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IBTEX No. 228 of 2022 **November 28, 2022**

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INTERNATIONAL NEWS

IMF expects China's gradual growth, projects 4.4% figure in 2023, 2024

Following the impressive recovery from the initial impact of the pandemic, China's growth has slowed and remains under pressure. Gross domestic product (GDP) growth is projected at 3.2 per cent for 2022, improving to 4.4 per cent in 2023 and 2024, according to the International Monetary Fund (IMF).

In the near term, a recalibration of the COVID strategy, including an acceleration in vaccination and further action to end the property sector crisis would support growth, IMF said after completing its Article IV Mission to China recently.

An International Monetary Fund (IMF) team, led by Ms. Sonali Jain-Chandra, Mission Chief for China, conducted virtual discussions on the 2022 Article IV Consultation from November 2 to 16, 2022.

The mission held constructive discussions with senior officials from the government, the People's Bank of China, private sector representatives, and academics to exchange views on economic prospects and risks, reform progress and challenges, and policy responses. The IMF's First Deputy Managing Director, Ms. Gita Gopinath, also held virtual meetings with several senior policy officials and issued the following statement at the end of the virtual visit:

"Under the zero-COVID strategy, China weathered the initial impact of the pandemic well, allowing the economy to recover swiftly from the early-2020 lockdowns and to expand the global supply of medical goods and durable goods significantly at a critical time for the global economy.

However, China's growth has since slowed and remains under pressure amid recurring COVID outbreaks, deep challenges in the property sector, and slowing global demand," IMS said in a release.

"Although the zero-COVID strategy has become nimbler over time, the combination of more contagious COVID variants and persistent gaps in vaccinations have led to the need for more frequent lockdowns, weighing on consumption and private investment, including in housing.

The regulatory tightening in the property sector, while well-intended to rein in high leverage, has added to severe financial strains for developers, leading to a rapid slowdown in housing sales and investment, along with a sharp decline in local government land sale revenues," it noted.

"Risks remain tilted to the downside, with the economy facing external headwinds from a global slowdown, a further rise in energy prices, and further tightening in global financial conditions. Domestically, recurring COVID outbreaks and lockdowns and ongoing challenges in the property sector remain key risks.

Longer term, rising geopolitical tensions pose risks of fragmentation through financial decoupling pressures, and limits to trade, foreign direct investment, and knowledge exchange around technology," it added.

Source: fibre2fashion.com- Nov 26, 2022

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China's international trade in goods, services up by 5% in Oct 2022

China's international trade in goods and services in October was worth 3.85 trillion yuan, or $539.6 billion, up by 5 per cent over the same period in 2021, according to the State Administration of Foreign Exchange, which recently said the export of goods was worth 1.92 trillion yuan and imports hit 1.51 trillion yuan, resulting in a surplus of 408.8 billion yuan.

Services exports reached 180.6 billion yuan in the month, while services imports were worth 237.3 billion yuan, resulting in a trade deficit of 56.7 billion yuan.

Transportation services contributed the most to services trade with 159.9 billion yuan in trade volume, data showed.

Source: fibre2fashion.com- Nov 27, 2022

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China: Textile sector could hardly boom despite economic resilience

Recently, bullish news on macro market appear successively, including further optimization of China domestic epidemic prevention policies, expectations of reserve requirement ratio reduction, various bullish policies on real estate, as well as expectations of a slowdown in interest rate hikes in the United States. The emergence of the policies have a significant boost for stock and commodities market . However, for the polyester industry chain, especially near the end of the year, it is still in an extremely weak situation. Textile sector could hardly boom despite economci resilience.

According to CCFGroup, business on downstream textiles end-user market was mainly in stagnation, similar to the status in Apr. Only some plants saw some seasonal export orders. Most saw modest orders and there were no buyers even sold under losses. Many players hold pessimistic view toward medium-to-long run market trend.

Bad downstream business was mainly due to the following three reasons:

Firstly, the sales of apparels were not very good during this online shopping spree near Nov 11. Later orders were limited. According to the data from some security, the cumulative sales value of top ten sports/casual apparels on the TMALL shopping spree in Nov 2022 fell by 10.8% and that of women's wear men's wear reduced by 21.1% and 27.5% respectively.

Secondly, some apparels or fabrics wholesale markets were closed amid the lockdown of pandemic, including Guangzhou Zhongda Market, Hubei Cangzhou Market and markets in Wuhan, Hubei and Zhuzhou, Hunan etc., which greatly affected the business of apparels and fabrics. Many new orders were suspended.

Thirdly, Dec and Jan are time for the placement of export orders and domestic orders for spring products in the coming new year. Part of these orders will be finished before the Spring Festival holiday and the rest will be done after holiday, which will support the operating rate of downstream plants before the Spring Festival holiday to a certain extent. However, the situation is different this year.

Firstly, the placement of orders for next season's spring fabrics is estimated to keep cautious. It is because players worry the selling cycle of spring apparels may be shorter affected by the spread of pandemic. After all, sales of spring apparels is meant to be short.

Secondly, overseas apparel and fabric wholesalers are facing big inventory burden and may be forced to reduce forward cargos and retard picking-up. Export orders is still expected to be bleak before and after the Spring Festival holiday. Export of textiles and apparels declined by 13.5% on the year in Oct in China, with bigger reduction compared with Sep. The inventory of overseas brands sustained high. Export of textiles and apparels may be still pressed for at least one or two quarters. Some fabric mills or foreign trade companies received some export orders, but the volume was lower than the past years and the price was low.

Downstream business is poor, leading to the decling operating rate of downstream plants, with the operating rate of fabric mills continuing to fall to 46% this week. But even so, stocks of grey fabric still has accumulated, indicating that the degree of decline in business is still higher than the downstream shutdown speed. Downstream business may be hard to improve in short run when the spread of pandemic is very serious in some regions of China.

The lockdown in Guangzhou Zhongda Market may be hard to be canceled in short run. Therefore, some merchants were forced to move warehouse to Foshan, Guangdong not greatly affected by the pandemic. Domestic business is hard to rise and export orders are expected to reduce on the year.

It is expected that PFY plants may continue cutting more production after downstream plants' operating rate fell further. Some fabric mills have planned to start holiday in end-Nov/early-Dec, while most will keep running until mid-Dec. Most downstream plants may shut down for Spring Festival holiday by late-Dec, around 15-30 days earlier than the past years. At the same time, leading polyester enterprises also have plans to reduce PFY operating rate to a historically low level of 40-50%.

Source: ccfgroup.com- Nov 25, 2022

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USA: Black Friday Sees Strong Traffic, So So Selling

If Black Friday is any indication, retailers are going to have to fight hard for every sale they make this holiday season.

Consumers were out shopping en masse, but inflationary pressures meant deal-hunting was back in a big way. Even a storewide discount of 30 to 60 percent off didn't guarantee that cashiers would be ringing up sales.

Given traffic patterns and conversion rates, early projections are that Black Friday this year was shaping up as neither a boom nor a bust.

Retail consultant Gabriella Santaniello of A Line Partners said she and her team were out early taking note of foot traffic and purchasing. Some malls opened at 6:00 a.m., while others, particularly in the L.A. area, opened at 8:00 a.m. or 9:00 a.m.

"Promotions are back to the 2019 pre-pandemic cadence. The malls are busy, but they're not packed. I think that this is not going to be a frenzied, beat each other up type of Black Friday environment," Santaniello said.

She also noted that while shoppers were making purchases, the bags they were carrying looked like they were being thoughtful with what and how much they were buying. Some brands that seemed to be cathing the eye of consumers included Victoria's Secret, American Eagle Outfitters, Abercrombie & Fitch and Bath & Body Works.

"What I'm seeing is people buying key items like fleece tops, Sherpa fleece, the usual holiday items. But I also noticed that while some are carrying multiple bags, the bags themselves are not overstuffed, so I think that maybe units will be down this year," Santaniello said.

Retail consultant Walter Loeb of his eponymous firm, said Macy's flagship on 34th St. in Manhattan had large crowds and solid foot traffic on Friday, but the volume of purchases was tepid. Gift items were promoted on special tables that garnered interest and one area that was "very busy was the Toys "R" Us shop-in-shop, where more people were buying."

Many have noted that due the inflationary enviornment, top-line sales could see a more robust uptick than net bottom-line results.

Murali Gokki, a managing director in the retail practice at AlixPartners, was tracking mall traffic in the Greater Atlanta area Friday morning and early afternoon. A higher-end luxury mall in the PIttsburgh suburb of Atlanta wasn't as busy, while the bigger Dunwoody Mall in Atlanta proper, which caters to a broader consumer demographic, was far more crowded.

"It took me 30 minutes to find a parking spot at Dunwoody. Traffic is busy, and a lot of people were shopping with friends and family. Many stores had almost storewide sales ranging anywhere from 30 percent to 60 percent off," Gokki said, noting that didn't guarantee an avalanche of buying. He added that gift items and personal care stores such as Sephora and Bath & Body Works, in addition to the Apple store, had lines queuing up waiting to get in.

