliament

India has not imposed any country-specific ban on imports, Union Minister of Commerce and Industry Piyush Goyal informed Parliament in reply to a question on whether the central government has taken or proposed to take any steps to impose a ban on Chinese products.

"India and China, are both members of the WTO, and any trade restriction imposed must be WTO compliant. Government has from time to time reviewed and taken WTO compliant measures to address the concerns raised by various stakeholders to have a holistic global trade strategy," he said further in his reply.

However, as per the import policy of the government, all goods imported into India are subject to domestic laws, rules, orders, regulations, technical specifications, environment, and safety norms.

"...Government takes appropriate action including a ban on goods if these are found to violate these regulations or have implications for national security," Goyal added.

There had been several calls to shun Chinese products after a border clash with China in 2020 in which 20 Indian soldiers and several PLA soldiers were killed. Following the event, India imposed a ban on 59 apps including Tik Tok, UC Browser, and other apps. Almost all the apps banned have some preferential Chinese interest and the majority have parent Chinese companies.

The Centre regulates imports on the grounds of public morals, protection of human, animal, or plant life and health, protection of patents and copyrights, and protection of national treasures of artistic, historical, and archaeological value, among others.

The Directorate General of Trade Remedies (DGTR) is empowered to recommend restrictions on imports.

Further in his reply, he said in order to support and expand domestic capacities, the government has implemented policies to promote domestic manufacturing like the Production Linked Incentive (PLI) Schemes for various key sectors in line with the Atmanirbhar Bharat policy to reduce dependence on imports, with an estimated outlay of Rs 197,000 crore.

In addition, to promote the semi-conductor industry, the Government has formulated a scheme amounting to Rs 76,000 crore.

Source: economictimes.com– Jul 27, 2022

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India's overall (merchandise plus services) exports increased from USD 52.8 billion in June 2021 to USD 64.9 billion in June 2022

The overall (merchandise plus services) exports increased from USD 52.8 billion in June 2021 to USD 64.9 billion in June 2022.

The overall (merchandise plus services) imports increased from USD 52.9 billion in June 2021 to USD 82.4 billion in June 2022.

Government has taken the following measures to boost exports:

- Foreign Trade Policy (2015-20) extended upto 30-09-2022.
- Assistance provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.
- Rebate of State and Central Levies and Taxes (RoSCTL) Scheme to promote labour oriented textile export has been implemented since 07.03.2019.
- Remission of Duties and Taxes on Exported Products (RoDTEP) scheme has been implemented since 01.01.2021.
- Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.
- 12 Champion Services Sectors have been identified for promoting and diversifying services exports by pursuing specific action plans.
- Districts as Export Hubs has been launched by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/manufacturers to generate employment in the district.
- Active role of Indian missions abroad towards promoting India's trade, tourism, technology and investment goals has been enhanced.
- Package announced in light of the COVID pandemic to support domestic industry through various banking and financial sector

relief measures, especially for MSMEs, which constitute a major share in exports.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Jul 27, 2022

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Bilateral Trade between India and GCC grew from US$ 87.35 billion in FY 2020-21 to US$ 154.66 billion in FY 2021-22

Bilateral Trade between India and the Gulf Cooperation Council grew from US$ 87.35 billion in FY 2020-21 to US$ 154.66 billion in FY 2021-22, registering an increase of 77.06% on a year-on-year basis. Since FY 2017-18, on a compounded annual growth rate basis, bilateral trade between India and the GCC has grown by 10.57%.

Details of India's exports to the GCC during the last five financial years is as follows:

India's Exports to GCC						
Values in USD Billion						
S.No.	**Country**	**2017-2018**	**2018-2019**	**2019-2020**	**2020-2021**	**2021-2022**
1	BAHRAIN	0.56	0.74	0.56	0.53	0.90
2	KUWAIT	1.37	1.33	1.29	1.05	1.24
3	OMAN	2.44	2.25	2.26	2.36	3.15
4	QATAR	1.47	1.61	1.27	1.28	1.84
5	SAUDI ARABIA	5.41	5.56	6.24	5.86	8.76
6	UAE	28.15	30.13	28.85	16.68	28.04
	GCC Total	**39.39**	**41.62**	**40.47**	**27.76**	**43.93**

Source: DGCIS

This information was given by the Minister of State in the Ministry of Commerce and Industry, Smt. Anupriya Patel, in a written reply in the Lok Sabha today.

Source: pib.gov.in- Jul 27, 2022

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Innovative and dynamic industries to profit from UAE-India CEPA: UAE Minister

The United Arab Emirates (UAE) and India share diplomatic relations for about 50 years, while their trade relations has been centuries old.

In May 2022, the first consignment of goods was shipped from India to UAE under the latest trade pact Comprehensive Economic Partnership Agreement (CEPA).