Fashion specialty chains weren't particularly busy, although Madewell was the exception at Dunwoody. He said there was a fair amount of "window shopping," and that people weren't carrying as many bags. More importantly, "I noticed that as people are walking around, the size of the bags they're carrying are noticeably smaller," he said.

Gokki also referred to a survey AlixPartners conducted in which 70 percent of respondents said they planned to look online for items that they want to purchase before they go into a store, up from 50 percent in the year-ago survey. "So to me, it sounds like people know what they want and there's more targeted purchases happening," Gokki said.

"There's good traffic at the higher-end mall and poor traffic at the more value segments of retail," Brian Ehrig, partner in the consumer practice of global strategy and management consulting firm Kearney said Friday afternoon.

He said parking lots in Nashville were full at the better malls. There were long lines at the registers at specialty fashion chains, but less so at department stores such as Macy's. Ehrig said given the economic backdrop, he was particularly interested in seeing how well Ross Dress for Less and Burlington Stores were doing.

"It's very promotional. Most places are offering special deals," Ehrig said, noting that those discounts ranged from 40 percent to as high as 60 percent. He said that after speaking with colleagues tracking sales around the country, the traffic in the malls seems to be "fairly consistent."

"Target this morning was like any other regular weekday morning. It was empty around 9:30 a.m.," Natalie Kotlyar, national leader of BDO's retail and consumer products practice, said. Kotlyar, who was touring malls on Long Island, said retailers that began their promotions earlier in the shopping season—Target began in mid-October—didn't see as much traffic on Black Friday, and they also weren't running as many limited time doorbusters.

She next toured the Americana Mall in Manhasset. The true luxury wing wasn't crowded, while there was "good foot traffic" and buying at the other wing, which is more aspirational. By mid afternoon, Kotlyar was at Roosevelt Field, where she said traffic was "incredibly high," with full parking lots.

"I saw a much younger demographic than we've seen in years past. There were a lot of teens, a lot of younger shoppers. My guess is that these younger shoppers are buying for themselves. Most of the traffic was at the young teen or teen stores," she said.

As for traffic patterns within the mall, Kotlyar said that if a retailer didn't have promotions that suited the customer, that store was empty. "These customers were looking for bargains," Kotlyar said, adding that the retailers were fully stocked. Most of the traffic was geared toward apparel categories. She was at a retailer that had "decent" promotions for soft home textiles, but sales appeared to be more or less slow and steady. "It's so easy to buy inexpensive apparel, and the promotions are probably the biggest and most eye-catching," Kotlyar said.

As for the older demographic, these "customers were buying what they wanted and they weren't strolling the mall," she said.

James Gellert, CEO of RapidRatings, called for a decent turnout for Black Friday, but not necessarily a strong selling period. RapidRatings analyzes the financial health of public and private companies to help firms manage supply chain and third-party vendor risk.

"Inflationary pressures will make some goods more expensive while other goods are being deeply discounted to move them off over-inventoried shelves. Keep in mind, a lot of people are licking their wounds from watching their savings and retirement dollars decrease," he said. "I expect the net of this will be fairly decent turnout at stores but circumspect, conservative spending.

Geller also noted the broader, big-picture dynamic between larger companies and the smaller businesses and suppliers that are reflected across many industries: “The smartest companies are being conservative and many are right sizing, which is seen in layoffs. Holiday shopping can’t be robust with this backdrop.”

By the time Black Friday arrived, many consumers had already been shopping online, not only on Thanksgiving Day but also earlier in the week as retailers began unleashing their specials.

Adobe Analytics data said its early estimate for Thanksgiving Day saw consumers spending a record $5.29 billion, up 2.9 percent year-over-year. Mobile shopping drove 55 percent of online sales, up 8.3 percent year-over-year and hitting an all-time record for Thanksgiving. Adobe’s data analytics indicate that consumers so far have spent $77.74 billion in the first 24 days of November. It’s projecting that Black Friday sales could reach $9 billion online, up slightly versus year-ago levels.

Salesforce estimated that online sales on Thanksgiving grew 9 percent to $7.5 billion, while online sales globally saw growth at up 1 percent from 2021.

The National Retail Federation, a retail trade group, is projecting holiday retail sales during November and December will grow 6 percent to 8 percent over 2021 to between $942.6 billion and $960.4 billion. That total includes a 10 to 12 percent projected gain in online sales to between $262.8 billion and $267.6 billion. But S&P Global Ratings credit analysts estimate that retail sales growth could come in as low as up 4.5 percent.

With the hunting for deals, Christopher S. Tang, UCLA Distinguished Professor and Edward W. Carter Chair in Business Administration, said small- and middle-market companies—those with annual volume hitting $500 million at the top end—might be among the hardest hit over the holiday season. With inflation on the rise, he expects shoppers to remain more mindful about their spending as they look for “value for the price they pay.” But he also said consumers are eager to spend money on services, such as travel, dining and entertainment.

"Share of wallet for buying physical products will be lower than 2021. On top of that, due to inflation, sales revenue may go up this year, but the quantity is unlikely to rise," Tang said.

Across the pond, London's High Streets were packed during the weekend and days leading up to Black Friday as many stores kicked off sales early. Comfortable temperatures helped draw people out, as well as holiday sightseeing.

Dior overtook Harrods' façade, windows and interior decorations for the holidays showcasing its full range of products through a gingerbread-themed campaign. The basement level holiday shop in Harrods was dense with locals and visitors picking up glass and British-themed ornaments, Christmas crackers and advent calendars. Makeup and fragrance halls were crowded with many people looking at designer candles. Inside Harrods, shoppers revived at the new Dior Café, where handbag-shaped cookies sell for 15 pounds a pop. In general, Harrods' eateries had long lines of customers waiting for tables.

River Island offered at least 20 percent off all items. The retailer placed holiday party fashion front and center. Lots of red and purple sequin suits, feather-trimmed blouses and bodysuits and metallic dresses.

Primark's checkout lines at its Oxford Street stores are notoriously long all year. Many shoppers were buying giftable pajama sets and partywear. Merchandise was sorted by color, most notably teal, cobalt blue, purple and Valentino-inspired pink.

Weekday on Regent Street offered 20 percent off all puffer coats. Customers were picking up the brand's soft recycled polyester and polyamide blend hoods, however. The hood can be layered under tops and outerwear—perhaps a more practical alternative to balaclavas which rose in popularity during the pandemic.

Crowds filled all five floors of Selfridges. The Dr. Martens area was buzzing in the women's shoe department. Dense crowds filled the holiday section, where customers could customize wrapping paper, stockings, ornaments and more.

In Milan, La Rinascente is offering up to 50 percent off select designer merchandise. Diesel puffers and hoodies were 30 percent off. Palm Angels accessories are 50 percent off. Customers are also stocking up on holiday cakes, cookies and chocolates, purchasing multiples of the same items.

U.K. footfall data research firm Springboard said Friday that foot traffic rose from year-ago levels, but were still below pre-pandemic 2019 rates—likely a sign of the impact from inflationary pressures on consumers. Springboard, which tracks all U.K. retail destinations, predicted last week that footfall for the entire day would be 12.8 percent higher than Black Friday 2021, but would remain below Black Friday 2019 levels.

Meanwhile, Barclaycard Payments said that sales in the U.K. through 1:00 p.m. on Friday were up 0.7 percent, or what the credit card issuer referred to as a “marginal increase” from year-ago levels.

Elsewhere in Europe, Black Friday sales in France are still relatively new, introduced after 2013 and still not considered a major event. In Italy, the Italy Shopping Outlook report from Bain & Co. Italia indicates that half of consumers plan to spend less than in 2021 due to the high cost of living and concerns over the war between Ukraine and Russia. Most sales are expected to come from in-store shopping instead of online, although the report indicates that consumers, like their American counterparts, will research on the web before heading to the stores.

Over in China, Reuters reported that streets in Beijing were deserted, with stores closed amid another Covid lockdown.

Source: sourcingjournal.com- Nov 25, 2022

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IMF projects Spain's economic growth at 4.6% in 2022, 1.2% in 2023

The International Monetary Fund (IMF) has projected Spain's economic growth at 4.6 per cent this year and 1.2 per cent in 2023. Growth is expected to be relatively weak in the coming quarters reflecting weak external demand and the deterioration of consumer confidence. The economy continues to recover from the pandemic, but is facing new headwinds from Russia's invasion of Ukraine, it noted.

Activity should pick up in the course of 2023, supported by further easing of supply constraints, continued recovery in contact-intensive services and the acceleration of Next Generation EU (NGEU) investment spending, IMF noted after concluding its Article IV Mission to the country.

The sharp rise in global energy and food prices, the slowdown of activity in Spain's trading partners, the deterioration of consumer and business confidence, and tighter financial conditions have slowed the recovery of output.

The unprecedented public support measures in 2020–22 have helped protect firms and households. The labor market recovery in 2022 has been robust, with employment exceeding its pre-pandemic level, the IMF said.

The high inflation over the past year has been largely caused by surging energy prices and persistent supply constraints. Headline inflation has declined from double-digit levels in the summer to 7.3 per cent in October, largely reflecting the drop in European gas prices and the impact of the Iberian mechanism.