In an email interview to Business Line, Abdulla Bin Touq Al Marri, Minister of Economy of UAE, has shared his insights into key areas of bilateral cooperation and new opportunities for Indian investors in UAE.

What are UAE's major expectations from CEPA?

For us in UAE, the CEPA with India is a policy tool to intensify and broaden the bilateral ties. It is one component of our long-term strategy to adapt to an increasingly complex and fast-changing global environment.

The non-oil economy represents more than 70 per cent of UAE GDP today. Our government's ambition is to double the size of the economy this decade from $381 billion to $762 billion. It will happen by stimulating economic growth in a sustainable and inclusive manner. Foreign trade will play a central role in this effort. Our near-term aim is to boost exports by 50 per cent in the next few years. The CEPA model will serve these goals and help consolidate our position as a global hub for business, investment and innovation.

What is the significance of CEPA for the bilateral relations?

Through the UAE-India CEPA, a golden era has been unleashed in the bilateral relations under the leadership of Sheikh Mohamed bin Zayed Al Nahyan and Prime Minister Narendra Modi. The cordial relationship that Commerce Minister (Piyush Goyal) and I enjoy has made it easier for us to build on a bedrock of common values, including the strong belief in fair, sustainable, and rules-based multilateral trading system. The agreement was sealed in a record span of 88 days as a result.

The agreement offers significant economic benefits for both the partners. It will eliminate tariffs on 80 per cent of exchanged products, create greater market access for exporters in both countries, offer new growth opportunities to small and medium enterprises (SMEs), and allow Emirati and Indian companies alike to compete for government procurement.

All this will accelerate the exchange of goods and services between the two countries in multiple sectors such agriculture, agri-food, metals, manufacturing, pharmaceuticals, healthcare, business services, tourism, and travel services. I, certainly, say that a wide range of innovative and dynamic industries will profit.

Can you give us an overview of how Indian migrants have contributed to the growth of UAE economy?

To me, trade is not only about dollars coming in and dollars going out. It's primary objective must be to improve people's lives and prosperity. Through CEPA, we worked so that the people of India and UAE mutually benefit from the deepening economic ties. UAE is already home to 3.4 million Indians. In fact, the Indian diaspora makes up the largest expatriate group in the country.

Members of the Indian community in UAE occupy key positions in healthcare, manufacturing, transport, IT, and financial services. They supported the construction of our cities and infrastructure. Indians in UAE are also an incredible asset for the Indian economy. In 2020 alone, they sent $43 billion in remittances back to India—the second largest source of inward remittances after the US.

How could Indian companies leverage CEPA to establish or expand their businesses in UAE?

Over the past few years, we have conducted a series of structural reforms to enhance the business environment and boost competitiveness. Our economy attracted $20.7 billion in FDIs in 2021, an increase of 3.9 per cent from previous year. It also ranked first in the MENA region and 15th globally on AT Kearney's FDI Confidence Index.

The businesses and investors in India should see this as a clear-cut testimony to the comparative advantages UAE offers when it comes to trade and investment.

There exist many untapped opportunities for investment not only in traditional sectors but also in new sectors such as technology, IT, artificial intelligence, renewable energy, fintech and agri-food that will define the economies of tomorrow.

The UAE-India CEPA is the first trade agreement to be signed by India with any country in the Arab world. So, Indian companies should consider UAE as a platform to access new markets across the MENA region, and Africa. And, they can count on our world-class logistics network that extends to more than 400 global cities in doing so.

Source: thehindubusinessline.com– Jul 27, 2022

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Technical textiles to be promoted through Atamnirbhar Textile Policy: Haryana deputy CM Chautala

The proposed Haryana Atamnirbhar Textile Policy will strive to provide employment to 20,000 youth and attract investments worth Rs 4,000 crore, Haryana Deputy Chief Minister Dushyant Chautala said on Tuesday.

According to the report by The Hindustan Times, Chautala stated that the policy will be launched soon and will be effective till the year 2025. Currently, the draft is being prepared to be submitted to the Cabinet for approval.

Chautala discussed the policy in Delhi with the cabinet sub-committee appointed to frame the draft policy, said the report.

"We discussed different goals such as entrepreneurship expansion, investment, employment generation, grants, textile parks, and the national technical textiles mission at the meeting," said Chautala.

In addition to that, the government will promote the textile industry in Haryana through micro, small and medium enterprises (MSMEs). The promotion and expansion of technical textiles will also be encouraged, he said.

The meeting was attended by Haryana's Agriculture and Farmers' Welfare Minister Jai Prakash Dalal and Labour and Employment Minister Anoop Dhanak. Other dignitaries present during the meeting were Additional Chief Secretary (Finance & Planning). T.V.S.N. Prasad, Principal Secretary (Industries and Commerce) Vijayendra Kumar; and MSME's Director General Amneet P Kumar amongst others.

Technical textiles are textile materials used in industries such as agriculture, healthcare, sports, construction, etc. In 2020, the National Technical Textiles Mission was established with a view of making India a global leader in technical textiles with a budget of Rs 1,480 crores.

Source: financialexpress.com– Jul 27, 2022

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Textile companies to draw up plan to cut emissions

The government has identified textiles as a high emission intensity sector and asked the industry to prepare a roadmap for reducing emission intensity and carbon dioxide by 2030 along with the expected financial implications.

India wants to achieve carbon neutrality by 2050 and keep global warming below +1.5 degrees Celsius.

"The roadmap would include ways to adapt to protect communities and natural habitats, especially the ones threatened by climate change," said an official.

India relies heavily on coal and natural gas for electricity and heat production and that increases the carbon footprint of each apparel product.

Globally, the textile and garment sector accounts for 6-8% of total carbon emissions, or some 1.7 billion tonnes in carbon emissions per year.

The decision was taken after an inter-ministerial committee met last month to discuss the implementation of the roadmap on energy efficiency with a focus on sectors with high emission intensity such as transport.

"Carbon dioxide reduction targets and respective measures to achieve these targets would be a key feature of this roadmap to improve the sustainability of textile production," the official said.

Source: economictimes.com– Jul 27, 2022

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China is losing its hold on the textile market. Can India get a big piece of the global trade worth $1 trillion?

India's textile exporters should realize that China's problems could be their opportunities. They can be hopeful even though there are signs of trouble in the East Asian economy, which is losing market share in textile exports to Vietnam and India, for example.

The rise in prices of raw materials, the effects of Covid-19, and a growing US-led boycott of cotton from China, which is used in many textiles, have all led to a drop in demand for fiber. In June 2022, the South China Morning Post said that consulting firm Beijing Cotton Outlook noted that some Chinese companies had lost up to 30% of their orders.

It also said that the China National Cotton Information Centre said at the beginning of June that the number of textile factories in China that had their machines running was 13.3 percentage points lower than the same time last year, at 79.7 percent. Many experts say it could worsen as more countries stop buying cotton from East Asian countries.

What does this mean for India, whose textiles industry has been struggling? Experts say, "It's a good chance."

KK Lalpuria, the Executive Director and CEO of Indo Count Industries, a company in Kolhapur that makes cotton yarn and knitted goods, says that India should use its strengths to increase textile exports right now. "We could take advantage of the fact that China's textile exports are going down. "The only country that can get a bigger share of the market is the one that can guarantee the raw materials in the supply chain," he says, referring to India's ability to grow cotton.

He also says that China is having trouble with things like labor costs that are too high. Manufacturers have realized that there is more money to be made in their own country China, so they are putting less effort into exports.

Get that spot

Even though China has the most significant share of the textiles market—35 percent—it is slowing down because of changes in global demand. India has a share of about 6%.

In this situation, the goal of the Indian government to increase textile exports makes sense. In April, the Minister of Commerce and Industry, Piyush Goyal, said that the goal was to raise textile exports from $44 billion to $100 billion by 2030.

But even though there is a chance to make money from cotton exports, Indian exporters would have to face some huge problems to reach their export goal. Some of the issues are geopolitical tensions, tough competition from other countries, and changes in the supply chain.

A CRISIL Rating report says that cotton prices have more than doubled in one year, going from Rs 50,000 per candy to Rs 100,000 in May, which makes the situation even worse. It also said that exports have become less competitive because domestic cotton prices have increased so much that they are now higher than international prices.

Gautam Shahi, the Director of CRISIL Ratings, says there are two main reasons for this. “First, there has been an increase in the price of raw materials like cotton because of problems in China, which is the biggest producer. Second, there has been a bit of a slowdown in some of the most important markets, such as the USA, because of inflationary pressures. High inflation and rising interest rates in these countries are now affecting demand.

Experts in the field say that these are why the government should step in to help the players in the sector achieve steady growth. The most important thing is to focus on policies that encourage diversification of textiles portfolios, capacity building, and competitiveness. Also, textiles should focus on new foreign trade agreements (FTAs).

Important Policies

Partner at Deloitte India Anand Ramanathan says that the government should try to get textiles into all the FTAs. “Countries like the US and Europe, where some of our high-value exports go, are slowing down. So, the portfolio will need to be diversified somehow, and FTAs can be an essential part of that. Even within Europe, we will have to focus on certain markets that are less affected by the energy crisis and where inflation won’t be as high. Ramanathan says, “We will have to look at it country by country, or maybe region by region, and then figure out what needs to be done.”

It's not a secret that FTAs can significantly impact India's textile industry. For example, the India-UAE trade pact is expected to lower import duties for Indian exporters, and India already supplies 43% of UAE's clothing imports. The deal will not only increase trade between the two countries, but it will also make the textile industry more competitive and help create jobs. Israel, Canada, and the EU are all working on more FTAs.