Core inflation, a measure of price changes excluding energy and unprocessed food prices, remains elevated at around 6 per cent.

Output is projected to reach its pre-pandemic level by early 2024. Headline inflation is expected to moderate gradually in 2023 reflecting a high base in 2022, the reduction of supply bottlenecks, and some normalisation of global fossil fuel prices. Nevertheless, both headline and core inflation are likely to remain above the 2-per cent target until 2024.

Uncertainty around the outlook is high and risks are mostly to the downside. Risks to energy security are relatively low given Spain's limited dependence on Russian gas and well-developed liquified natural gas infrastructure.

The main downside risk is a possible further increase in energy prices caused by either continued disruptions in supply or insufficient adjustment in demand in the European energy market.

Other risks include a more abrupt slowdown of the global economy or a sharper tightening of financial conditions, for instance due to a larger-than-anticipated increase in monetary policy rates in response to more persistent inflation in the euro area, the IMF said.

On the upside, a faster unwinding of households' accumulated excess savings could boost private consumption.

Source: fibre2fashion.com- Nov 28, 2022

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S&P Global Market Intelligence sees growing signs of recession in UK

A further steep fall in business activity in November this year adds to growing signs that the United Kingdom is in recession, with the gross domestic product (GDP) likely to fall for a second consecutive quarter in the closing months of 2022, according to Chris Williamson, chief business economist of S&P Global Market Intelligence. “Forward-looking indicators, notably an increasingly steep drop in demand for goods and services, suggest the downturn will deepen as we head into the new year,” he said in an analytical note on the company’s website.

While the recent change of government has resulted in improved business confidence, the mood remains among the gloomiest seen over the past quarter century amid the numerous headwinds driving an ongoing collapse in demand, which include the cost of living crisis, the Ukraine war, steepening export losses (often linked to Brexit), higher borrowing costs, fiscal tightening and heightened political uncertainty, he wrote.

Price pressures meanwhile remained elevated but showed further signs of cooling, often linked to weakened demand, which—combined with the growing recession signals—suggest that Bank of England policymakers may start to make less aggressive interest rate hikes in the coming months, he noted. Business activity fell for a fourth successive month in November, according to the flash purchasing managers’ index (PMI) survey data compiled by S&P Global. If pandemic lockdown months are excluded, the PMI for the fourth quarter so far is signalling the steepest economic contraction since the height of the global financial crisis in the first quarter of 2009.

After a 0.2 per cent GDP contraction in the third quarter, the continued decline in the closing quarter of the year would therefore indicate that the UK is in a technical recession, which forward-looking indicators suggest will persist into the new year, Williamson wrote. November saw output fall again across the manufacturing sector, which recorded a steep rate of decline. Manufacturing output fell for a fifth straight month, with production dropping sharply in response to a further steep deterioration in order books, Williamson added.

Source: fibre2fashion.com- Nov 28, 2022

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US buyers source US $ 78.85 billion worth of apparel in first 9 months of 2022

USA has imported US $ 78.85 billion worth of garments in January to September period of 2022, noting 34.61 per cent yearly increase, as per data recently released by OTEXA.

Particularly in September '22, the USA imported US $ 9.58 billion worth of garments, down from August when imports valued US $ 10.36 billion.

Though the import value shrunk in September, it is still the second highest in 2022!

All major Asian apparel exporting countries have seen significant increase in their shipment to USA during the said period.

China, with US $ 17.73 billion worth of exports, is still the largest supplier to the USA, though its share in the US market has shrunk to 22.48 per cent in 2022 from 23.42 per cent in 2021.

Vietnam (US $ 14.59 billion), Bangladesh (US $ 7.55 billion), India (US $ 4.63 billion) and Indonesia (US $ 4.44 billion) increased their shipments to the USA in 9-month period of 2022 by 34.68 per cent, 51 per cent, 53.38 per cent and 54.66 per cent respectively.

With just one quarter left (October-December) in 2022, all eyes are on the festive season that is said to be a season when retailers will plan to sell all the piled-up inventories.

Source: apparelresources.com- Nov 25, 2022

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Europe's monthly home textile imports from China down 75%

Europe's home textile imports from China have been going downhill since June 2022. The monthly imports fell more than 75 per cent in just four months.

Europe's home textile imports were $717.853 million in May 2022, which crashed to $147.030 million in September 2022. Europe is facing economic adversities since the Russia-Ukraine war began.

The imports have continued to fall since June 2022 when they slipped to $689.193 million from $717.853 million in May 2022. It further slipped to $633.555 million in July, $246.293 million in August and $147.030 million in September 2022.

The imports recorded a steep fall during the last two months. The imports peaked in January 2022 to $911.960 million and declined to $794.245 million in February, $876.088 million in March and $674.310 million in April 2022, according to Fibre2Fashion's market insight tool TexPro.

It was very interesting to see that the pandemic was the best time for home textiles for China and the world as well. Europe's imports had multiplied to $33.755 billion in 2020 from $7.218 billion in 2019 before falling to one third of the number in 2021 to reach $11.476 billion. But it was still higher than the pre-COVID levels, as per data obtained from TexPro.

The region imported home textiles worth $5.690 billion during the first nine months of the current year. But they may not touch last year's figures of last year as the monthly imports are declining.

China was the favourite sourcing destination of Europe due to low prices and reliable supplies and the continent is the most affected region by the Russia-Ukraine war. Steep rise in crude oil and other energy derivatives have disrupted the economic activities in Europe.

Source: fibre2fashion.com- Nov 27, 2022

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Indonesia extends loan relief for some pandemic-hit sectors

Indonesia has extended loan forbearance for businesses such as accommodation as well as the textile and footwear industries that are yet to recover from the impact of the COVID-19 pandemic, the country's financial regulator said on Monday.

The Financial Services Authority (OJK) has since March 2020 provided incentives to banks to restructure loans for debtors suffering during the pandemic.

"Most sectors and industries have recovered with a strong growth. However, based on our in-depth analysis, several exceptions were found due to the prolonged impact of the COVID-19 pandemic," OJK said in a statement.

The new extension will last until March 2024 and will apply to businesses such as accommodation, food and beverage, and labour-intensive industries like textile and footwear, OJK said.

All micro, small and medium enterprises will also be eligible to the incentives, the regulator said.

The rules, which means lenders do not have to set aside provisions for souring loans, have helped prevent a spike in Indonesia's non-performing loan (NPL) ratio.

Source: shorenewsnetwork.com- Nov 27, 2022

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Iran: Garment export stands at $37m in 7 months

As announced by the spokesman of the Islamic Republic of Iran Customs Administration (IRICA), Iran exported 6,211 tons of garments worth $37 million during the first seven months of the current Iranian calendar year (March 21-October 22).

Morteza Emadi named Iraq, Azerbaijan and Afghanistan the major export destinations of Iranian garments in the mentioned seven months.

As previously announced by an official with the Ministry of Industry, Mining and Trade, the value of exports from Iran's clothing and textile industries in the previous Iranian calendar year 1400 (ended on March 20) increased by eight percent compared to the figure for the preceding year.

Afsaneh Mehrabi, the director-general of the Weaving and Garment Industries Department of the ministry, said that the weight of the exports from the mentioned sector also increased by six percent year on year.

Referring to the reviving of about 200 stagnant textile and clothing production units over the last three years, Mehrabi said: "Reviving of 405 idle units and establishing 138 new units is also on the agenda this year." According to the official, production of some items in the textile and clothing industries increased by 12 percent in the mentioned year.

Mehrabian further stated that a significant part of the raw materials used in the garment and textile industry is produced inside the country, adding: "We are now almost self-sufficient in the supply of some raw materials, such as cotton yarns and only two percent of acrylic yarns are imported due to the need for color diversity, especially in export products," she said.

She considered machinery as one of the important factors in the production of high-quality, competitive, and export-oriented products, and said: "In the textile and clothing industry, machinery must be upgraded and reconstructed at least once every 10 years."

The textile industry in Iran has a long history and is one of the most important sectors for employment.

This industry has a high employment potential, and the amount of foreign currency investment to create a job in the textile industry is very low compared to some industries such as automotive.

The country's Industry, Mining, and Trade Ministry has targeted $84 million of garment and clothing exports by the end of the current Iranian calendar year (March 20, 2023).

As announced by a deputy with the ministry, the weight of exports from Iran's clothing and textile industries increased by 12 percent in the first half of the current Iranian calendar year (March 21-September 22), compared to the figure for the preceding year's first half.

Mohammad-Mehdi Baradaran said the country's petrochemical plants have increased their production of raw materials for the clothing industry and that has resulted in increasing the production of clothing and garments in the country.

"According to the agreements made with the Textile Industries Association, National Petrochemical Company (NPC) increased its production, which reduced the price of yarn. However, since the cost of production in the clothing industry is high, each of this industry's chains must reduce their costs in order for the final product, which is clothing, to become more competitive [considering foreign commodities]," Baradaran said.

Referring to the job-creating potential of clothing production units, the official said: "In the current year, over 422,000 jobs have been created in various industries, and some clothing units have seen a 20 percent increase in employment."

He considered the export of clothing and the competitiveness of this industry as one of its advantages and said: "We will not let this industry go stagnant due to imports."

Source: tehrantimes.com- Nov 27, 2022

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Cambodia's apparel exports up 18.51% to $7.747 bn in Jan-Oct 2022

The exports of apparel from Cambodia increased by 18.51 per cent year-on-year to $7.747 billion during January-October 2022. This constituted 41.30 per cent of Cambodia's total foreign income of $18.747 billion during the period under review, according to data from the general department of customs and excise under the ministry of economy and finance.

Cambodia's exports of apparel and clothing accessories (knitted) earned $5.513 billion in the first ten months of this year, which was 16 per cent higher than the exports worth $4.752 billion during the corresponding period of last year. The country's exports of apparel and clothing accessories (not knitted) rose by 25.1 per cent to $2.234 billion in the period under review. Last year, in this category, the country had exported apparel worth $1.785 billion.

However, the exports recorded negative growth during standalone month October 2022 which shows slugging demand in the global market. The exports of knitted apparel and clothing accessories slipped 24.2 per cent to $403.551 million in October 2022 from $532.309 million in the same period of last year. The shipment of non-knitted apparel came down by 4.3 per cent to $169.498 million in the period under review.

As for the imports, the country's knitted or crocheted fabric imports during January-October 2022 were valued at $2.545 billion, which was 4.6 per cent higher than the imports worth $2.434 billion in the same period last year.

Likewise, manmade fibre imports grew by 12.7 per cent to $1,008.341 million, against $894.536 million in January-October 2021. But cotton imports slipped 1.4 per cent to reach $424.244 million during the period under review, compared to $430.265 million in the same period of 2021.

Source: fibre2fashion.com- Nov 27, 2022

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Africa's cotton clothing value chain offers untapped opportunities

The continent is an important producer and exporter of raw cotton and is involved in the final assembly of certain textiles. However, the region has relatively few spinning mills and limited yarn and fabric production, leading to a lack of vertical value chain integration. Little refinement of cotton happens in Africa. The continent exports 90% of its raw cotton to Asia and is a net importer of cotton fabrics and yarn. African cotton apparel manufacturers import a mere 7% of cotton yarn and 6% of cotton fabric from elsewhere on the continent.

Export potential in cotton garments could increase significantly if intermediate steps in the value chain – such as processing of cotton into yarn and fabric – were carried out on the continent. This presents strategic investment opportunities with a view of diversifying production locations and near-shoring close to major markets, e.g. the EU, to reduce the risk of supply-chain disruptions.

The report states there is significant intra-regional export potential to untap. African clothing producers tend to focus on their domestic markets or manufacture apparel for brands outside the continent. Many fail to realise opportunities for intra-regional trade due to limited awareness of, and participation in, market linkage activities such as trade fairs. There is also little awareness of intra-African trade accords, such as the African Continental Free Trade Area, and their possible advantages.

Business voice: Reviving Angola's clothing and textiles industry

In Angola, fashion entrepreneur Daniel Pires has high ambitions for Angola's garment industry. From his base in Luanda, he is working to develop a clothing factory using exclusively African inputs and original local designs.

"We want to build a solid local value chain," he says. "We have good fashion stylists in Angola, and we have found high-quality suppliers in Africa. We are negotiating with Ugandan organic cotton producers and other African garment, yarn and textiles suppliers."

It hasn’t been easy, especially with many countries still struggling to recover from the pandemic. The sluggish economic recovery has slowed talks with potential investors, says Pires, who envisions his factory eventually producing a million garments a year. “Today, even the samakaka, a traditional Angolan fabric, is produced outside the country due to the absence of factories to do it here. This reality must change,” he says.

Pires says his plant on the outskirts of Luanda will start to produce 100% ‘made in Africa’ t-shirts and polo shirts by the end of the year.

But his plans don’t stop there. Pires eventually hopes to succeed on a national scale by building a network of 18 clothing factories, using Angolan cotton and locally produced fabrics. Developing the capacity of the workforce is crucial for the sustainable future of the textile industry – and the success of his factory network – so he plans to offer training for workers and potential managers

One reason Angola has few textile plants is that local banks are reluctant to offer credit to small entrepreneurs, Pires says. “Even with a solid business plan, it is very difficult to access financing and investment,” he explains. “It is also extremely difficult to meet collateral requirements. Unfortunately, there is a lack of credit policies for small companies and family-owned businesses.”

Angola used to be one of the biggest cotton producers in Africa. The country’s cotton fields were devastated during its decades-long civil war and today, its textile and apparel industry depends largely on raw materials from Asia or Europe.

Yet the textile industry is experiencing something of a rebirth. Three textile factories have an installed capacity to produce more than 10 million metres of fabric and 18 million garments per year, and the Angolan government is working to attract private investment to the sector.

These three plants produce tablecloths, sheets, pants, shirts and, especially, uniforms for the government.

Source: howwemadeitinafrica.com- Nov 26, 2022

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Vietnam's apparel export to Philippines may touch new highs in 2022

Vietnam's apparel exports to Philippines may touch new highs again this year as the outbound shipment has already reached $15.596 million in the first eight months of 2022. The exports witnessed a healthy growth in 2019 but dropped in the last 2 years due to COVID. Both countries are looking forward to increasing their bilateral trade to $10 billion by 2026.

Vietnam's exports to Philippines jumped many folds to $23.389 million in 2019 from just $1.081 million in 2018. The outbound trade slipped to $16.537 million in 2020 due to the pandemic and lockdowns and further fell to $11.124 million in 2021.

However, the exports have already crossed last year's figure to reach $15.596 million this year, according to Fibre2Fashion's market insight tool TexPro.

Monthly exports jumped to $4.031 million in August 2022 from average monthly exports of $1.5-2 million. Vietnam's apparel exports to Philippines amounted to $1.730 million in July, $1.754 million in June, $1.838 million in May, $1.197 million in April and $1.621 million in March 2022, as per TexPro.

Traditionally, Vietnam is a garment sourcing country for Philippines. Vietnam exports home textiles also to the country. The total outbound shipment was $22.194 million in 2021, $17.747 million in 2020, $12.747 million in 2019, $12.143 million in 2018 and $8.895 million in 2017. Vietnam supplied home textiles worth $16.609 million in the first eight months of 2022.

T-shirts, trousers and shorts, innerwear, dresses, jerseys, shirts and accessories were the major apparel products exported to Philippines. Under home textiles, sacks and bags, window, made-ups and furnishing articles were the major export items.

Source: fibre2fashion.com- Nov 28, 2022

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Pakistan: Lacklustre conditions persist on cotton market

The Spot Rate Committee of the Karachi Cotton Association (KCA) on Saturday decreased the spot rate by Rs 2,00 per maund and closed it at Rs 16,500 per maund.

The local cotton market remained bearish and the trading volume remained very low.

Naseem Usman said that the rate of cotton in Sindh is in between Rs 14,500 to Rs 17,500 per maund. The rate of cotton in Punjab is in between Rs 15,500 to Rs 17,500 per maund.

The rate of Phutti in Sindh is between Rs 5,000 to Rs 8,000 per 40 kg. The rate of Phutti in Punjab is in between Rs 65,500 to Rs 8,000 per 40 kg. The rate of cotton in Balochistan is in between Rs 15,000 to Rs 17,500 per maund.

200 bales of Rohri, 200 bales of Shahdad Pur were sold at Rs 16,500 per maund and 1200 bales of Tando Adam were sold at Rs 15,700 to Rs 16,500 per maund.

The Spot Rate Committee of the Karachi Cotton Association on Saturday decreased the spot rate by Rs 2,00 per maund and closed it at Rs 16,500 per maund. Polyester Fiber was available at Rs 285 per kg.

Source: brecorder.com- Nov 27, 2022

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NATIONAL NEWS

India EU free trade agreement: Third round of talks starts today

India anticipates growth in industries including textiles, leather, sports equipment and processed foods.

India and the EU are scheduled to begin their third round of free trade agreement (FTA) negotiations on November 28 and continue until December 9. On June 17, the two regions formally resumed talks on the proposed agreement after a break of nearly nine years. In Brussels, the two regions held their second round of discussions.

The signing of the Strategic Partnership Agreement in 2007 marked the beginning of discussions between the two parties, which continued until 2013. A number of problems, including the mobility of experts and the customs taxes on vehicles, caused the negotiations to break down. India and the EU and India are celebrating 60 years of bilateral ties in 2022.

India's second-largest trade partner after the US and the second-largest recipient of its goods is the EU at the moment. India's bilateral trade with the EU increased by 43.5 percent in 2021–2022, reaching $116.36 billion.

Market accessibility for digital commerce, agricultural products and geographical indicators (GI) are a few of the topics that will be discussed during the discussions in New Delhi. The India-EU negotiations are anticipated to cover an investment protection agreement.

A GI is generally a produced, agricultural or natural product that comes from a certain geographic region. Such a name typically carries a guarantee of quality and originality, which is mostly attributed to the location of its origin.