A Press Information Bureau report says that India's textile and clothing industry adds about 2% to the country's GDP. Before Covid began, it, directly and indirectly, employed close to 105 million people, making it the second largest source of jobs after agriculture. These numbers should convince the government to help the sector grow.

Experts also say that India can benefit in another way. They say to use the "China Plus One" idea to get a more significant share of the global textile market right now.

Lalpuria of Indo Count Industries says India has a real chance to take advantage of the gap. This is because international brands are now sourcing from other places instead of China because of supply chain problems and the US-led ban.

He thinks that the global textile trade is worth about $1 trillion. Last year, China did about $360 billion, while India did about $44 billion. "China's market share will change, and a small change of 1 percent in global trade adds up to almost $10 billion. China is becoming less competitive, so if we can set up the right support system, we'll have a huge chance," he says.

India also has an advantage in raw materials because it makes a lot of cottons. Also, the country has a well-established industry that makes all kinds of fabrics and yarn. "India sells raw cotton, yarn, and fabric overseas. If we can add value and sell it, India will be able to compete. "The Indian manufacturer has a lot of room to take market share from China," says Lalpuria.

Initiatives like the Production-Linked Incentive (PLI) scheme and the Interest Equalisation Scheme have helped to make the country more competitive. With its focus on artificial fiber (MMF) and technical textiles, the PLI scheme aims to boost this sector. Commerce and Industry Minister Goyal said that MMF and technical textiles make up two-thirds of the world market and international trade in this area.

A MarketsandMarkets report says that the global specialized textile market is expected to grow from $164.6 billion in 2020 to $222.4 billion in 2025, at a compound annual growth rate (CAGR) of 6.2% from 2020 to 2025. India's technical textiles exports are worth $2 billion, and the country wants to reach a goal of $10 billion in three years.

Shahi of CRISIL Ratings says that the country still has a long way to go regarding technical textiles. “Our market share for these products is tiny, and China has a lot of power. The PLI Scheme in the MMF segment and the proper implementation of the integrated textile parks will help take the industry to the next level. There will be economies of scale because all of the facilities and raw materials will be in one place,” he says.

Play the game of being green

Cotton prices are the most critical variable, and this can be fixed by increasing the number of cotton crops and using machines. “What we need to do most is increase supply. “This is a problem with all crops, not just cotton,” says Ramanathan of Deloitte India. “So, fix the way you run your farm. Connect with banks to get money for the cotton value chain and ensure there is more mechanization and investment in technology to track cotton.

Taking advantage of new trends catching on around the world can also help. Exporting units need to learn about sustainable ways to make things, which is getting a lot more attention from buyers worldwide. Taking their lead, brands have started to use some of these methods in their work. Vishal Fabrics, a company that makes denim and fabrics, use eco-friendly chemicals and organic cotton in their factories. Indo Count Industries promotes sustainable fibers, and Birla Century, a textile company, pays much attention to waste management, water management, and energy conservation.

RK Dalmia, Senior President and Director of Birla Century, says, “Our main goal is to integrate sustainability throughout the entire value chain. About 84% of the trash we make is being recycled or reused, and we just started recycling and reusing all of the fly ash that comes from power plants. The goal was to reach the goals for sustainable development and make our factories more in line with international standards.”

Ramanathan says that efforts to make sure the fabric is made responsibly will help exports. Some players in the value chain track cotton crops from the farm to the customer. In the world we live in now, exports can also be boosted by using sustainable methods. “More and more people want to wear natural fabrics, and because they affect the environment, synthetic fabrics are becoming less popular. This is a big plus because we can get all raw materials from one place. How well the space does will depend on how much value we can add to products in the country and how well we can sell them. “That gives us a big advantage over Bangladesh and Vietnam,” Ramanathan says.

It’s clear that if we want to get a more significant share of the world’s textile exports, we need to make changes on several fronts, such as investing in research and development, using our traditional expertise in hand-woven products, looking beyond conventional geographies, and digitizing more.

Even though the $100 billion export goal may seem like a lot, if the government and industry players work together to solve the current problems, the segment could be on a long-term upward trend.

Source: inventiva.co.in- Jul 27, 2022

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Domestic cotton prices dropped by nearly Rs 16,600 per candy & Yarn prices reduced by Rs. 35 to 40 per kg in the month of July 2022

Ministry of Textiles has stated that cotton and cotton yarn prices are dependent on market forces of demand and supply and higher international prices.

Ministry of Textiles is constantly engaged with various stakeholders across the entire cotton value chain in respect of the prices of cotton and cotton yarn to harmonize their interest.

Ministry of Finance has exempted the customs duty on raw cotton imports upto 31st October 2022.

The domestic cotton prices have been reduced from its peak level of Rs. 1,03,000 in the Month of May 2022 to Rs. 86,400 per candy.

The yarn prices which were ruling in the range of Rs. 400 to Rs. 440 per kg for 40s Cone combed in the month of April & May 2022, has also been reduced by Rs. 35 to 40 per kg in the month of July 2022.

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 27, 2022

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Mid-term expectations

The FTP must push export hubs, MSMEs, hi-tech goods

The new Foreign Trade Policy (FTP), due to be released in 2020, was delayed for multiple reasons. The government today is being justly cautious about not having the traditional 5-year Foreign Trade Policy (FTP), given the prevailing global uncertainty, and in the process have a mid-term FTP.

Besides, with the general elections barely two years away, it makes sense to have a mid-term FTP.

If India plans to have a mid-term FTP, it will make sense to have a well-planned and implementable target within the defined time frame. Here are some suggestions for policy makers.

Export hubs

Firstly, there has been a discussion over having District Export Hubs. While this would be a welcome step under the FTP, it will be more appropriate to have this initiative focussed on the 'Middle-Ten' exporting States, ranked between 11 and 20. It is important to reduce India's export concentration of States.

Eighty-five per cent of India's exports comes from the top 10, and 67 per cent from the top five exporting States. Having an export plan for dedicated States in the 'Middle-Ten' exporting States will not only improve their export competitiveness, but also lessen the regional disparities through an export-led growth.

Secondly, in line with the Centre's efforts towards diversifying exports from traditional products it would be important to look at other items in the value chain.

Almost 52 per cent of India's exports are resource based. To rectify this anomaly, R&D and technology-oriented companies could be incentivised to increase their exports.

The FTP could also look at incentivising R&D based export companies by extending credit over investments made for R&D. It may be noted that many companies post losses in their initial years as they spend a considerable amount on R&D.

E-comm thrust

Thirdly, bringing e-commerce within the ambit of FTP would yield significant dividends. E-comm firms gathered momentum during the pandemic period.

As India reviews its SEZ policy, e-commerce incentives can also be incorporated in the mid-term FTP. In fact, the various chambers of commerce could look at executing schemes for quality control and certification of products for MSMEs so that they can be easily on-boarded on these platforms.

Fourthly, taking a clue from the above, the mid-term FTP can bring about greater awareness about Standards, and Sanitary and Phytosanitary (SPS) issues. With MSMEs contributing more than 45 per cent of India's exports, focus on these areas would allow MSME exporters to tap opportunities in developed markets.

The FTP's focus on non-tariff measures (NTM) would help it to achieve Sustainable Development Goals (SDGs) while also promoting trade. This is significant as impact of tariffs has been decreasing over the years, while , NTM protection has been growing.

Global standards

India needs to produce goods which are in sync with global standards to find acceptability abroad. As the Indian middle class gets exposed to such quality products, it would be important for Indian MSMEs to produce goods with globally recognised specification for the domestic market also.

Shifting from an incentive-based FTP, towards balancing it with export capabilities aiming on developing strengths, could be a worthwhile attempt, while devising the short-term FTP.

It is also pertinent to note that India was not successful in meeting its previous target set in 2015, due to various reasons, one of which was the pandemic which hit at the far end of its tenure. Hence, it would be important to not miss the bus this time in the mid-term FTA.

A practical and achievable mid-term FTP would have significant benefits, and increase India's share in exports, when the global economy recovers.

Source: thehindubusinessline.com- Jul 27, 2022

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Why the rupee is likely to fall further

All is not well when it comes to India's trade deficit and value of the Indian rupee. While the trade deficit has widened to a record $25.63 billion in June, latest data suggests the rupee for the first time has crossed the 80 mark against the US dollar.

There are two aspects here: why the rupee is falling, and why the fall is not benefiting India's exports and increasing the current account deficit (CAD).

Some optimists hold the view that rupee depreciation is good for our exports. However, data suggests otherwise. A look at the major export items suggests these are income elastic, that is, they tend to perform well when there is an upsurge in foreign income.

In India's case, there has been a change in the composition of exports from price-sensitive items such as leather footwear, dairy products, beverages, textiles and apparel products, to more income-sensitive items such as refined petroleum products, iron and steel, chemicals, machinery and transport equipment (engineering goods), and pearls and precious stones such as diamonds.

For example, the share of refined petroleum products (high-speed diesel, motor spirit, aviation turbine fuel, naphtha, etc.) in India's export basket increased dramatically from around 2 per cent in 1993 to around 17 per cent in 2021. The surge in exports in the case of petroleum and metal items is because of India's potential in oil refining and mining activities.

However, the Russia-Ukraine war and the onset of weak global economic growth meant a lower demand for income elastic items that comprise a major chunk of India's exports basket.