India anticipates growth in industries including textiles, leather, sports equipment and processed foods since the proposed FTA may put Indian exporters on an equal footing with exporters from rival nations like Bangladesh and Vietnam that already have privileged access to the EU market.

In May 2021, India and the EU decided to continue their pursuit of a comprehensive, ambitious, and win-win trade deal where they left off.

Additionally, they decided to start separate discussions to tackle market access issues, implement globalisation and protect investments.

Source: livemint.com- Nov 28, 2022

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India-Gulf Cooperation Council (GCC) decide to pursue resumption of Free Trade Agreement (FTA) Negotiations

Shri Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food, and Public Distribution and Textiles, Government of India, and His Excellency Dr. Nayef Falah M. Al-Hajraf, Secretary General, Gulf Cooperation Council (GCC), held a Joint Press Conference, in New Delhi today, to announce the intent to pursue negotiations on the India-GCC FTA.

With forward-looking and solution-oriented deliberations, bilateral engagements witnessed significant progress on all matters of mutual interest across the entire gamut of bilateral economic relations between India and the GCC nations.

Both sides agreed to expedite conclusion of the requisite legal and technical requirements for formal resumption of the FTA negotiations. The FTA is envisaged to be a modern, comprehensive Agreement with substantial coverage of goods and services. Both sides emphasized that the FTA will create new jobs, raise living standards, and provide wider social and economic opportunities in India and all the GCC countries. Both sides agreed to significantly expand and diversify the trade basket in line with the enormous potential that exists on account of the complementary business and economic ecosystems of India and the GCC.

It may be noted that the GCC is currently India's largest trading partner bloc with bilateral trade in FY 2021-22 valued at over USD 154 billion with exports valued at approximately USD 44 billion and imports of around USD 110 billion (non-oil exports of USD 33.8 Billion and non-oil imports of USD 37.2 Billion). Bilateral trade in services between India and the GCC was valued at around USD 14 billion in FY 2021-22, with exports valued at USD 5.5 Billion and imports at USD 8.3 Billion.

GCC countries contribute almost 35% of India's oil imports and 70% of gas imports. India's overall crude oil imports from the GCC in 2021-22 were about $48 billion, while LNG and LPG imports in 2021-22 were about $21 billion. Investments from the GCC in India are currently valued at over USD 18 billion.

Source: pib.gov.in- Nov 25, 2022

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FTAs aren't all the govt is doing to build robust export base

The government is quietly making laws and systems to build a robust industrial and export base.

India's free trade agreement (FTA) with Australia would be unique. It would be our first FTA where the partner country has agreed to eliminate import duties on all products exported from India. In contrast, India will cut duties on about 70% of product lines. This speaks of the tenacity of Indian negotiators led by the commerce minister. Australian Parliament ratified the FTA on 22 November. It will soon become operational.

But negotiating FTAs is not the only ambitious agenda that the government is pursuing. It is quietly making laws and systems to build a robust industrial and export base. Here are eight key initiatives:

Enabling more firms to export: India has more than 2 million firms that produce quality products and services, but less than 100,000 of these export. Major product categories include handicrafts, jewellery, ethnic wear, decorative paintings and ayurvedic products. Considering India's artisanal expertise, each product group can become a billion-dollar-plus category. The government is implementing its Districts as Export Hubs scheme to support them. We hope to see the number of firms doing commercial export transactions go up from an estimated 100,000 to 500,000 in three years.

Today, just three states, Gujarat, Maharashtra and Tamil Nadu, do half the exports. The District as Export Hubs scheme will push others to catch up.

Flexible labour policies: Labour laws apply to only formal-sector workers: i.e., just 8% of all workers. Many firms have employed fewer workers to avoid complex labour law compliances. India's four new labour codes focus on reducing the number of compliances and replacing inspector visits with online filing. The Industrial Disputes Act would apply to factories with more than 300 workers. The number was 100 earlier. When implemented by all states, the changes will nudge millions of small firms to hire more. The new labour codes will help set up many medium and large-scale units.

Support for the manufacture of high-tech products: India's share in global exports of many high-value items is low. Consider our export shares in these product categories: Machinery 0.9%, electronics 0.4%, integrated circuits 0.03%, computers 0.04%, solar cells 0.3%, and LED TV sets 0.02%. The Indian government has introduced production-linked incentive (PLI) schemes in 15 product sectors to make India a major production centre for these products. As firms enter production mode, we expect to see a jump in Indian exports from next year onwards.

Enhanced efficiency of commercial courts: Court delays in settling commercial disputes stunt industrial growth. The example of Indian textiles is revealing. Till the late 1980s, India and China were exporting less than $5 billion of textiles and apparel. Later, as the global market expanded, buyers demanded timely supplies of agreed-quality products. The system worked through a series of contracts between buying and sourcing agents that acted as links between buyers and sellers. Due to India's weak contract-enforcement system, this agent system could not develop adequately, leading to a loss of connection with buyers. The system in China worked relatively fine.

Today, China's textiles and apparel exports are $320 billion, while India struggles at $40 billion. Weak contract enforcement is a crucial reason for most woes of the Indian textile industry. This example applies to most other sectors too.

The government has made several interventions, from introducing new laws to automating courts, with visible results. The time taken to settle a case has come down from 1,445 days in 2019 to 700 in commercial courts in Mumbai and Delhi. Work is on to improve this further.

The introduction of WTO-compatible export schemes: The government has abolished export schemes that are not compatible with rules of the World Trade Organization (WTO). The most important one was the Merchandise Exports from India Scheme, which distributed over ₹40,000 crore annually to over 40,000 firms; it was discontinued in 2020. In its place, the government introduced the Remission of Duties and Taxes on Export Products (RODTEP) and Rebate of State and Central Taxes and Levies (ROSCTL) schemes, which are WTO compatible. Exporters can use these without fearing retaliatory action in destination countries.

Improved product quality through regulation: Many Indian products fail quality tests due to traces of pesticides, pathogens, illegal dyes, etc. India needed to redesign its quality assurance framework to help firms reach higher standards and protect the country from substandard imports. The government has issued Quality Control Orders (QCOs) and Technical Regulations (TRs) for electronics, safety glasses, toys, microwaves, tyres, LCDs, CFLs, etc. Quality consciousness will help Indian products match global standards and succeed overseas.

Service sector diversification: The information technology (and IT-enabled services) sector dominates India's service exports. The government is working to diversify exports through a push in 12 service sectors under its Champion Services Sector initiative. Important new thrust sectors are tourism and hospitality, medical value travel, audio-visual, legal, communication, construction and related engineering, environmental, financial and education services.

Activation of Indian trade missions abroad: The government has taken steps to energize Indian missions abroad to promote trade, tourism, technology and investment so as to achieve our national goals. These overseas missions have been tasked to promote India's exports in the respective countries, alert export promotion councils/exporters to opportunities for the export of specific goods and services, and facilitate buyer-seller engagement.

The world economy is slowing down right now, with adverse consequences for global import demand. The finest way for us to push exports in such times is by focusing on fundamentals. The measures outlined above concentrate on just that. They will help create jobs, increase exports, reduce imports and widen India's economic base.

Source: livemint.com- Nov 28, 2022

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Export blues

India's merchandise exports contracted in October, providing more evidence of how vulnerable they can be to the global slowdown. In the seven months to October this year, exports were at $261.7 billion compared to $234 billion in the corresponding period of FY22. At an increase of 12%, that might seem reasonably good.

But, as Pranjul Bhandari, India chief economist at HSBC, points out, exports now are just 5% higher than in February 2020 when seen in nominal seasonally-adjusted terms. Given that in June they were up nearly 50% over the pre-pandemic levels, it has been a fairly rapid decline.

The risk of a recession in some large economies, struggling with raging inflation and low growth, hasn't receded, and the estimates are gloomy. The growth in world output is forecast to decelerate to 2.7% in 2023 from 3.2% this year, according to the International Monetary Fund. Global trade volumes are projected to grow at only 2.5% next year, slowing from 4.3% this year.

The finance ministry's concern is understandable as exports have been a key driver of India's growth in recent years. They constitute a big chunk of the economy—in Q1FY23, for instance, they accounted for about 23% of the gross domestic product (GDP) in real terms. If exports don't pick up pace in the next few months—real exports are growing by barely 5-6%—the contribution of the exports sector to GDP growth will only be about a fourth of what it was last year.

Some of the downside has already been pencilled into the growth estimates, with many believing the economy will grow at sub -7% in FY23. Indeed, how weak global demand is can be seen in the fact that core or non-oil exports have been contracting over the last four months.

Volumes of items such as textiles, gems and jewellery, and agri products have been shrinking since June. Essentially, high- technology goods—electronics, engineering goods and pharmaceutical products—continue to perform well whereas exports of medium- and low-technology have been relatively weak.

While the depreciation in the currency over the past year or so should have helped, the fact is the rupee has lost less value against the dollar than many of its peer currencies. While the rupee has fallen by about 9% since January, the Philippines's peso is down more than 10%, the Chinese offshore renminbi have lost 11.6% while the Bangladeshi taka is weaker by 15.44%. So far this year, the Vietnamese dong is among the few currencies that has depreciated less than the rupee.