As per July 2022 estimates, real GDP in the Euro area is expected to fall from 5.4 per cent in 2021 to 2.3 per cent in 2022. Government debt as a percentage of GDP increased from 83.8 per cent in 2019 to 96.4 per cent during the first two quarters of 2022. In China, India's another major trading partner, GDP growth rate is likely to come down from 8.1 per cent in 2021 to below 5 per cent in 2022.

The US is also witnessing a surge in inflation (above 9 per cent mark), denting the growth in real GDP. And all these explain why India's income elastic exports items are suffering.

Intra-industry trade

Even considering the price sensitive items such as leather footwear, textiles and apparel, etc., we find that India is losing out to its competitors such as China, Vietnam, and Bangladesh, because of qualitatively 'low value' export items. This is particularly true for trade in similar commodities, that is, 'intra-industry trade'.

With the gradual lowering of the industrial tariff across countries, the incidence of overlapping trade flows within product categories have become a common phenomenon. So in the case of India, while the exports were growing, imports were growing even faster resulting in a growing CAD. The share of domestic value-added content in foreign final demand went up by 6.2 per cent, from 32.6 per cent in 2005 to 38.8 per cent in 2020.

Take the case of the pharmaceutical industry, an important sector in intra-industry trade. India continues to sustain higher trade deficits in certain segments of Active Pharmaceutical Ingredient (API) and medical equipment. In fact, India lacks comparative advantage in manufacturing other Covid-19 related medical items, such as medical and non-medical wearables, disinfectants and sterilisation products. Similar is the case with textile and apparel industry.

The government, on its part, has undertaken a series of interventions to make Indian industry and products competitive. Some of the key initiatives include establishment of the National Manufacturing Competitiveness Council (NMCC) in 2004, launch of the 'National Manufacturing Policy' in 2011, introduction of the 'Make in India' scheme in 2014 and 'Atmanirbhar Bharat Abhiyan,' in 2020.

However, the impact of these initiatives in making our exports competitive is yet to bear fruit. On the contrary, India's CAD is likely to increase further as crude oil, precious metals and coal still contribute to bulk of our imports, and are necessary items for a growing economy like India.

The exchange rate

Under a floating exchange rate regime, the market determines the exchange rate. In economics, there are two ways to determine the correct value of the exchange rate. First, is the goods market approach where an attempt to find the correct value of exchange rate is based on the assumption of 'law of one price' (LOOP), using the concept of purchasing power parity (PPP). LOOP states that in the absence of transport and other costs such as tariffs, identical (similar) goods will sell for the same price. Therefore, if domestic inflation is higher than the US inflation, the rupee is expected to depreciate against the dollar.

Second, is the asset market approach, where the value of exchange rate is conditional upon the inflow and outflow of capital into and from the domestic economy.

In foreign exchange markets, expectation plays a crucial role. High CAD and higher inflationary expectations make domestic assets (government bonds) less attractive. Over the last one year, foreign institutional investors (FIIs) have been net sellers in the domestic stock market.

The World Investment Report published by UNCTAD shows foreign direct investment (FDI) fell by 30 per cent to $45 billion in 2021. India's foreign exchange reserve also fell below $600 billion during the first week of July. Currency depreciates as foreigners pull out money from India.

How does one explain inflation in India? One is because of the higher cost of energy and crude oil in the international market. The war, which has led to the imposition of sanctions, has reduced the supply of Russian gas and oil.

It caused disruption in the agriculture value chain causing world food shortage. The substitute is the pricier US energy, which means a higher crude and energy price in the international market.

In fact, a depreciating rupee may add-on to the inflation numbers by making imports costly. Quantitative tightening is not going to help in the event of supply-side disruption and when there is lesser availability of foods in the market.

Although the inflation numbers, both CPI (7.02 per cent) and WPI (15.9 per cent), dipped a little in June 2022 in comparison to May, the recent imposition of Goods and Services Tax on pre-packaged food items is likely to increase inflation numbers.

Going by LOOP, we should not be surprised if the value of rupee touches the 83 mark within the next six months.

Source: thehindubusinessline.com– Jul 27, 2022

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Silver linings

IMF's take on world economy looks like a worst-case outcome. India is better placed than the rest

In its July update on the world economy, the IMF has taken an extraordinarily "gloomy" view. It has revised world growth for CY 2022 down by 0.4 percentage points over its April outlook to 3.2 per cent, with growth in the US and China being revised downwards by 1.4 percentage points (2.3 per cent) and 1.1 percentage points (3.3 per cent), respectively.

The triggers at work in the top two economies are a decline in consumer spending and a possible rise in debt default, coinciding with rising inflation and interest rates in the US, and Covid-induced shutdowns in China. According to the IMF, inflation could remain "stubbornly high", leading to tighter financial conditions and lower growth. It says, "The risk of recession is particularly prominent in 2023, when... household savings accumulated during the pandemic will have declined."

It also cites the 1980s experience to observe, with valid reasons, that "the exact amount of policy tightening required to lower inflation without inducing a recession is difficult to ascertain". The silver lining here is that India is poised to be the fastest growing economy (IMF pegs growth at 7.4 per cent in 2022 and 6.1 per cent in 2023) and looks better-placed to weather these headwinds, as the Reserve Bank of India's July Bulletin has observed. Indeed, the RBI is among other forecasters to differ from this grim view, and for some pretty good reasons.

The RBI has pointed to positive global trends such as a decline in commodity and shipping prices since June amidst an uptick in world trade volumes since March. Global PMIs have climbed since March. Domestically, high frequency indicators such as tractor sales have shown an uptick since February 2022, with the RBI being hopeful that rural demand will lift all boats.

The revival of the southwest monsoon, along with a moderation of inflation and "an ebullient supply side response" is expected to make India an outlier. Meanwhile, The Economist cites an NBER assessment that says US household debt may not spiral out of control, owing to savings arising out of pandemic handouts.

Morgan Stanley makes a distinction between between credit-driven boom-and-bust events such as the Great Financial Crisis, and a liquidity-led one (Covid and after) leading to inflation, and eventually a downturn — pointing out that the second is less worse. At present, US housing and auto industries remain strong, labour market conditions are tight and corporate balance sheets are sound. Indeed, US-China trade deficit so far this year mirrors 2019 levels.

Finally, the outcome could be less grim than a short-term view suggests. The world has been hit by the twin shocks of Covid and the ongoing war; a readjustment of supply and demand in both labour and consumer markets will take time. The disruption of supply chains has meant that pent-up consumer demand could not be met, while the labour market, well placed in the wake of Covid welfare payouts, is bidding up wages.

The latter may run out. What is less known is the state of affairs in China. The Ukraine shock has hit Europe in particular through energy supplies, but the rest, including India, may move on. The growing share of emerging markets in global GDP is noteworthy. It is also of great import that just 16 per cent of debt of emerging market economies is in foreign currency. The reality appears to lie between what doomsdayers and optimists have to say.

Source: thehindubusinessline.com– Jul 27, 2022

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Government ready to help industry with policy support to build a viable ecosystem for sustainable and circular economy: Secretary Textiles

The Apparel Export Promotion Council organized a brain storming session on ‘Promoting Circularity amongst Indian Garment industry’ at Apparel House, Gurugram today. AEPC has partnered with Fashion for Goods, Netherlands, for this initiative.

AEPC has started a drive on sustainability and circularity to boost the competitiveness of garment exports globally thereby making the textiles sector more efficient. Shri U. P. Singh, Secretary, Textiles made a special address during the session. The prominent industry leaders of garment trade and other stakeholders were present in the meeting.

This brainstorming session conducted with the support from Fashion for Good, Netherlands, involved all the stakeholders engaged in the garment value chain including Brand Partners (PVH, Adidas, LS&Co, TESCO, Target, Primark), Supply Chain Partners: Arvind, Birla Cellulose and Welspun India), Pre-consumer pilot stakeholders: 20 manufacturers, Technology Innovators: Reverse Resources, Matoha, Picvisa, etc.

During his address Secretary Textiles lauded the AEPC initiative and congratulated the entire team. He said,” Sustainability and circularity is not new to the country. The magnitude of waste in landfill which is presumed to be 80% is due to the textiles waste is wrong. What is comforting to us is that almost 59% is recycled and reused.” Further, the secretary remarked, the government is ready to help the industry with incentives, relevant interventions, standardization and policy support to build a viable ecosystem for a sustainable and circular economy.

Making the opening remark, Naren Goenka, Chairman AEPC said, “The major issue which has gained the attention of the global consumers is the landfill contribution made by the textile waste both at pre and post-consumer stage. Approximately, 50 per cent of the fabric is wasted during the manufacturing process and the fast fashion trends leads to 81% of all manufactured garments getting dumped as landfills either due to short life cycle after consumer use or due to excess stock.”

With global apparel market size expected to grow from $551.36 billion in 2021 to $605.4 billion in 2022 to $843.13 billion in 2026, at a growth of 8.6% and the Ministry support through government incentives, PLI and PM-MITRA, India is all poised to produce more to cater to rising global demands. India with its core strength on availability of variety of raw material with minimal import dependence leading to short lead times, becomes a preferred manufacturing hub for the major international brands and retailers, Chairman AEPC added.

Further, AEPC has focused strategy towards encouraging wider penetration of these measures amongst the MSMEs hand holding these units with demonstrations and solutions, sustainability awards, branding efforts etc. Hence, AEPC parallelly needs to take the responsibility of the severe ecological and environmental hazards associated with the garment industry which enhanced domestic manufacturing is expected to bring in.