However, so far, a weaker rupee seems to have fetched India's exporters only limited gains. In a buyer's market, it appears importers are bargaining for every penny. Nonetheless, it is important to keep the rupee competitive and a gradual depreciation would not be out of place, especially since prices of commodities like crude oil are softening. Since the exports sector employs very large numbers, the government should be prepared to support it.

The withdrawal of the export levy on steel is welcome and some incentives, even temporary measures, for labour-intensive segments would not be out of place. Higher exports would help narrow the trade gap, which is up sharply at $175 billion. As of now, the current account deficit is tipped to come in at 3.3% of GDP this fiscal, which is manageable. But, at a time when the oil import bill remains elevated, focusing on exports is important.

Source: financialexpress.com- Nov 26, 2022

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Govt readies ambitious plan to lift sagging exports

Government may offer sops to exporters and explore new markets and free-trade agreements to boost trade.

The commerce ministry has devised a multi-pronged plan that includes offering incentives and exploring new markets to revive outbound shipments amid a demand slump in major markets resulting in Indian October exports contracting for the first time in 19 months.

Among measures proposed by the ministry are tapping new markets in Africa and Latin America and offering exporters additional credit guarantees and tariff protection measures to boost exports and expand local manufacturing, a person aware of the development said, requesting anonymity.

The ministry has also proposed hiking basic customs duty on products where the department of revenue has rejected anti-dumping recommendations by the director general of trade remedies in the last two years.

However, experts argued that such a step might be counterproductive, as anti-dumping duty is only imposed on a particular country, whereas customs duty will affect all countries, hurting the domestic industry.

“The ministry is also exploring free-trade agreement opportunities beyond the traditional markets such as with Common Market for Eastern and Southern Africa, Economic Community of West African States and Latin American countries such as Mercosur, Chile, Colombia and Peru.

These are the regions where we are expecting growth in exports. Removal of export duty on steel has already been announced and, now, a plan is being worked out to incentivize engineering clusters. The remission of Duties and Taxes on Export Products (RoDTEP) is also being considered to be extended to the steel, pharmaceuticals and chemicals sectors," the person said.

The government will also help exporters of engineering products build brands, with a focus on the US, European Union, China and the United Arab Emirates, the person said.

Outbound shipments for iron ore slumped by 90% in value terms in October, led by a steep decline in international prices.

Moreover, exports from key sectors, including engineering, readymade garments, gems and jewellery, and plastics and linoleum, declined by more than 20% in October. Further, exports of cotton yarn and jute products reported a more than 40% decline as demand slowed across India's major markets amid rising interest rates, the recessionary outlook in Western markets and intermittent lockdowns across China.

Queries sent to the spokesperson for the commerce and industry ministry remained unanswered till press time.

The revamped special economic zones (SEZs) to be called development hubs will likely be tabled in the winter session of the parliament next month.

According to the draft bill, the development hubs will be allowed to sell outside the demarcated area or in the domestic market, with duties only to be paid on the imported inputs and raw materials instead of the final products.

In the case of SEZs, duties had to be paid on the final product while selling in the domestic tariff area, making it uncompetitive.

“With high inflation across economies, offtake has slowed down. Moreover, with interest rates rising everywhere, the buyers are managing with lean inventories, which have affected demand," said Ajay Sahai, director-general and chief executive officer of the Federation of Indian Export Organisations (FIEO).

However, he added that feedback from exporters points to a much better economic situation in major export markets than what was projected a few months back, indicating that the worst may be behind for the global economy.

“We are looking forward to an increase in interest subvention from 2% and 3% to 3% and 5% as existed prior to covid as interest rates are much above pre-covid level," Sahai said.

“The proposed measures are steps in the right direction. While incentivising engineering clusters is a good step, the government must consider taking similar steps for the textiles and clothing sectors as well. The added advantage with the textiles and clothing sectors is that they are employment-augmenting, which is vital for the Indian economy," said Biswajit Dhar, a professor at Jawaharlal Nehru University (JNU).

The International Monetary Fund last month sharply cut India’s economic growth forecast to 6.8% in its latest World Economic Outlook, compared with the 7.4% it had estimated earlier in July, citing the impact of external headwinds and weaker-than-expected second-quarter growth.

Meanwhile, the World Trade Organization has also projected a deceleration in international trade by 3.5% in 2022 and 1% in 2023.

Multiple international bodies have highlighted that the global economy continues to face challenges, including inflation, tightened financial conditions, Russia’s invasion of Ukraine, and the lingering covid-19 pandemic that would impact growth.

Source: livemint.com- Nov 28, 2022

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China plus one: Low labour costs and growing workforce give India the edge

A combination of one of the lowest labour costs and a large surplus workforce, which will continue to grow until 2031, is one of the key competitive edges that India is leveraging to challenge its rivals in Southeast Asia in the race for a China-Plus-One strategy. Apart from India, the countries in the race to woo global companies that manufacture in China, as well as the supply chains to their country include Thailand, Indonesia, Malaysia, the Philippines, and Vietnam.

On the labour front, India is a clear winner. Data from Euromonitor, the World Bank, the ILO (International Labour Organization), and UNIDO (United Nations Industrial Development Organization), analysed by Morgan Stanley, shows that India has the lowest manufacturing wage cost in the region: At $0.8 an hour, it is 20 per cent lower than Indonesia, nearly half of Vietnam and the Philippines, around a third of Thailand, and a sixth of Malaysia.

Contrary to earlier perception, China's manufacturing labour costs have risen to quite high levels — $7.1 per hour, far higher than India and other southeast Asian countries, and much closer to Taiwan's $11.7 per hour.

Apart from labour costs, India can provide a continuous supply of labour to power manufacturing growth for years to come, unlike other countries in Southeast Asia, where in many countries, there is a growing shortage of labour in export-oriented industries.

India will add 22 per cent (97 million) to the world's working age population by 2031 (since 2021), according to UN Population Database estimates with Morgan Stanley.

Owing to government policy, China will see its share go down by 7 per cent. Indonesia, which has the third-biggest labour force, will add only 4 per cent, Latin America will add 7 per cent, and the rest of Asia (excluding Japan) will add just 1 per cent to the working population during the same period.

India’s working population of people aged over 15 currently stands at 471 million, second only to China. It is more than one-and-a-half times the combined labour force of Indonesia, Malaysia, the Philippines, and Vietnam which is 294.6 million.

On the flip side, around 11 per cent of the labour force have only intermediate education (have some skills) in India, far lower than in Indonesia (31.2 per cent), Vietnam (24.3 per cent), or Thailand (23.2). But the actual numbers are far higher because of the far bigger labour force available.

Moreover, productivity also has shown a substantial improvement. The annual growth rate of output per worker (taking GDP constant 2011 international dollar PPP) in India was up by 4.8 per cent between 2011 and 2019, better than Malaysia (2.6 per cent), Indonesia (3.7 per cent) and the Philippines (3.3 per cent).

But it is lower than Vietnam (5.7 per cent) and China (6.5 per cent), based on ILO and Morgan Stanley estimates.

Global companies give low labour costs and plentiful labour substantial weighting when they compare India with Vietnam. The latter’s workforce comprises only 56 million. In the first quarter of this year, Vietnam faced a shortage of over 120,000 workers as companies tried to pump up production.

A survey by the Vietnam Chamber of Commerce & Industry in July revealed that 60 per cent of the respondents felt that lack of skilled labour was a “moderate-to-serious” challenge.

A global electronics company executive familiar with India and Vietnam told Business Standard that “lack of enough availability of trained labour could be an issue for future growth in Vietnam unless workers are brought from other adjoining countries”.

But he pointed out that India needs to do a few things to take advantage of the edge in labour cost and availability by easing labour laws and removing restrictions on simple things such as having rooms for them to stay on the factory premises.

The labour advantage alone clearly cannot justify shifting production capacity from China to India. Other issues, such as ease of doing business, incentives, cost of power, duties on inputs, and free-trade agreements, also matter and here Vietnam scores over India.

What India has is a big opportunity to export labour-intensive goods and emerge as a global hub. That is what the government's production-linked incentive (PLI) scheme is trying to do in many sectors. Exports, for example, will account for 48 per cent of total production value in seven of the PLI sectors, which include mobile devices, IT, and telecom products.

Total exports by the end of the scheme are expected to reach Rs 13.9 trillion. Total exports through all 14 sectors and their PLIs will be much bigger because expectations from the export of textiles and auto components have still not been clearly earmarked in the scheme.

Source: business-standard.com- Nov 28, 2022

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Moscow, Tehran to raise volume of Russian goods to India via INSTC

Close on the heels of Foreign Minister S Jaishankar's Moscow visit, Russia and Iran have agreed on the transit of 12 million tons of Russian goods via Tehran along the International North-South Transport Corridor (INSTC), with both Moscow and Delhi seeking to increase trade volumes through the multi-modal transport corridor that has been a game-changer in Indo-Russian economic partnership since the start of the Ukraine war.

The decision to boost INSTC trade was taken during a recent visit of senior Iranian officials to Moscow, ET has learnt. During Jaishankar's visit to Moscow and the Iranian Deputy Foreign Minister's visit to New Delhi, boosting trade via INSTC was a key discussion item on the agenda.

Russia has also agreed to invest in establishing logistic hubs to increase transit capacity, especially in Iran's Shahid Rajaei and Chabahar ports, eyeing the Indian and South East Asian markets, officials told ET. Russian involvement in Chabahar will further boost the capacity of the port built by India.

New Delhi has been pushing to link the Chabahar Port with INSTC as viable transport corridors in the Eurasian region amid China's push to make the Belt and Road Initiative an attractive proposition.

Head of Iranian Railways, Miad Salehi, visited Moscow recently to discuss expansion of trade volume via INSTC. During his two-day visit to Moscow, Salehi met with the head of the Russian Railways and agreed on transit of 12 million tons of Russian goods via INSTC, officials said. Earlier in July, Iran and Russia had signed another agreement for transiting 10 million tons of Russian goods through Iran.

October has witnessed a big jump in transit of Russian goods to India via INSTC through eight Iranian freight trains. Russian freight trains travel about 3,800 kilometers from Moscow to Sarkhes in the northeast Iran border. After crossing over, shipments would be transported to the Bandar Abbas Port from where ships would take the cargo to ports along India's west coast.

Earlier, the eastern section of INSTC via Turkmenistan was also made operational in the middle of this year, officials said. Carrying 39 containers, the Russian transit train left Chekhov station on July 6, traveling 3,800 kilometers through Kazakhstan and Turkmenistan to enter Iran. The cargo was transported to Bandar Abbas port in southern Iran through a 1,600 km rail route to finally be sent to India's Nhava Sheva Port near Mumbai.

Optimum use of INSTC and Chabahar Port has figured in most discussions between India-Russia, India-Central Asian states and India-Russia over the past year. India is expanding its maritime partnership with Iran alongside the recent moves to boosting infrastructure in the strategically located Chabahar Port. The two sides have signed a memorandum of understanding (MoU) on Mutual Recognition of Seafarer's Code of Conduct for Unlimited Voyages.

The Iranian government is also ready to conclude a long-term contract with India, prioritising the development of transit of goods through the Chabahar port. This contract will also aim at ramping up activities of the INSTC. India is also pitching to connect Chabahar Port with Southeast Asia and East Asia.

There are also plans to link the INSTC with the Northern Sea route via the resource-rich Russian Arctic. The 7,200-km-long network of highway, sea and rail routes under INSTC offers the shortest connectivity between Russia and India. It also reduces the carriage cost between the two nations by about 30%. The INSTC route allows the movement of goods between India and Russia to be completed in around 25 days, compared to the 40 days that is the norm on the more established shipping routes.

Source: economictimes.com- Nov 28, 2022

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India, UAE central banks discuss rupee, dirham trade

India's Ambassador to the UAE Sunjay Sudhir said that the concept paper for trade in local currencies was shared by India.

The central banks of both the countries will discuss the standard operating procedures and modalities, he told reporters in New Delhi.

The objective of the exercise is to reduce the cost of transactions, he added. India and the UAE had already signed a free trade agreement (FTA) in February to give a fillip to bilateral trade and economic ties.

The free trade agreement was aimed at providing significant benefits to Indian as well as UAE businesses, including enhanced market access and reduced tariffs.

Following the free trade pact, bilateral trade is expected to increase from the current USD 60 billion to USD 100 billion in the next five years.

Bilateral trade between India and the UAE stood at USD 43.3 billion in 2020-21. Exports were worth USD 16.7 billion and imports aggregated at USD 26.7 billion in 2020-21. The two-way commerce stood at USD 59.11 billion in 2019-20.

Source: economictimes.com- Nov 25, 2022

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RBI permits banks to open 12 special vos

The Reserve Bank of India (RBI) has permitted banks to open 12 special "vostro accounts", to facilitate import-export trade in the rupee, the apex bank's executive director Deepak Kumar said on Friday.

The RBI had earlier allowed two Indian lenders — UCO and IndusInd Bank — to open nine special vostro accounts for facilitating overseas trade in rupee. "We are not saying that dollar prominence should come down, but rupee prominence should go up. We are aiming for rupee acceptance. The rupee related and currency-paired rupee market should develop liquidity and depth," he added.

Vostro accounts are held by a bank on behalf of another (often foreign) bank. Such an arrangement forms a key part of correspondent banking. So far, not a single overseas trade transaction directly involving the rupee has taken place. In July, the RBI had unveiled a mechanism to settle international transactions in rupees, in order to promote global trade with emphasis on exports from India, and to push the Indian unit as an international currency. The mechanism is also expected to enable trade with sanction-hit nations such as Russia.

Hemant Jain, Vice President, PHDCCI, said in his address that the internationalisation of the rupee will also help check dollar outflows and slow down the depreciation of the rupee, albeit to a limited extent. While elaborating on the challenges, kumar said that capital control, documentation, balance of payment reporting, and complexities of settlement and compliance among other things, were elements of friction that can be resolved with standardised regulation and innovative technology, such as RTGS 24x7.

"The RBI will hold a meeting with the Department of Financial Services and export promotion councils to promote the mechanism at the branch level, where businessmen actually do their dealings. The mechanism will also enhance India's bargaining power in trade and spur investments", he added.

Source: business-standard.com- Nov 25, 2022

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Global apparel companies bounce back in India in style

About half a dozen global apparel and lifestyle brands expanded anywhere between 30% and 70% to garner combined annual revenues of nearly $2 billion in FY22, reversing the performance from a year ago when Covid-induced curbs on mobility and business operations caused sales to shrink.

Sales of Swedish fashion retailer H&M expanded 49% while rival Zara reported a 61% increase in its topline. Japanese brand Uniqlo saw a 64% jump in sales while American denim maker Levi Strauss posted a 58% increase, latest filings with the Registrar of Companies showed.

Dubai-based department store Lifestyle International, too, saw a 38% jump in revenues on a large base while German brand Puma expanded 68% despite being the biggest firm in the sporting segment.

"This is a combined impact of a rebound in industry-wide demand in India, a low base effect for some brands, and the visibility and mindshare advantage global brands have," said Devangshu Dutta, founder of Third Eyesight, a strategy consulting firm.

Big Focus on Online Sales

"Global brands are aspirational not only for consumers but also for real estate developers. Perceived as anchor tenants, they get their choice of the best locations - this provides more impetus to their stores vis-a-vis Indian brands, which are shunted to higher floors in multi-level shopping spaces," Dutta said.

The revenue surge comes at a time when most of these retailers are facing intensifying competition from both local and global rivals in an increasingly crowded market where web-commerce firms continue to offer steep discounts. Even multinational companies have upped their online focus and for some, web-based orders make up more than a third of their revenues.

For instance, Puma India's online sales make up nearly half its total business, while for H&M the share is 42%.

Abhishek Ganguly, managing director, Puma India and Southeast Asia, said the affinity of young Indian consumers toward ecommerce is extremely high and that adoption of the online mode of shopping continues to accelerate even after the resumption of normal business operations.

"Consumers may have bought online for the first time during the lockdowns, but they have embraced ecommerce in their shopping journey," said Ganguly.

"Almost half of our business is in the form of digital commerce today. Having said that, we are witnessing equally strong growth - both in our offline and online channels," he said.

As the world's second most-populated country, India is an attractive market for aspirational apparel brands as rising disposable incomes cause the consuming base of the pyramid to broaden further.

The performance by global brands is also in line with the overall trend within the home-grown apparel and lifestyle segment, with Shoppers Stop, Tata-owned Trent and Aditya Birla Fashion & Retail also reporting smart performance rebounds, indicating a secular demand for discretionary products.

Source: economictimes.com- Nov 28, 2022

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India's Cotton Production in a Stagnant Position: Report

Amid the fear of economic slowdown, cotton production in the Indian states is more or less in a stagnant position, according to the Handbook of Statistics on Indian States 2021-22 report released by the Reserve Bank of India (RBI).

The report stated that the cotton production in the Indian states is either declining or constant; the production in Andhra Pradesh declined from 2,508 thousand bales (bales of 170 kg each) to 1,600 thousand bales in FY20-21.

Gujarat which is renowned for its appropriate black soil for cotton production has declined from 8,617 thousand bales to 7,212.2 thousand bales. Maharashtra and Rajasthan are the two cotton-producing states that are witnessing uprising figures.

According to the statistics provided by the Indian Brand Equity Foundation (IBEF), India's cotton export accounts for 10.2 per cent of the total global export. As per the estimates provided by Committee on Cotton Production and Consumption (COCPC), India's total cotton exports are estimated to be 4 million bales in 2021-22.

The central government is aiming to bring the total export of the Indian textile industry to USD 100 billion by FY25-26, where cotton can contribute a huge portion of it with the help of modern technology, agricultural reforms of land, stabilisation of fertility of black soil, adoption of scientific practices etc.