Shri Goenka added that a recent initiative has been taken by AEPC for promoting the concept of circular economy approach. The initiative would assist the Indian garment manufacturers to achieve their circularity goals by addressing problem areas including agricultural waste to textile, Chemical recycling of textile, Textile waste, Alternate leather, regenerative agriculture, Wastewater, Plastic recycling and Traceability in the textile supply chain, Chairman AEPC underlined.

India has a well- networked textiles waste value chain through organized, enabling transfer of waste across the country. However, lack of traceability system, excessive cost competitiveness, limited infrastructure to process certain waste types and workers well-being has limited potential of a circular value chain.

The estimated loss of approximately 0.70 USD for every piece of apparel exported. To trace the destination of waste, it has been found that approximately 15 tons of informal trading of wastes took place in a single underground market. Overall, it leads to a significant loss of value addition that could have been added through a circular economy. The idea is to convert this waste to wealth which promises a huge business opportunity for those engaged in the domain.

Source: pib.gov.in– Jul 27, 2022

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India's e-commerce retail market to reach $145 bn by FY26

The e-commerce retail market in India is expected to deliver around 15 million daily shipments — which is valued to touch around $145 billion by FY26.

The development will add to the Indian e-commerce retail logistics market, which is also projected to grow at 24 per cent CAGR to $6.3 billion in FY26, an increase from $2.2 billion in FY21.

The e-commerce space has seen high demand and supply-side changes partly due to the increase in online purchases as a result of the COVID-19 pandemic.

Tier-2 and below cities are seeing high growth in shipment by volume, comprising 46 per cent of shipments in CY20 from 25 per cent in CY15, thus leading to e-tailers requiring logistics partners that can provide reach and scale, according to the 'India E-commerce Report June 2022', released by business research service firm PGA Labs.

Also, more than 60 per cent of the e-commerce logistics market is outsourced, which provides headroom to specialised logistics service providers (LSPs) and consolidators. The spread of D2C (direct to consumers) brands and social commerce will be the main factors that will drive growth.

Operational efficiency has greatly increased because of automation, artificial intelligence, machine learning, data analytics, and the Internet of Things (IoT). Moreover, reducing the cost of technologies such as cloud computing, GPS trackers, and IoT sensors is also allowing small scale logistics companies to modernise their systems, as per the report.

Higher use of digital payments has resulted in a decrease in the cash handling requirements of LSPs. This has also caused a reduction in Cash on Delivery (CoD) transactions, which is viewed as a challenge for logistics providers. However, infrastructural inefficiencies, high return rate, and COD orders are some of the main challenges faced by LSPs when lowering the overall e-commerce retail logistics cost in India.

The Indian logistics market can become more efficient with dedicated freight corridors, free trade warehousing zones, logistics parks, and container freight stations.

Government initiatives such as the National Infrastructure Pipeline, Sagarmala, and the new National Monetisation Pipeline are expected to drive the logistics market and help last-mile delivery capabilities in India.

Moreover, the National Highways Development Project aims to extend India's current expressway network of 2,000 km by adding 18,637 km of greenfield expressways by 2022, while the Bharatmala project involves constructing 83,677 km of highways by 2024.

Source: fibre2fashion.com– Jul 27, 2022

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Polyester yarn prices steady due to weaker buying, raw material up

Polyester and polyester-cotton yarn prices remained steady in Ludhiana as demand was still sluggish. Fabrics buying from garment units was weak as festival related production activities in the textile value chain are yet to pick up. This led to weaker sentiments in yarn market. But Reliance Industries Limited (RIL) increased prices of polyester raw material.

A Ludhiana-based trader told Fibre2Fashion, "Demand has not improved yet in the yarn market. Garment manufacturing units have not yet started buying fabrics for the coming festival season. Weak sentiment in fabrics did not support yarn market." Traders are hopeful of improvement in buying in the entire value chain. But present market conditions are not too rosy. Another trader said that Ludhiana market is more dependent on domestic retail segments, so the market will gain when manufacturing activities pick up as festival demand improves.

In Ludhiana market, recycled polyester-cotton yarn prices steadied amid weaker demand. 30 count PC combed yarn (48/52) was sold at ₹260-272 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 ₹85-88 per kg.

Reliance Industries Limited has increased prices of purified terephthalic acid (PTA) and monoethylene glycol (MEG) after rise in crude oil. The price of PSF remained steady at ₹120 per kg. RIL has fixed prices of raw material as: PTA ₹85.60 (+0.30) per kg, MEG ₹55.60 per kg (+0.50) and MELT at ₹92.09 per kg, as per TexPro.

North India cotton prices gained, supported by uptrend in futures. Cotton import on high prices also caused for gain in spot market. According to traders, spot market prices gained ₹100-200 per maund of 37.2 kg. Cotton was sold at ₹8,600-9,100 per maund in Bathinda, ₹8,200-8,600 per maund in Hissar and ₹8,900-9,100 per maund in Sriganganagar.

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