The Confederation of Indian Textile Industry (CITI) at their second global cotton conference on 23 November 2022 deliberated on the theme of "Game-Changing Technologies & Traits for Achieving High Yields and Fine Quality of Cotton."

"Cotton is a global commodity that is grown in over 75 countries and also holds a predominant position in the Indian Textile sector which has a presence in the entire textile value chain i.e. from farm to fashion," said T Rajkumar, Chairman, Confederation of Indian Textile Industry.

The leaders in the conference also discussed technology's role in escalating the efficiency of the cotton supply chain.

While addressing the conference, Suresh Kotak, Chairman, Textile Advisory Group also known as the Cotton Man of India gave four mantras to induce cotton production in India 'Sacch Kapas, Swach Kapas, Saksham Kapas, and Swasth Kapas'.

Kotak added, "This Chatushpadi Mahamantra will be an important contributor to achieving the desired goal of becoming an important supplier of textiles to the world."

Meanwhile, In FY20-21, the value of the exports amounted to USD 6.3 billion with 352.5 lakh bales of production.

Source: businessworld.in- Nov 25, 2022

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Rains spoil north Indian cotton's quality; affects production

Unseasonal rains this year have spoiled the prospect of higher production in north India, especially in Punjab and Haryana. Market reports suggest that north Indian cotton's quality has also diminished due to extended monsoon. Shorter staple fibre of cotton from this region may not be good for 30 counts or finer yarn, thus affecting its valuation.

According to cotton traders from Punjab, average length of cotton reduced by around 0.5-1 mm because of excessive and delayed rains. The strength and whiteness of the fibre was also affected.

Speaking to Fibre2Fashion, a Bathinda-based trader said, "Delayed rains affected not only the yield but also the quality of cotton in north India. It rained when the crop was almost ready for harvesting. Rainwater logging in cotton fields spoiled the prospect of higher cotton production. On the other hand, cotton crop of Rajasthan was not affected as the state received very less delayed rains. Secondly, rainwater did not accumulate in the fields of Rajasthan due to the deep sandy ground."

Cotton prices are ruling high due to various reasons, but poor quality may discourage buyers from buying it. Cotton prices are hovering at ₹6,650-6,750 per maund of 37.2 kg in Punjab, ₹6,570-6,670 per maund in Haryana and ₹6,820-6,870 per maund in upper Rajasthan.

Cotton was sold at ₹65,500-66,500 per candy of 356 kg in lower Rajasthan. Rajasthan's cotton prices are ruling higher by ₹150-200 per maund from that of Haryana and Punjab as buyers were reluctant to accept lower quality cotton, trade sources said. The gap between the prices of cotton of these states may widen even further.

Spinning mills may have a problem in consuming this cotton to make finer yarn. "Shorter fibre of cotton with less strength and whiteness may not be good for finer yarn. Normally, yarns of 30 count and higher are used for shirting and other dresses, but they require cotton of better quality in terms of strength, length, and whiteness," a yarn trader from Delhi told Fibre2Fashion.

Earlier, trade and industry bodies and market participants estimated cotton production to be 58-60 lakh bales of 170 kg in north India including Punjab, Haryana, and entire Rajasthan.

But the estimate was later reduced to around 50 lakh bales. Now, traders are predicting that the production may reduce to 45-47 lakh bales because of low yield. Delayed rains affected the growth of cotton balls which led to low production..

Source: fibre2fashion.com- Nov 25, 2022

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Khadi India Pavilion registers a record sale of Rs 12.06 crore at India International Trade Fair'2022

Khadi India Pavilion, showcasing premium Khadi garments, village industry products produced by Khadi artisans in rural surroundings; Muslin khadi from West Bengal, Pashminas from Jammu and Kashmir, Patola silks from Gujarat, Banarasi silks, Bhagalpuri silks, Phulkari from Punjab, Kalamkari from Andhra Pradesh and many other types of cotton, silk and woolen products were shown interest and purchased by the visitors and the Khadi India Pavilion registered a record sale of Rs 12.06 crore.

Supply orders of various products were received by the entrepreneurs, which would be beneficial for marketing of their products in future. Taking the Khadi of Gandhiji's dreams to the global level, with the vision of Prime Minister Shri Narendra Modi,Chairman, KVIC, Shri Manoj Kumar felicitated all the artisans and participants by giving them certificates and thanked them for their participation in the trade fair.

Khadi and Village Industries Commission (KVIC) had organized a "Khadi India Pavilion" in India International Trade Fair 2022, Hall no. 3 to showcase the finest handcrafted Khadi and Village Industries products. It Contextualized the vision of "Vocal for Local, Local to Global" of Prime Minister Shri Narendra Modi through Khadi India Pavilion.

The 'Khadi India' pavilion set up by KVIC in the fair was visited by several dignitaries, Diplomats/High Commissions of Embassies, Members of Parliament, besides lakhs of visitors. The "Selfie Point" with Mahatma Gandhi ji and Prime Minister Shri Narendra Modi in the theme pavilion of this 'Khadi India Pavilion' also remained the center of attraction for all the visitors.

Through the huge participation of more than 200 stalls by Khadi artisans/entrepreneurs and the representatives of small scale industries with artisan art, cultural diversity, traditional crafts of the country got an opportunity to meet Khadi lovers and know the interest of customers in the India International fair, so that they can prepare similar products in future.

Live demonstration of charkha spinning activity "cotton to yarn" making, pottery making, agarbatti making etc., inspired the youth to set up their own enterprises and how they can become self-reliant through KVIC schemes.

Through the special 'Facilitation Desk', the youth got information about KVIC's schemes to adopt self-employment and become 'Job Providers instead of Job Seekers'.

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

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India's Tamil Nadu state plans mega textile park in Virudhunagar

India's Tamil Nadu government is planning to set up a 1,500-acre textile park in the state's southern part and a textile park in capital Chennai. It will unveil a new integrated textile policy to attract investments, according to state chief minister MK Stalin, who recently said small textile parks are also being created with subsidy support of ₹2.5 crore.

The State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) has acquired over 1,500 acres for a mega textile park at Kumaralingapuram village in Virudhunagar district.

The chief minister was virtually addressing the International Conference on Technical Textiles organised by the Confederation of Indian Industry (CII) in partnership with the state's department of textiles and the central ministry of textiles.

The state government is offering subsidy support of ₹1.5 crore to textile entrepreneurs and is setting up export hubs in Karur, Tiruppur and Kancheepuram to raise textile exports from the state that comprises 12 per cent of the total textile exports from India now, he was quoted as saying by media reports from the state.

Tamil Nadu-based companies signed six memoranda of understanding with firms in the United States, the Czech Republic and Japan in technical textile production and textile processing at the conference.

Source: fibre2fashion.com- Nov 28, 2022

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Cotton yarn prices down in south India; slowdown worries industry

South India's cotton yarn prices decreased today as demand from end users remained poor. Buyers in the entire textile value chain were cautious amid global slowdown and yarn imports from China.

Tiruppur market noted a fall of ₹5-7 per kg in carded yarn as Tamil Nadu-based small spinners were under stress. Mumbai also noted a decline in cotton yarn prices.

Cotton yarn prices declined in Mumbai as mills and stockists were trying to clear their stocks. "Mills were under pressure to sell yarn at lower prices despite a rise in cotton prices. Slow buying from consumers was most worrisome for the industry. The global economic slowdown is hurting market sentiments," a trader from Mumbai told Fibre2Fashion.

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,700-1,750 and ₹1,610-1,630 per 5 kg (GST extra) respectively. 60 combed warp was priced at ₹360-365 per kg. 80 carded (weft) cotton yarn was sold at ₹1,540-1,580 per 4.5 kg. 4

4/46 count carded cotton yarn (warp) was priced at ₹313-318 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹300-305 per kg and 40/41 count combed yarn (warp) was priced at ₹318-325 per kg, according to Fibre2Fashion's market insight tool TexPro.

Cotton yarn prices dropped in Tiruppur too, as Tamil Nadu's small spinning mills were under pressure to sell their stock. Therefore, cotton carded yarn lost ₹5-7 per kg. Traders said that these carded yarn producing mills increase and decrease prices on short notices. Combed yarn is supplied by north India-based large mills. Additionally, import of cotton yarn from China is hurting market sentiments.

Today, 30 count combed cotton yarn was traded at ₹300-305 per kg (GST extra), 34 count combed at ₹315-320 per kg and 40 count combed at ₹320-325 per kg in the Tiruppur market. Cotton yarn of 30 count carded was sold at ₹270-275 per kg, 34 count carded at ₹275-280 per kg and 40 count carded at ₹285-290 per kg, as per TexPro.

In Gujarat, cotton prices increased again as farmers brought limited quantities of seed cotton to the market. According to the traders, farmers were not interested to sell their crop after the fall in cotton prices.

The prices of seed cotton and ginned cotton increased despite sluggish buying by the downstream industry. Cotton arrival is estimated to be between 28,000 and 35,000 bales in Gujarat. Cotton was traded at ₹68,600-69,00 per candy of 356 kg in Gujarat.

Source: fibre2fashion.com- Nov 25, 2022

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